ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR 1981

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

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*Deceased.

PART 9

(Pages 1–912)

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

Printed for the use of the Committee on Appropriations

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ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR 1981

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INDIVIDUALS AND ORGANIZATIONS

MONDAY, MARCH 24, 1980.

TENNESSEE-TOMBIGBEE WATERWAY
COOSA-ALABAMA WATERWAY
WARRIOR-TOMBIGBEE WATERWAY

WITNESSES

HON. G. V. (SONNY) MONTGOMERY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI
HON. RICHARD C. SHELBY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA
HON. DAVID R. BOWEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI
HON. BILL NICHOLS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA
HON. JACK EDWARDS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA
HON. TRENT LOTT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI
HON. JOHN BUCHANAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA
HON. CARROLL HUBBARD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY
HON. HOWELL T. HEFLIN, A UNITED STATES SENATOR FROM THE STATE OF ALABAMA
HON. RONNIE G. FLIPPO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA
HON. FOB JAMES, GOVERNOR, STATE OF ALABAMA
HON. MARTHA LAYNE COLLINS, LIEUTENANT GOVERNOR, STATE OF KENTUCKY
HON. BRAD DYE, LIEUTENANT GOVERNOR, STATE OF MISSISSIPPI
JAMES A. SKINNER, JR., VICE CHAIRMAN, TENNESSEE-TOMBIGBEE WATERWAY SYSTEM
GEORGE FIRESTONE, SECRETARY OF STATE, STATE OF FLORIDA
GLOVER WILKINS, ADMINISTRATOR, TENNESSEE-TOMBIGBEE STAFF
WILLIAM HOLLEY, TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

Mr. BEVILL. The committee will come to order.

We are pleased to have all of you fine people here this morning who are interested in the Tennessee-Tombigbee Waterway and other

waterways in our area of the country. We are particularly pleased to have Governor Collins, of Kentucky, and Governor Dye, of Mississippi, and Garry Smith, Chief of the Staff for Governor Graham, of Florida, who was unable to be here, and, of course, our old friend here, Glover Wilkins, Administrator of the Tennessee-Tombigbee Waterway Association. We are especially glad to have our distinguished guest, the Governor of Alabama, my Governor, Governor James.

I understand Governor James is going to be Acting Chairman of the Tennessee Tombigbee Association at the request of Governor Alexander, whose illness kept him from appearing here this morning. So, at this time, Governor James, the Chair will recognize you.

STATEMENT OF GOVERNOR JAMES OF ALABAMA

Governor JAMES. Thank you, sir. Mr. Congressman and colleagues, we appreciate this opportunity to come up and talk about waterways. I am sorry Governor Alexander couldn't be with us. Of course, we are hopeful that he will get well and can be with us next year.

You have called, Congressman, the names of the people here. I would like to go down again and recognize them. From Kentucky, we have Lieutenant Governor Martha Collins, Governor Collins.

And we have from Mississippi, Lieutenant Governor Brad Dye, Governor Dye.

And from Florida we have Secretary of State Firestone for Governor Graham. And Mr. Skinner, representing Governor Alexander.

Mr. BEVILL. If I may interrupt you a moment, Governor, we do have some Members of Congress here, and they have committee meetings that require their participation. In order for them to make their statements and get on to their committees, I will have to interrupt you. I see our distinguished colleague and friend, Congressman Montgomery, of Mississippi, is here. Congressman Montgomery, we will recognize you so you can get back and look after the defense of our country on the Armed Services Committee.

STATEMENT OF CONGRESSMAN MONTGOMERY OF MISSISSIPPI

Mr. MONTGOMERY. Thank you, Mr. Chairman, and members of the committee, and Governor James, and other members of the panel.

As a Member of Congress, I certainly support the Tennessee-Tombigbee Waterway Project, We have a number of Mississippians here today, and I would like to welcome them. I would especially like to welcome my Lieutenant Governor Brad Dye. Mr. Chairman, I know he is a good man. I had the privilege of serving with him for eight years in the State Senate, and we are proud to have him represent our Governor, who could not make it. Brad Dye will do a great job.

Thank you for this opportunity.

[The statement follows:]

STATEMENT OF CONGRESSMAN MONTGOMERY OF MISSISSIPPI

Mr. Chairman, I am pleased to be here this morning to add my support to the Tennessee/Tombigbee Waterway. This has become an annual appearance for me, and it is one that I undertake with much enthusiasm. The Tenn/Tom has made very remarkable progress in the past years, and it continues to make sig-

nificant strides toward completion. In fact, the Authority officials inform me that they are now beginning to seriously contemplate and make definitive plans for completion. The Project has been eight years in the making, and although the original authority appeared in 1946, the first funds were not appropriated until 1967 and construction did not begin until 1972. It must give the Admnistrator and those who have worked on it for so long a great sense of accomplishment to now be able to speak in terms of completion.

When the Waterway is complete, there will be ten locks and dams. Eight of these are currently under construction or completed. Over one-half of the 232 mile waterway is open to limited navigation south of Columbus, Mississippi. The Project has completed close to 50 percent of the necessary construction.

In the past I have pointed out to this subcommittee the rapidity with which this work has been undertaken. This has sometimes been in the face of great odds. Pending lawsuits and other strong opposition have threatened the very existence of the Project. Waterway officials have answered allegations against the Project with enough convincing evidence that they have thus far overcome the opposition. While having to fight such battles they have still been able to stay ahead of schedule by 18 months, and the targeted date for completion remains March 1984.

This date, of course, is dependent on optimal funding levels. The President has requested $209 million in his fiscal year 1981 Budget. This request displays a true vote of support and confidence in the Project on the part of the administration, and I hope this body will follow that lead.

I feel certain the President recognizes both the efficiency of the operation and the many benefits that the Project will provide this area and the nation. With the opening of the first 119 miles of the waterway to limited navigation has come development and promise of development of private and public ports and industrial interest. It has already been a boost to the economy by providing jobs in depressed and under-employed areas of our country. In fact, it has created an exciting and viable economic climate in these areas that have for years existed at the sub-poverty level.

In Lauderdale County, Mississippi, which is several miles from the nearest point on the waterway, industries are demanding ways to gain access to a waterway port. Local leaders along the border of Mississippi and Alabama are experiencing a sense of close cooperation as never before as they work together to build bridges, roads and ports to their common advantage. A clear example of this cooperation is evident near the rural community of Epes, Alabama where Alabama and Mississippi residents plan together the port and industrial development of that part of the waterway.

Waterways in general are the most effective and energy efficient mode of transportation of bulk type commodities. It is estimated that over 28 million tons of commerce will move on the Tenn-Tom in the first year. This represents a total savings of more than $82 million over other forms of transportation, not to mention the fuel that would be conserved. In less than ten years, it is projected that this number will increase to over 40 million tons with a savings of about $105 million per year.

One of the major commodities planned for the Waterway is coal. Our capability in this nation to convert from crude oil usage to coal will depend a great deal on efficient and adequate transportation capabilities. The first year in full operation the Waterway will be capable of moving over 21 million tons of coal. This will cut $54 million off the transporting costs of coal for that one year alone. That, too, will no doubt increase in future years and is certainly a strong justification for the completion of Tennessee/Tombigbee.

Mr. Chairman, this project will provide access from the Gulf of Mexico to the middle of America. It will directly serve 14 states and will indirectly impact on the entire nation. I would like to urge my colleagues sitting on this subcommittee to carefully consider these facts and figures. The potential is here for great savings both to the Treasury and the taxpayer, and I believe optimal funding for the Tenn/Tom would be a wise investment on which our nation will continue to receive excellent returns for many years to come.

Thank you.

Mr. BEVILL. Thank you so much, Congressman Montgomery. Each of our Members of Congress from Mississippi, Alabama, Tennessee, Kentucky, and Georgia are 100 percent behind the Tennessee-Tom-

bigbee project. There is no exception. Congressman Montgomery is one of those whose support has never wavered.

We also have our distinguished colleague from Alabama. Congressman Dick Shelby, who is on the important Interstate and Foreign Commerce Committee. We are pleased to have you with us.

STATEMENT OF CONGRESSMAN SHELBY OF ALABAMA

Mr. SHELBY. Thank you, Mr. Chairman. At the appropriate time, Mr. Chairman, I have some testimony. I have testified basically here before your committee before, and, of course, the Tennessee-Tom goes through the 7th Congressional District and part of your district, as you know, in Alabama. We will continue to support it with all the vigor we have and at the proper time, as I said, I have some written testimony I would like to submit for the record.

(The statement follows:)

TESTIMONY OF THE HONORABLE RICHARD SHELBY

Mr. Chairman, it is my pleasure to appear before you today on behalf of the Tennessee-Tombigbee Waterway project.

You will be hearing today as to the tremendous amount of tonnage that will move on this proposed waterway at a projected savings of as much as $2.92 per ton over current modes of transportation. You will learn the details of the anticipated benefits to the already-developed urban-industrial areas along the waterway's path. You will have described for you how this waterway will create a direct economic funnel from the State of Alabama to regional, national and international marketplaces. Everything you will hear is true: the Tennessee-Tombigbee project will leave its mark on virtually every aspect of life in the 7th Congressional District of Alabama and beyond.

Above and beyond the figures to be cited to you in testimony here today. I want to point out the single most important aspect of the Tenn-Tom project: people. Regardless of the tonnage actually carried on the waterway, far reaching economic and social benefits are currently and will continue to be derived by the local economies along the Tenn-Tom's route. These benefits will have a marked effect on one of the most economically deprived sections of the United States.

Obviously, the $1.6 billion in federal expenditures in the two-state area of Alabama and Mississippi is a major influx of money in the form of capital, construction expenditures, payrolls, and support services for this hungry area. Moreover, the waterway is already acting as a catalyst for area redevelopment. And what we see now is just an inkling of what we can expect once the waterway is functioning at full capacity.

We expect to see a dramatic increase in the number of skilled and unskilled job opportunities with a corollary increase in vocational training. The local standard of living should soon begin to reflect the increased earning capacity of local workers. Spinoff economic effects will mean that every dollar spent on Tenn-Tom will produce a chain reaction of consumer and service related spending. All sectors of the local economy—agriculture, mining, construction, manufacturing, services. local government—can greatly benefit from this infusion of disposable income.

In my Congressional District in Southwest Alabama, the per capita income is one of the lowest in the entire United States. Their hope lies with the Tenn-Tom. Recent studies have proven the feasibility of port development, grain elevator construction and possibly the siting of a crushing plant. Soybeans are currently the mainstay cash crop in my district. With the waterway creating the ready transportation source, continued growth in soybean production and the increased need for grain elevator construction can be predicted.

An especially bright spot in the outlook for the Tenn-Tom is the recently announced Administration plan to use the project as a national demonstration program. Full federal effort is being put into the planning to promote major economic development along this corridor and to encourage use of local labor, products and services as the project increases. As an important sidelight, the region will greatly benefit from the development of recreational facilities along

the waterway which should attract many outside visitors, generating additional income and business opportunities—in addition to the recreational outlets for the local citizenry. Tenn-Tom will also be a wildlife paradise providing some of the best hunting and fishing areas anywhere. Recreation facilities will, in most cases, be open to the public without charge except on campgrounds.

This is, without a doubt, a true people's project: conceived by the people of Knox County, Tennessee, in 1810; promoted and supported by the people of the southeast for over a century; and now constructed by the very folks through whose homeland the Tenn-Tom waterway passes.

I urge that the subcommittee approve full funding for the Tennessee-Tombigbee Waterway at the full $225 million capability of the U.S. Corps of Engineers. Thank you.

COOSA-ALABAMA RIVER SYSTEM

Mr. Chairman, it is my privilege to appear here today on behalf of the Coosa-Alabama River System, a system of great importance not only to the 7th Congressional District but to the entire state of Alabama.

Funding requests for both operation and maintenance and construction in FY 81 are fully outlined before you. After a careful study of each, I heartily endorse the funding levels requested. A few particular points deserve special attention.

Under the construction account, an additional $500,000 beyond the President's budget would fulfill a very real need. To ensure that the Coosa River Navigation Project stays on schedule, funding to proceed with the design and engineering work now underway is essential. Otherwise we risk charging the federal government for avoidable cost overruns later in this project's life.

In the operaiton and maintenance budget, full funding is vital if these facilities are to be kept in good working order at peak output rates. Four hydro-power plants—Jones Bluff, Millers Ferry, Carters and Allatoona—depend on this operation and maintenance money to continue to serve consumers efficiently and adequately.

Total development of the Coosa River to its full navigational possibility will be a great boon to the State of Alabama. By connecting Gasden and Rome, Georgia, with the Gulf of Mexico, it is projected that the completion of all projects currently on line will make this waterway of service to more than one-half of Alabama's citizens directly. The spin-off economic benefits cannot be underestimated.

Congress is currently in the process of serious budget scrutiny, which in many cases is long overdue. I am sure that federal support for the Coosa River project will withstand the inspection of the most budget conscious among us. By completing this navigational system, Congress will have helped connect Alabama with inland waterway systems nationwide. As we face increasing energy costs and potential fuel supply disruptions, it makes the most obvious sense to put federal dollars behind the most energy efficient transportation mode around. If Congress can give its blessing to $20 billion for synthetic fuel development with a lag time of at least ten years, it can certainly give the nod to full funding for the proven and readily available Coosa River Navigation system. I heartily recommend that Congress move to do so. Thank you.

WARRIOR-TOMBIGBEE RIVER SYSTEM

Mr. Chairman, a project near and dear to my heart is Alabama's Warrior Tombigbee Waterway System. This particular waterway travels right through the center of the 7th Congressional District as it makes its way from Birmingham to Mobile on the Gulf Coast of Mexico. Obviously, this thoroughfare is of vital economic value to West Alabama and certainly holds the key to its economic future as an attractive spot for industrial location.

Traffic continues to grow along this waterway, and I am pleased to see the Corps' Fiscal Year 81 request of $7,275,000 in operation and maintenance funding reflecting the increased importance of upkeep on this heavily-navigated channel.

Work began in earnest in 1979 on the Theodore Ship Channel; the $17,800,000 request for FY 81 represents the next increment required to keep this project on schedule for 1982 completion. This ship channel will provide crucial access from the Mobile Ship Channel to the industrialized sectors upstream from the Port of Mobile and allow any ship of any size to enter this port. Without this vital segment, the waterway system would be severely lacking, and the commerce of the state and the country unfortunately truncated.

Funding for continued removal of aquatic growth, where hyacinths pose ongoing problems, is a basic navigational necessity. Full operation and maintenance funding for both the Gulf Intracoastal Waterway ($2,048,000) and the Mobile Harbor ($2,464,000) are two more pieces to this puzzle which will create a unified water transport system for the State of Alabama.

While the budget request contains $391,000 in general investigation funds, I am concerned about the adequacy of that level. The purpose of this study is multifold: to determine the feasibility of increasing the capacity of the Demopolis and Coffeeville locking facilities in order to fully accommodate the traffic foreseen with the completed Warrior-Tombigbee system along with the background studies necessary to make the crucial decision regarding replacement of the William Bacon Oliver Lock. This is the only older lock remaining in the system; its width and length are simply inadequate to accommodate modern water traffic and its use is constantly troubled by frequent repairs and time consuming bottlenecks which keep the rest of the waterway from working at peak efficiency. However, the FY 81 budget figure would delay completion of this study an entire year, until FY 84. If this figure were adjusted to the Corps' capability level of $841,000, the feasibility studies could be completed and work begun under a more expeditious time frame. In the long run, full funding *now* will save money which would otherwise be obligated to interim repairs and inflated construction costs further down the line. Once this fly in the ointment is corrected, the entire Warrior-Tombigbee system can boast fully operational and up-to-date locking facilities.

I look forward to working with the committee to ensure Alabama's fair share is allocated from the public works pie this fiscal year. If an on-site inspection is in order at any of these locations, I would be happy to lead the tour.

Thank you.

Mr. BEVILL. Thank you so much for your good support in coming here today.

We also have Congressman Bowen, of Mississippi, who has been helpful to this committee in getting some of the snail darter problems solved, so that we could move ahead and not be unduly delayed. He has done a tremendous job in improving this situation.

STATEMENT OF CONGRESSMAN BOWEN OF MISSISSIPPI

Mr. BOWEN. Thank you, Mr. Chairman. It has been a pleasure working with you, not only on the Tenn-Tom, but on some of the endangered species problems in recent years. We have, fortunately, been able to make some progress and enable projects like this continue moving. It was a pleasure to have you in the Second Congressional District of Mississippi recently, in Columbus, which headquarters the Tenn-Tom. I want to tell everybody here that Tom Bevill got a really glowing reception there from people throughout the Tenn-Tom area and East Mississippi. You are always welcome in the State of Mississippi, as you well know.

I have submitted testimony to you earlier, and I would just say today in this particular time of energy crisis, I think it is worth considering and remembering that if you compare barge transportation with alternate modes, one gallon of diesel fuel will move a ton of freight about 50 miles by truck, about 180 miles by rail, and 300 miles by barge, and the savings realized here on this vitally important national waterway project will amount to about $100 million a year in transportation costs alone.

So I think, while we are looking at this energy crisis, it is worth thinking about the massive energy savings that are going to be realized through the development of the Tenn-Tom, not to speak of the huge economic development benefits for our region of the country as well as spinoff benefits for the entire nation.

Mr. Chairman, it is a pleasure to be with you.

Chairman Whitten, my good neighbor in Mississippi, has probably contributed as much to the success of this project as anybody in the U.S. Congress, and it is always a pleasure to work with him on projects such as this.

I would like to welcome Governor Brad Dye, and it is a pleasure to see all my friends from Mississippi here.

(The statement follows:)

STATEMENT OF CONGRESSMAN BOWEN OF MISSISSIPPI

Mr. Chairman, and other distinguished members of this Committee, I am honored that you have allowed me a few moments to discuss with you the largest single civil works construction project in the United States, which is headquartered in the district I represent.

I want to report to you my first-hand observation of the progress of construction on the $1.6 billion Tennessee-Tombigbee Waterway. A total of 42 contracts, representing an investment of about $196 million have been completed on the project and about $752 million in 49 contracts are underway on the 232-mile project. With the initiation of 10 more contracts planned in FY 1981, over $1 billion will have been invested by Congress in a major development opportunity in the Southeast. Approximately 79 percent of the dollar value of waterway contracts will be underway at that point, representing the total commitment by this Congress to the full development of our nation's water resources.

Work is presently underway at 8 of the 10 locks and dams with one at Gainesville, Alabama, and another at Aliceville, Alabama, complete. Lock and dam construction at Columbus, Aberdeen, and Amory, Mississippi, will be complete this calendar year. The entire 150 million cubic yards of excavation work in the so-called "divide cut" in the north end of the project is under contract.

Relocation of 11 of the 13 bridges, costing $115 million is complete or underway in the States of Alabama and Mississippi.

Even in the face of double-digit inflation and two-fold increase in fuel costs since early 1976, federal costs have only increased by about 15 percent. Keen competition among contractors has been instrumental in holding down the total cost of the project. Most contracts have been below government estimates for the proposed work.

The closing days of the decade of the seventies witnessed the opening of limited navigation on the lower 119 miles of the Tenn-Tom, fulfilling a promise that the Congressional delegations of Mississippi and Alabama had made ourselves and our people when construction began in 1972.

In terms of development of human resources, success of the Tenn-Tom is serving as a model program for other federal projects across the nation. While little notice has been taken of the local and regional economic and social benefits generated by waterway construction, the results are astounding.

Deliberate efforts have been successful in maximizing employment and increasing small business opportunities for local residents, including minorities. As a result, over 80 percent of the 500 workers employed by waterway construction activities are from the local area, with over 25 percent of the workforce being minority workers. Over $15 million of work has gone to minority contractors and businesses. Unemployment rates within the waterway corridor are lower than the national average.

The waterway will begin full operation in the mid-1980's with as much tonnage movement as now exists on the Tennessee River. Principal commodities forming that first year traffic will be coal, metallic ores, chemicals and farm products.

Some 14 states will reap the $105 million annual transportation savings that will result from the shorter Tenn-Tom route. Over 28 million tons of commerce are expected to move on the Tenn-Tom the first year at savings of up to $2.97 per ton. The tow size capacity of the Tenn-Tom Waterway is eight barges.

The benefits the Tenn-Tom Waterway can bring to this economically deprived area are many. Despite significant gains since 1969, median family income for Mississippians remains the lowest in the nation. Inflation has cut deeply into the small income gains that have occurred. Twenty percent of families in Mississippi had income below poverty level in 1975. While the number has declined, the

percentage is still twice that for the nation. A larger percentage of black families had income below the poverty level than white families.

Industrial developments such as the $750 million Weyerhaeuser Plant locating on the waterway at Columbus, Mississippi, can help raise the income level for all Mississippians.

Development of industrial sites and private and public ports on the waterway are a first step. Sites such as those proposed on the waterway at Columbus, Aberdeen, Amory and Smithville in Mississippi can attract greater industrial development. Each manufacturing job in a community has proven to generate another 100 jobs in a viable community.

An intermodal transportation network of pipelines, waterways, roads, and railroads are an integral facet of full realization of a region's development potential. Communities along the Tenn-Tom Waterway are fully cognizant of this basic requirement and are taking the necessary steps.

Industry, early on, recognized the potential offered by the Tenn-Tom region. In 1975, a Department of Commerce study said that counties on the waterway would see $2.9 billion in industrial investment by the year 2000. Last year, waterway counties in Mississippi and Alabama recorded over a $1 billion investment by industry. The total new and expanded industry for waterway counties from 1975 through 1979 totaled $2.5 billion. From the beginning of waterway construction in 1972, the total industrial investment in waterway counties is $3,549,333,441.

The opening of the Tenn-Tom Waterway will also greatly expand the market opportunities for soybean producers, particularly in the 27-county area of Northeast Mississippi. The Tenn-Tom is a viable alternative for grain elevators to ship soybeans for export using less expensive barge transportation. These new market outlets will better enable producers to take advantage of higher soybean prices in time of high export demand. Studies indicate transportation savings to soybean growers can be as much as 10–15 cents per bushel.

Recreational facilities developed as part of the Tenn-Tom Waterway will attract millions of visitors and generate additional income and business opportunities for residents along the waterway. The Corps of Engineers will develop 49 recreation sites on over 13,000 acres. This acreage exceeds that now in the entire Mississippi parks system. Each major lake will have at least one major recreational area with full facilities—a real boon to this land-locked region. With over four million visitors expected initially, the demand for additional restaurants, motels, boat and marine supply stores will mean new opportunities for small and large businesses.

While the future looks very bright for the Tenn-Tom region, this waterway is already bringing substantial revenues into the state. With over $800 million worth of Tenn-Tom construction under contract in Mississippi, the total federal value of construction contracts for the waterway proper in Mississippi is expected to be $1,232,000. Another $65 million in federal funds will be used for Tenn-Tom bridge construction. The income and activity resulting from these expenditures will generate an estimated $80.2 million in tax revenues for the state over the duration of the construction phase. Another $39.4 million in indirect revenues will go to the state putting the total tax revenue accruing to the state at $119.6 million.

With Mississippi resting at the bottom of the list in per capita income ($5,529), this waterway holds a bright ray of hope for a better life.

It is important that we continue to fund this project to the full $225 million announced FY '81 capability of the Corps of Engineers. I urgently request your continued full support for the Tennessee-Tombigbee Waterway.

Mr. BOWEN. Thank you, Mr. Chairman.

Mr. BEVILL. Thank you, Dave. We appreciate your testimony and the tremendous interest you have taken in this project.

I see our good friend and colleague, Congressman Bill Nichols, of Alabama is here. Bill, I know you have committee meetings to attend so if you would like to submit your statement, the Chair will recognize you at this time.

STATEMENT OF CONGRESSMAN NICHOLS OF ALABAMA

Mr. NICHOLS. Thank you, Mr. Chairman. I have not seen Governor James. I understood he is here. It is good to see you this morning.

Mr. Chairman, I will be very brief. It is always a pleasure to come before your committee, and I want to say to those in this room that Tom Bevill stands 10 feet tall when it comes to river projects. As a colleague of his, who has been with him for many years, I just want to say, Mr. Chairman, that we along the Coosa-Alabama and Tennessee-Tombigbee, the three rivers down Dothan way, are most appreciative of your leadership.

Mr. BEVILL. Thank you. We will be glad to extend your time, Bill, if you need more.

Mr. NICHOLS. I do have statements on both the Coosa-Alabama and the Tennessee-Tombigbee, Mr. Chairman, and I will submit those for the record with one little added reminder—McCosh Mill.

[The statements follows:]

STATEMENT OF CONGRESSMAN BILL NICHOLS

TENNESSEE-TOMBIGBEE

The importance of the Tennessee-Tombigbee Waterway to my constitutents in Alabama again brings me before you to ask for your continued support for this project.

In the long run, the overall economic picture for Alabama and the southeast becomes infinitely brighter because of the Tenn-Tom Waterway. This 232-mile waterway will open as much as 16,000 miles of inland waterway to export trade. As a result, over the next 20 years, it will generate some 55,600 new jobs in Alabama.

While employment in Alabama during the past decade was substantially greater than the nation as a whole, increases in personal income was much too low to catch up with the losses in purchasing power created by runaway inflation.

While manufacturing employment in my state did increase during the past decade, it still could not keep ahead of the 11.8 percent increase for the nation.

The potential for an increased share of the nation's wealth comes nearer our grasp as development of the waterway systems in Alabama emerges from the planning stage into full fruition. With the completion of the Tenn-Tom Waterway project, Mobile should become one of the nation's leading ports. Investments in Alabama coal fields and the prospects of a tremendous influx of foreign capital into my state's industrial economy is enhanced by the Tennessee-Tombigbee Waterway. Agriculture products sales to foreign countries coupled with the increased potential for waterborne commerce and our economic and industrial capabilities, open the door for the development of an international trade zone.

The east Alabama region I represent continues to be strongly based on an agriculture economy but industrial development has broadened the economic base and provided greater stability. Agriculture and related industries are very important to my constituents who are concerned over the decline in the number of farms in operation. Between 1969 and 1974, the total acreage of farms in my predominantly rural area decreased from 1.3 million acres to 1.1 million acres.

The potential for agriculture exports can have a positive impact on Alabama's economy. A recent study on world demand for agriculture products indicates that if the present demand continues, Alabama farm income could increase by $35 million by the mid-1980's, when the Tenn-Tom is completed. With the completion of the Tenn-Tom, tonnage moving through the Port of Mobile is expected to double.

The export of agricultural products affect everyone, with each $1 worth of Alabama agriculture products exported through the Alabama State Docks system meaning $2.72 of business to the overall Alabama economy.

The Tennessee-Tombigbee will play a major role as it provides producers a new market outlet through the Port of Mobile. We must continue to give our full support to funding construction of the waterway.

ALABAMA-COOSA RIVERS

Mr. Chairman, it is a pleasure and a privilege to have the opportunity to appear before your committee in support of the Coosa-Alabama Rivers Waterway Project.

For many years this has been an important economic program for the counties bordering the Coosa River but I believe we are all aware that the benefit of this project will stretch far beyond those areas contiguous with the rivers.

Upon completion of this 631 mile water project, the nation and the world will have access to some of the most fertile and minerally rich land in the Southeast. The food and fiber of Alabama's farmland—the bulwark of Alabama's export commodities—will have a more conducive means of transportation for delivery from the fields of Alabama farmers to the market around the world.

Furthermore, this inexpensive means of transportation will encourage industrial expansion and growth throughout the region. It will permit diversification of products, improvement of the region's general welfare and a better way of life for the people of the Southeast.

But the importance of this project goes beyond the interests of local industry, farm operations and merchants. In this time of energy consciousness, I am pleased to point out that the overall energy savings which will accrue from the development of this waterway will be an important contribution to our national energy effort.

It should not be surprising to the committee that the use of water for transportation provides far greater energy savings than any other form of transportation. With one gallon of fuel, a truck could move fifty tons of goods only one mile. A train, with only one gallon, could move 180 tons one mile. Yet with just one gallon of fuel more than three hundred tons of goods may be transported one mile by water. At a time when we are attempting to encourage energy efficiency, such figures substantiate the importance of America's waterways.

The completion of the Coosa-Alabama Waterway will provide energy savings, more jobs, and more tax dollars. It is a project of benefit not only to the people of Alabama but to the nation. I would urge the Committee to continue its support of this essential industrial link to the heartland of America.

JOINT STATEMENT OF CONGRESSMAN BILL NICHOLS AND CONGRESSMAN JACK BRINKLEY

M'COSH MILL

Mr. Chairman, it is a pleasure and a privilege to have the opportunity to appear before your Committee in support of the McCosh Mill Restoration and Recreation Project.

McCosh Mill is an architectural and historical landmark worthy of some form of preservation and restoration. McCosh Mill is located in the southeastern corner of Randolph County, Alabama, also very near the Troup County and Heard County, Georgia lines which are counties we represent in the Congress.

The economic role of James E. McCosh and company, as the mill was known during its operation in the last decades of the nineteenth century, in the social history of the surrounding community was substantial. Primary documents indicate that James E. McCosh was a diversified businessman and a highly respected citizen of the community. The mill is in everyway representative of the technology available to, and expanding in, the South in the late 1800's.

The Mobile District Corps of Engineers, as the result of a detailed study of this matter, has recommended "restoration of the mill to at least demonstrable capacity while at the same time developing the site in such a manner as to provide a multitude of both educational and recreational uses."

The Corps of Engineers recommends that this project proceed in several phases including an engineering design study and land acquisition (millpond and dam); mill building and adjacent homestead restoration; mill equipment replacement; installation of recreation facilities; and bridge replacement and roadway access from the Alabama side.

The Roanoke, Alabama City Council recently voted in favor of a resolution requested by the Corps of Engineers relating to the City's local sponsorship of

the mill after its proposed restoration by the Corps. This resolution outlined the City's responsibility for operating as well as maintaining the mill once it is restored.

Mr. Chairman, as you recall, you recently asked Major General J. K. Bratton what was the Corps' capacity for restoration of McCosh Mill for Fiscal Year 1981. General Bratton has replied that the Corps' capability is "$200,000 for engineering design study and land acquisition."

Mr. Chairman, the Corps has estimated the total cost of work associated with this restoration and recreation project to be approximately $1.6 million. It is a matter of great interest to and support from many people in the East Alabama/West Georgia area who will benefit from this restoration. We, therefore, respectfully request that funding in the amount of $200,000 for the initial phase be included in the FY 81 budget of the Corps of Engineers Savannah District which has the responsibility for this project and that the implementation of this phase proceed as expeditiously as possible.

Thank you for allowing us to appear before your Subcommittee.

Mr. NICHOLS. You have people from Georgia, and Alabama, that are very interested in seeing that old mill restored. It is on the West Point Dam impoundment, and I have a short statement on that.

Thank you very much.

Mr. BEVILL. Thank you very much. We appreciate your fine support and interest in the development of the waterway in our section of the country, Congressman Nichols. And we appreciate you very much.

We also have another distinguished colleague and friend here of the Alabama delegation, Congressman Jack Edwards, who serves on the Appropriations Committee. He is the ranking member of the Defense Appropriations Subcommittee. He is making an outstanding record in the Congress. Jack, the Chair will recognize you.

STATEMENT OF CONGRESSMAN EDWARDS OF ALABAMA

Mr. EDWARDS. Thank you, Mr. Chairman. Governor, it is nice to have you here today. We will try not to hold you up too long while we all get our statements out of the way.

Mr. Chairman, most all of these projects in one way or another end up in Mobile, Alabama, and the Port of Mobile is extremely important to our State and to our nation. It is important to the Tenn-Tom; it is important to the Coosa-Alabama; it is important to the Warrior-Tombigbee, and vice versa. It is also a port that has a lot of other projects.

What I would like to do, Mr. Chairman, if I may, is submit five statements for the record, all at once, and not go through this one at a time: the Tennessee-Tombigbee, the Coosa-Alabama, the Black Warrior, Warrior and Tombigbee River system, the Theodore Channel, and finally the Mobile Bay area projects.

When you have all of the primary river systems in the State draining through your port, you are bound to have some waterway projects. And for those who are involved with the Tennessee River and say that doesn't drain into Mobile, as soon as the Tenn-Tom is finished, it will. We appreciate all you have done over the years in helping us to develop our area, and we ask your serious consideration of these requests.

[The statements follow:]

STATEMENT OF CONGRESSMAN JACK EDWARDS

TENNESSEE-TOMBIGBEE WATERWAY

Mr. Chairman, it is good to be here again today to testify in support of the Tennessee-Tombigbee Waterway. We have made great progress on this important

project since 1971, when it was initiated in a ceremony held in Mobile; and I look forward to the day when construction is complete and the Waterway ends up back at Mobile.

Over one-half of the 232-mile waterway is now open to some type of navigation from Columbus, Mississippi, southward; and the two southernmost locks, Gainesville and Aliceville, have now been completed, with Columbus Lock and Dam scheduled for completion this summer.

Over the years, because of the enormous size of the Tenn-Tom project, it has been beset by criticism; and it has been studied time and time again. Thanks to the foresight of this Committee and of those who have been committed to the project, it has continued to move forward. It was good to hear last March that the lawsuit filed in 1976 by the Louisville and Nashville Railroad and the Environmental Defense Fund had been decided in favor of the Waterway, and I am hopeful that that decision will be affirmed on appeal. It has also been good to see the change of heart on the part of the Administration towards this project. Not too long ago, the Tenn-Tom was the target of every environmental criticism and budget-cutting effort imaginable—and now the Administration has called for a major new program of rural development planning to benefit the people and communities along the Tennessee-Tombigbee Waterway corridor.

Much of the traffic on the Tenn-Tom flow through the Port of Mobile, and while the Tenn-Tom will have a significant economic impact on the entire Southeast, its greatest impact will be felt in the State of Alabama and in the Congressional District I represent. Based on past performance, one out of every 11 workers in the State of Alabama is in a job either directly or indirectly related to port activities. The Port of Mobile generates about $32 in revenues for every ton of general cargo, and with the completion of the Tenn-Tom, tonnage through the Port of Mobile is expected to double. The total impact of the Waterway on private income through the year 2000 is estimated to top $4.5 billion. International interest in the Tennessee-Tombigbee Waterway is also steadily on the increase as the project moves closer to completion. The economic consequences of that interest are obvious.

The transportation impact of the Tenn-Tom Waterway on Alabama is perhaps its most important feature. It is expected to provide transportation savings to Alabama business to the tune of $34 million for 1986, when the Tenn-Tom is scheduled to be completed, and those transportation savings will probably grow to over $500 million by the year 2000. Major commodities will move over the Waterway, including coal from Alabama and Appalachian coal fields, agricultural products, chemicals, and metallic ore. New inland dock facilities, both public and private, are being strategically placed to handle those commodities. Several of these facilities have grain elevators for handling agricultural products. Swine, poultry, and cattle feeder lot operators are looking to the opening of the Tenn-Tom Waterway to give the boost needed to step up production and meet the growing consumer demand. The Waterway will allow more barges to bring feed directly to the farmers in our area. These transportation savings will benefit some 14 states.

Transportation savings along the Tennessee-Tombigbee Waterway also represent major energy savings. The nation's ability to reduce its dependence on imported oil and convert to other energy sources, including coal, depends largely on our having an efficient transportation system. Over 21 million tons of coal are estimated to move on the Tenn-Tom, at a savings of more than $54 million just during its first year of operation—and waterway transportation is less energy intensive than any other major mode of transportation, including rail, pipeline, truck, and air cargo transportation.

As I mentioned before, the Tenn-Tom Waterway is not just a water navigation project: it is also a regional development project. I have supported the Tennessee-Tombigbee Corridor Study, which is being conducted to assess the needs of 48 counties along the Waterway in planning to take advantage of this development. The study, which will be completed in 1984, will make recommendations for the use of water and related land resources, for economic development, and for the development of human resources, and minority resources, and enhancement of environmental quality.

Without question, the Tennessee-Tombigbee Waterway is an essential component of a national transportation system, and its growth is directly linked to the prosperity of all Alabamians and particularly those who live in its 14-state impact area. Construction of the waterway is experiencing success at every level, and with your help and support, that success can continue.

I was pleased to learn that the President had included $209 million in his fiscal 1981 budget for construction on the Tennessee-Tombigbee Waterway, and $3.29 million for maintenance. In addition, he has requested an additional $58 million supplemental appropriation for this year to keep construction of the Waterway on schedule, and he has asked for $1.5 million for the Tennessee-Tombigbee Waterway Corridor Study. I urge your Committee's support for each of these budget requests, and in addition, with the project being constructed ahead of schedule, I urge that its construction be fully-funded at the $225 million capability level.

THEODORE CHANNEL

Mr. Chairman, it is a pleasure to be here today to report to you on the progress being made on the Theodore Ship Channel and to reaffirm my full support for the fiscal year 1981 appropriation request for it.

The Theodore Ship Channel project was first authorized in 1970 to provide additional badly-needed port facilities for the State of Alabama capable of handling deep-draft shipping to accommodate our increasing industrial growth. Just last April, the construction contract was let for the project, and actual construction work on it is now well underway.

Because of the tremendous increases in fuel costs in recent months, the contractor has in fact escalated the pace of construction on Theodore, and the Administration has requested supplemental funding for 1980 in the amount of $9 million which, combined with a transfer request for $1.5 million, would allow the accelerated construction to continue. In conjunction with my request for 1981 funds for Theodore, I would also like to state my full support for this supplemental appropriations request. Unless these supplemental funds are provided, the work on the project might very well come to a halt for several months towards the end of fiscal 1980. These additional monies are needed to keep the project on schedule and to help save energy costs associated with it. Any delays will have serious economic consequences and will cost the Federal Government more in the long run.

If a supplemental appropriation bill is reported from the Committee this year, I would urge the inclusion of these funds for Theodore in it, and in the event that our overall budgetary situation does not permit us to enact new supplemental appropriations bills, I would hope that this Committee will work with the Corps of Engineers to provide these funds by transfer from other budget items. The current completion date for the Theodore Channel project is 1982, and the current estimated cost of the entire project, including non-federal costs, is $87.07 million.

As you may recall, I have discussed briefly with this Committee on several occasions the need for legislation to relieve the State of Alabama of a major portion of the costs of complying with unanticipated and burdensome Federal environmental requirements. I am pleased to report to you that the bill I introduced for that purpose was incorporated into the new omnibus water resources bill which has passed the House. I am hopeful that it will be retained in the final bill, and I will keep this Committee abreast of any actions on it.

Mr. Chairman, commerce in Alabama is dependent in many ways on the Port of Mobile, and as other waterway projects in our State continue to improve and expand, and as the Tennessee-Tombigbee Waterway nears completion, it is clear that these additional deep-draft port facilities provided by the Theodore project are needed more now than ever. The Port of Mobile is one of the nation's major ports for the handling of vital fuel supplies and commodities coming from many parts of the world and being exported from the United States. Traffic through the Port of Mobile is steadily increasing.

Those are the principal reasons for the construction of the Theodore Ship Channel and the State Docks facility, and that is why State and local authorities, and private industries have made such significant investments in roads and utilities, and in the adjacent Theodore Industrial Park. The Theodore Channel is a key stimulant to the Theodore Industrial complex and will both directly and indirectly provide substantial and far-reaching benefits to the Mobile area and the entire Southeast.

The President has requested a total of $17,800,000 for continued construction on the Theodore Ship Channel project for fiscal year 1981; and this figure represents the Corps of Engineers' full capability level. The current benefit/cost ratio on the Theodore project is still an impressive 2.3 to 1, with average annual benefits totalling $22,485,000 and average annual costs at just $9,728,000. The remaining benefit/cost ratio after fiscal 1980 will reach 3.3 to 1. This continuing very favorable benefit/cost ratio is attributable to the number of industries Theodore

is attracting and to the economic growth and transportation savings associated with the project. These industries are dependent on the timely completion of the Theodore Channel.

And so I would urge this Committee to approve the President's fiscal year 1981 budget request for the Theodore Ship Channel in full. I appreciate having this opportunity to remind you of my continuing strong support for this project.

COOSA-ALABAMA RIVER SYSTEM

Mr. Chairman, I am pleased to have this opportunity to testify before your Committee in full support of the appropriations requests for 1981 for the Coosa-Alabama River System.

I know that the members of this Committee are thoroughly familiar with this project, having heard testimony on it over the years, and since the Coosa-Alabama River Improvement Association will present a detailed statement on the project, I will keep my remarks as brief as possible.

For fiscal 1981, a total of $20,360,000 will be needed for construction projects on the Alabama-Coosa River System. The bulk of this was requested by the Administration for the continued construction of the Theodore Ship Channel, and since I am presenting separate testimony on that particular request, I will simply urge your full support of it at this time. Included in the Administration's construction funding request also is $2,060,000 for the construction of recreational facilities at the Jones Bluff Reservoir. In addition to these requests, Mr. Chairman, I would also include an additional unbudgeted $500,000 to continue the Advanced Engineering and Design work now underway on the Coosa River Navigation Project. This project has been the subject of extensive study, and it is important that this work stay on schedule so that construction can begin in 1983.

For important operation and maintenance activities on the Coosa-Alabama River System in 1981, I am requesting a total of $21,535,000. These funds would be used as follows:

Alabama-Coosa Rivers in Alabama ($3,053,000), Jones Bluff Lock and Dam ($2,750,000), Millers Ferry Lock and Dam ($3,738,000), Mobile Harbor ($3,793,-000), Carters Lake, Georgia ($3,203,000), and Allatoona Lake, Georgia ($4,998,-000). The Administration, as you know, has requested lower funding levels for most of these individual projects, for a total of only $18.1 million in the President's budget. However, it is vitally important that we provide sufficient funds to maintain the entire Coosa-Alabama River System in the best possible condition, if we expect to be able to achieve the maximum benefits from it and make the most of the investment we have made in the System over the years. This work is necessary to keep four hydro power plants in good condition, and it will allow the dredging and routine maintenance work needed on the waterway to be done, so that it can continue to provide us with the most energy-efficient means of transportation. Only if we keep the System in prime operating condition will we see the optimum level of economic and navigational benefits from it, and if we do not provide adequate funds for this dredging, snagging, spoils disposal, repair of public facilities, and other important maintenance work, we will only have more costly repair bills to confront in the future.

Mr. Chairman, I urge this Committee to approve the full request for the Coosa-Alabama River System, as I have outlined, and I appreciate this opportunity to discuss it with you.

BLACK WARRIOR, WARRIOR, AND TOMBIGBEE RIVER SYSTEM

Mr. Chairman, thank you for this opportunity to testify before your Committee today in support of the fiscal 1981 funding request for the many important projects included in the Black Warrior, Warrior, and Tombigbee River System.

I am submitting separate, more detailed statements in support of those projects in the Mobile area—the Mobile Harbor, the Theodore Ship Channel, Dauphin Island Bay, Perdido Pass, the Gulf Intracoastal Waterway and others, so I will keep my remarks here as brief as possible.

The President has asked for $7.275 million in fiscal 1981 for operation and maintenance activities along the Black Warrior and Tombigbee Rivers. These funds will be used for routine dredging, snagging, upkeep and repair of locks and dams. Because we have been able to keep the system in top condition, and replace the outmoded locks and dams on the system, river traffic on its has grown from approximately 2.5 million tons in 1952 to approximately 17 million tons in 1979—600 percent growth. Coal movement by water is expected to double in the com-

ing years, and this will add to the level of traffic on the Warrior-Tombigbee River System. I am requesting that this budget item be approved in full.

The Administration has also requested $391,000 for General Investigations on this system in 1981, for the continuation of a study to determine the economic feasibility of both the replacement of the William Bacon Oliver Lock and the possible duplication of the Demopolis and Coffeeville Locks to accommodate the increased volume of traffic expected in the future. Traffic congestion is a continuing problem on this river system, particularly at the William Bacon Oliver Lock, since its dimensions are so much smaller than that of the other locks. Because of this problem, we have not been able to maximize the use and benefits of the other locks on the Warrior-Tombigbee, and important commodities moving on the system have been delayed in shipment. These traffic jams have made it difficult to plan ahead of time for periods when maintenance work needs to be done on the system, as we saw during this past year, with several lock closures and maintenance closings of the system.

These traffic problems on the Warrior-Tombigbee are growing more serious, particularly where the shipment of badly needed energy supplies is involved. I am advised that the Corps of Engineers has a capability of $841,000 for this General Investigations work which will advance the completion date of the study to fiscal 1983, so that we will have an earlier assessment of the traffic needs, lock capacity, and other navigation problems on the system. I would urge the Committee to approve this full capability amount of $841,000 for these important studies.

Mr. Chairman, I very much appreciate this Committee's past support of the Black Warrier, Warrior, and Tombigbee River System. I am sure you know the important economic impact of these funding requests for fiscal year 1981. I urge the Committee to support this program again this year and provide the amounts requested in full.

MOBILE BAY AREA PROJECTS

Mr. Chairman, I am pleased to have this opportunity to submit my requests for fiscal 1981 appropriations for a number of important projects within my Congressional District in the Mobile Bay area. These include several studies as well as the critical operation and maintenance activities for Bayou La Batre, Dauphin Island Bay, the Dog and Fowl River project, the Mobile Harbor and others.

The Administration has requested $55,000 for a reconnaissance study of Bayou La Batre to be initiated in 1981. This is the Corps' full capability level for that "plan of study" project, and it will allow the Corps to study the congestion problems in the Bayou La Batre Harbor to determine whether additional, more detailed studies will be needed, and what kinds, related to possible improvements, expansion, or deepening of the Bayou La Batre Harbor to accommodate larger fishing and supply vessels. Bayou La Batre is a small fishing community which has been severely economically distressed for a number of years, and it is important that the Corps have a good understanding of the needs of the Bayou La Batre Harbor now and for the coming years.

Two other general investigations which I have discussed with this Committee in past years are the Brewton-East Brewton flood control study and the study of Little Lagoon. The flood control study is intended to make recommendations for improvements to prevent damage from the flooding of rivers in the Escambia River system, and the Little Lagoon study will make a recommendation on the feasibility of a permanent pass from the Little Lagoon to the Gulf. Considerable progress has been made on both of those studies and I am advised that the Corps will be able to complete both of them out of available funds, so no additional appropriations are needed for them for fiscal year 1981. I appreciate this Committee's past support of both of these important studies.

With respect to the budget requests for construction, since I have discussed the Theodore Channel in separate testimony, I will simply request the Committee's full support for that project at this time.

The majority of the Administration's requests for funding for the Mobile area are for important ongoing maintenance activities. Our major industries in the Mobile area, as well as commerce from other areas of the country, are dependent on an efficient waterway system for transportation of goods. Commercial and recreational fishermen depend on having access to fishing areas on authorized channels, in the Mobile Bay and in the Gulf, and they depend on having reliable access to safe harbors. These are just a few reasons why these maintenance activities are so vital to us.

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The Administration has requested a total of $127,000 for operation and maintenance work at Bayou La Batre in fiscal year 1981, but the Corps of Engineers would be able to accomplish additional needed dredging of the Sound and the Bayou Channel with a full capability appropriation of $348,000.

For the Dauphin Island Bay, the President's budget includes $80,000 for operation and maintenance, but with $154,000, the Corps' full capability, additional dredging to the authorized dimensions of the project would be possible. For the Dog and Fowl River project, the Administration's request is for $85,000, but the need is for $305,000 for additional maintenance dredging. For the Perdido Pass, I am requesting $339,000, where the Administration has requested only $122,000; for the Mobile Harbor, I am asking the Committee to provide a total of $3,793,000, where the Administration included only $2,464,000 in the 1981 budget; and for the Gulf Intracoastal Waterway I am requesting $3,574,000, where the President's budget included only $2,048,000. There is a serious need for additional operation and maintenance work, particularly maintenance dredging and snagging, on many of the channels in the Mobile area, because of the shoaling and debris which resulted from Hurricane Frederic; and that is the reason for the additional funding requirements for these projects in the coming fiscal year. This request would also allow additional bank stabilization work to be done to prevent further erosion along the banks of the Gulf Intracoastal Waterway.

Mr. Chairman, funds were not included in the Administration's 1981 budget for two maintenance problems in the Mobile area. A total of $183,000 is needed for critical dredging work on Bayou Coden, where there has been considerable shoaling from Hurricane Frederic. This appropriation would allow the project to be restored to the authorized dimensions so that it would be more serviceable, and I am hopeful that the Committee will agree to include this request in the 1981 bill. In addition, funds were not requested for maintenance work on the Bon Secour River in Baldwin County. For that project $223,000 is needed for work along the Bon Secour bay and river channel. This work has been badly needed for quite some time, however, the operation and maintenance schedule has been delayed for lack of a local sponsor.

The Corps of Engineers is now actively negotiating with Baldwin County officials whom they anticipate will serve as the local sponsor. In view of the probability that the local sponsor requirement will be met, I would appreciate this Committee's including these funds in the 1981 appropriations bill as well, so that there will be no unnecessary further delay in getting this long-needed work accomplished.

Mr. Chairman, that concludes my remarks in support of the projects of special concern within my Congressional District. I would like to take this opportunity to urge the Committee to approve these amounts as requested in full, to keep our important Mobile Bay area waterways in good operating condition. Thank you for your consideration of my views and my suggestions.

Mr. BEVILL. Thank you, Jack for those fine statements that you will be placing in the record, as well as your kind remarks.

Governor, I apologize for the interruption but we do need to accommodate the Members who have the important responsibilities.

Governor, you may proceed as you wish.

Governor JAMES. Mr. Chairman, I have a brief statement I would like to make. As I said earlier, we appreciate the work you have done, and your distinguished colleagues, on the Tenn-Tom. I would like to leave several thoughts. One is, we understand you need a balanced budget. Number two, we want to help you every way we can. I want to say to you on your cuts, you cut across-the-board, and we in Alabama, I believe, will applaud that effort. It affects us all, but in the case of this great facility, I think we need to view it as a tool, a tool that will transcend generations, and that will be a great asset to men and women earning a living and in so doing the more people we have productively engaged, the better off you can do up here in cutting some of the great

social problems and social departments where you are spending billions of dollars each year.

The Tennessee-Tom not only affects the Southern States, but it links us with the great industrial and agricultural Midwest, and there is no question South and Central America, perhaps, are the markets of the future, and this is particularly true with our agricultural products, grain, soybeans; and many people think if we are ever going to eliminate our trade deficit, it will be in this category of products, and I believe that is so.

In the Port of Mobile, in preparation for the Tennessee-Tom, we are contemplating doubling our grain capability and doubling our coal capability, and the people that will pay for that are the taxpayers of Alabama alone. So we are willing to carry our burden.

I want to thank you and the other members for getting this great project started. The engineers can dig a ditch, and we need to go ahead and finish it. I am hopeful that with your leadership, as we have come to recognize it in the past, that we will continue, and by the mid-80s, this great tool of commerce and trade will be fully usable.

I thank you very much, and I would like to call now on Mr. Skinner, of Tennessee.

Mr. BEVILL. Thank you, Governor. We will put those statements in the record at this point.

[The statement follows:]

SUMMARY STATEMENT OF GOVERNOR FOB JAMES

Today I am pleased to support a program which uses Federal tax monies to generate industrial and commercial investment, provide jobs for our citizens, contribute to the tax base which supports local, State and Federal government services, and to contribute to energy efficiency. One such program is the continued development of this Nation's waterways.

The State of Alabama has tremendous water resources that are in varying stages of development. The Tennessee-Tombigbee Waterway is almost 50 percent completed. When completed, it will be the most important addition to our national transportation system since the opening of the St. Lawrence Seaway. The Tennessee River System continues to experience development by the Tennessee Valley Authority as a source of energy production and distribution. The Warrior-Tombigbee System is experiencing increases in transportation of bulk-type commodities—particularly coal bound for the Port of Mobile. There is a great need to replace the Oliver Lock at Tuscaloosa to speed the flow of goods. The Coosa-Alabama System enjoys access from Montgomery to the Port of Mobile. However, there is a continuing need to maintain the navigable channel and extend it northward to Rome, Georgia as well as to construct additional water storage and generating facilities. Finally, the Apalachicola-Chattahoochee-Flint River System continues to experience increased demands on its lock and dam facilities. During the past year, we have participated in a Governors' Task Force with the States of Florida and Georgia in cooperation with the Corps of Engineers. This task force has made rapid progress in reducing interstate conflicts affecting the Apalachicola-Chattahoochee-Flint system. Further study of this basin is needed by the Corps of Engineers to give impetus to the efforts of the task force and help to solve the underlying problems of the Waterway's development.

In summary, I am convinced that development of our waterways is vital to the Nation's interests. Waterways provide a cost effective and energy efficient mode of transportation. They provide access for U.S. industries to export their agricultural and commercial products and to import needed raw materials and wholesale goods through ports such as Mobile to other U.S. and foreign markets.

I am confident that this Committee will continue its strong support of waterway development in Alabama.

STATEMENT OF FOB JAMES, GOVERNOR OF ALABAMA

TENNESSEE-TOMBIGBEE WATERWAY

I welcome every opportunity, such as this occasion, to talk about the Tennessee-Tombigbee Waterway and its benefits to my state and the Nation.

First, Mr. Chairman, I want to commend you on the great job you are doing as Chairman of this important Committee. The decisions you and your distinguished colleagues are making to continue the development of our energy and water resources will make our Nation even stronger. We, in Alabama, are proud of you!

Last year, when we appeared before you, the Tenn-Tom was about one-third completed. With your fine support, the project is now approaching the half-way mark. When completed, it will become the most important addition to our national transportation system since the opening of the St. Lawrence Seaway.

Waterway navigation, like the Tenn-Tom, is the most cost effective mode for transporting bulk-type commodities such as coal, chemicals, petroleum products, and grain. For example, over 1.3 million bushels of soybeans have moved on the Tenn-Tom from a private terminal at Aliceville even though this section of the waterway is not yet completed.

My state will be a beneficiary of the Tenn-Tom, with over $34.3 million in transportation benefits during the first year of the waterway alone. A majority of the commerce shipped on the waterway will either originate or terminate at the Port of Mobile. Mobile is presently the eighth largest port in the Nation and is expected to become one of the busiest with completion of the Tenn-Tom.

We are now preparing for the completion of the Tenn-Tom. I am pleased to report that the people of Alabama have invested over $45 million in port facilities at Mobile during the last four years.

The reputation of the low-cost transportation facilities offered by the Tenn-Tom is international. My industrial development staff reports that many foreign countries want to know more about the Tennessee-Tombigbee and the opportunities to business to be provided by its completion.

It is most important that this country become more competitive for foreign trade. More efficient transportation of our goods will help offset decreases in productivity and other factors which are contributing to our growing loss of foreign trade and the increasing trade deficits.

More than 700 companies in Alabama now engage in international trade. The opening of the Tenn-Tom will not only make these companies more competitive but will help many others outside Alabama.

This Committee knows better than anybody the importance of keeping this project on an early completion schedule. I also know that you will continue to fund it on a priority basis consistent with the overall budgetary policies adopted by the Congress for next year.

Thank you for all your support in the past and trust that you will be able to fund the waterway at the optimal level in 1981.

COOSA-ALABAMA RIVER PROJECT

Last year was my first opportunity to join the delegation of the Coosa-Alabama River Improvement Association and speak up for the appropriations needed to continue development of one of the Nation's finest waterways. For ninety-years it has been the vision of this Association to have a fully developed waterway from the Gulf of Appalachia, from Moible to Rome, GA. As you know, the persistent efforts of this Association to bring to the attention of Congress the need for development funds has brought the navigation channel as far as Montgomery. Now we must extend this efficient transportation link and realize the economic and social benefits which are projected.

The appropriations we seek for Fiscal Year 1981 call for operations and maintenance of the facilities already in place, continued construction of the Theodore Ship Channel, construction of additional facilities and funds for designing the Coosa River Navigation Project.

The construction funds requested total approximately $24 million, with the principal amount of $17.8 million needed to continue work on the Theodore Ship Channel. We must expand the Port of Mobile to handle the traffic projected from the Tenn-Tom and the Coosa-Alabama. About $2 million is requested for recreation facilities which are part of the comprehensive plan for the Alabama River. The final construction request of $4 million is money needed to continue the engi-

neering and design work on the Coosa River by the U.S. Army Corps of Engineers. We want the Corps to maintain their schedule for construction to start in 1983.

A total of $21.5 million is requested for operations and maintenance of the important facilities already in place in the river basin. Included are two important water storage and generating facilities in Georgia, three locks and dams and two hydropower plants on the Alabama River, and maintenance of the navigation channel in the Alabama River and Mobile Harbor. These are energy producing and energy efficient facilities which must be managed and maintained properly.

Mr. Chairman, as Governor of Alabama, I respectfully recommend approval of these appropriations which represent an investment in the future of our Nation.

WARRIOR-TOMBIGBEE RIVER SYSTEM

I appreciate the opportunity to join the Warrior-Tombigbee Development Association in expressing my views on the Black Warrior-Tombigbee Rivers System and its benefits to the State of Alabama and the Nation.

The Warrior-Tombigbee System represents a vital link to the Tenn-Tom Waterway and the Port of Mobile. Since 1952, the Warrior-Tombigbee Development Association has sought re-development of the Warrior-Tombigbee System—some 400 plus miles from the Warrior River to Mobile Bay. The Association has advocated the replacement of outmoded locks and dams, improvements in the Mobile Bay area and adequate appropriations of maintenance and operations funds from the Congress to maintain the System's facilities. I wish to commend the Congress for appropriating funds for these purposes in previous sessions, thus allowing the System's continued development.

Since 1952 traffic on the Warrior-Tombigbee System has increased 600 per cent, this has placed an increased burden on the systems facilities and the maintenance and operating activities associated with these older facilities. Only one of these outdated facilities remains to be replaced— the Oliver Lock at Tuscaloosa. Like the Association, I am deeply concerned that adequate funding be provided for feasibility studies on the Oliver Lock. This activity is proposed as General Investigations—$391,000 in the FY 1981 Civil Works Budget for Alabama. I agree with the Association that this amount is not sufficient to complete this activity in a timely manner. I also recommend that this committee consideration to increasing this amount from $391,000 to $841,000.

Increased traffic also places increased costs on maintenance and operating activities. The FY 1981 Civil Works Budget for Alabama includes $7,275,000 for operation and maintenance of the Black Warrior and Tombigbee Rivers. I strongly support this appropriation. I am convinced that adequate maintenance of the Warrior-Tombigbee System will continue to assist in the economic development of this basin and provide cost effective transportation for many of Alabama's agricultural and energy-related natural resources to U.S. and international markets.

I appreciate this Committee's past support and I trust that you will continue to fund the Warrior-Tombigbee System at an adequate level in 1981.

APALACHICOLA-CHATTAHOOCHEE-FLINT WATERWAY

Portions of the funds for operation and maintenance of the Apalachicola-Chattachoochee-Flint Waterway, including four power generating dams, are assigned to Alabama, portions to Florida and portions to Georgia in the President's budget. Since the three-state waterway is actually one system, the State of Alabama has a stake in all these items. We ask the support of Congress for the President's budget for the following opertion and maintenance items: Walter F. George Lock and Dams, listed in Alabama; The Apalachicola, Chattahoochee and Flint Rivers Navigation Project, and Jim Woodruff Lock and Dam, both listed in Florida; and Buford Dam and West Point Lake, listed in Georgia.

In addition, the State of Alabama requests an item in the amonut of $50,000 for "General Investigations (Navigation)" for the Apalachicola, Chattahoochee and Flint Rivers.

The Corps of Engineers received $100,000 in the FY 1980 budget for continuation of its study of navigation problems (primarily in the Florida portion) of the waterway.

At the time the FY 1981 budget was being developed, it looked as if the three states were hopelessly deadlocked on future use of the waterway and that further study at this time would be futile. In August 1979, however, governors of the three states appointed a taskforce to resolve problems. The Corps Mobile Dis-

trict is currently working with the Governors' Task Force to plan a Level–B," or "Special" study of the entire river basin, for which funding will be sought thorugh the Water Resources Council.

The Corps would use the $50,000 "general investigations" item to finance its participation in planning for the Level B or Special study. At this point, it looks as if the Corps will do most of the detailed planning, because the states do not have the technical staff required. The task force will give the Corps general guidelines and will control the study once it is under way.

The task force approach already has reduced interstate conflict over the waterway. Communication is taking place, and some specific agreements have been reached. The addition of $50,000 to the Corps FY budget would give impetus to efforts of the task force and help to solve the underlying problems which had brought the Corps' own "Level C" navigation studies to a dead end.

Mr. BEVILL. Thank you, Governor. I recall last year you made the statement, in testifying here before this committee on the water projects, that these are capital investments. We are not talking about inflationary spending, we are talking about investing money where the evidence has been that the investment will be returned—where the benefits will exceed the costs. I thought that was a very, very important point that you made. We are pleased to have your testimony and to have you with us today.

We have five States represented here today. These five States have worked for many years on this important project. This is an example of what has made the project move so rapidly after we talked about it for 200 years. Now we are not just talking about it; we are building it.

Mr. Skinner from Tennessee?

STATEMENT OF JAMES SKINNER

Mr. SKINNER. Mr. Chairman, I am James A. Skinner, Jr., from Nashville, Tennessee, and on behalf of Mr. Lamar Alexander, who is ill, I would like to make his brief statement, if I may.

Mr. Chairman, and other distinguished members of this committee, thank you for allowing the Authority to appear before you once again.

I believe this is the 22nd year the Authority has come before this committee to voice a strong regional grass-roots support for the development of the Tennessee-Tombigbee Waterway. Some of these years did not portend much hope that Tenn-Tom would ever become a reality. However, the hopes of our people never waned.

I am fortunate to be serving as Chairman of the Authority when the future for this great waterway never looked brighter.

The Tenn-Tom is now approaching 50 percent completion, with nearly two-thirds of all work under construction. Only two major structures, Locks D and E, remain to be started. The two southernmost locks, Gainesville and Aliceville, are completed with Columbus Lock and Dam expected to be impounded this fall. The first 115 miles of the waterway is open for constrained navigation and is being used.

The optimal levels of funding the U.S. Congress has appropriated in the past have kept construction of the Tenn-Tom ahead of schedule. Completion of the waterway 18 months ahead of schedule will result in about $150 million in savings in project costs and additional economic benefits.

Because of the present high rate of inflation in the construction industry, contractors working on the Tenn-Tom are accelerating work

to hold down costs. There are no allowances in the construction contracts for escalating costs such as for diesel fuel.

We believe that it is most important that funds be provided to meet contractual commitments for ongoing work even at the expense of delaying new work such as Locks D and E. To do otherwise may cause these contractors to shut down work. This would not only be counterproductive but would likely result in substantial additional costs to the taxpayer.

At you know, initiation of new work on the Tenn-Tom is restricted if contractual commitments for ongoing work are met within the proposed budget levels for this year and next fiscal year.

All recreational development, including some scheduled earlier this year, has been delayed until October, 1981. This delay effectively precludes any participation by small or minority contractors in the construction of the project for the next 18 months. Most of this work was scheduled as section 8(a) set-aside contracts. Several jobs were abruptly cancelled just before final negotiations were concluded causing great financial hardship on these small contractors.

Without proper facilities, the people will not have access to the recreational attractions already offered by the completed portion of the waterway. This poses a serious safety problem since some people will attempt to use the lakes for recreation even though facilities are not available.

I know that you are familiar with the benefits of the Tenn-Tom to the nation. It will immediately become one of the nation's busiest waterways serving some 14 States. On an average annual basis, these States will receive about $105 million in savings in transportation costs. Is there a better way to stimulate sound economic growth and keep our goods and services competitive with foreign sources than to improve our national transportation system in this manner?

I would be remiss not to mention the interest and support this project enjoys in my State. Besides Alabama, Tennessee will receive more benefits from Tenn-Tom than any of the other States. For example, industries already located in Tennessee will save over $17 million the first year the waterway is in operation.

We, in Tennessee, are fortunate to have a modern waterway system with the Mississippi River and the Port of Memphis and the Cumberland and Tennessee Rivers serving the interior of the State. However, we have never had a direct access to the shipping lanes of the Gulf of Mexico. With the Tenn-Tom, that need will be fulfilled. Knoxville and Chattanooga will then be 800 miles closer to the Port of Mobile.

The Authority certainly supports the efforts of the President and the Congress to hold down Federal spending to help fight inflation. Attempts to balance the Federal budget or other measures needed to improve our economic conditions have our full blessing.

We recognize the difficult decisions this committee must make in allocating scarce Federal funds to so many competing projects and programs. Each of us sitting here before you are faced with similar problems in our respective States. If efforts are made to balance the budget, these funding decisions obviously become even more difficult.

In view of the need to reduce Federal spending, the Authority is not requesting a specific level of funding for Tenn-Tom above the Presidential budget request. Instead, we defer to your judgment and wisdom

of what level of funding should be provided consistent with the budgetary and fiscal policies adopted by this Congress.

We would, however, ask your consideration of making any cuts deemed necessary by you be made on work not now contracted—rather than stopping ongoing contracted work which would be adverse economic savings in the years ahead for the taxpayers.

Again, the Authority appreciates the opportunity to appear before you again this year.

Mr. BEVILL. Thank you for a very fine statement. We are sorry that the Governor's illness kept him away. I know he is a strong supporter, and we appreciate you, as Vice Chairman of the Tenn-Tom Waterway Association, being with us.

I notice our colleague, Congressman Trent Lott, of Mississippi, is here. If you wish to submit your statement, we would be pleased to hear from you at this time.

STATEMENT OF CONGRESSMAN LOTT OF MISSISSIPPI

Mr. LOTT. Thank you, Mr. Chairman. I believe you do have my prepared statement. I first want to thank you two gentleman, and the subcommittee, the gentleman from California, for all of the help we always receive from this subcommittee, for the courteous treatment you give us, and we appreciate your cooperation with our ports on the Mississippi Gulf Coast, too. I think that ties in with what you are doing today.

I want to welcome Glover, and Governor Dye, and all the Mississippians here. I know they are going to get the same fine treatment they always do before this subcommittee.

As in the past, I would like to urge that you give this project every favorable consideration, as I know you will, and have. It does mean a great deal to our part of the country and a great deal to the coastal area I represent.

While my district won't be directly impacted by the Tennessee-Tombigbee, I know our area will be favorably impacted, and it does mean a great deal to our ports, both at Pascagoula and Gulfport.

Thank you for your help, and I urge that you give every possible consideration to full funding. I know you will be doing that.

Mr. BEVILL. Thank you, Congressman Lott. We will insert your prepared statement in the record.

[The statement follows:]

STATEMENT OF HONORABLE TRENT LOTT OF MISSISSIPPI

Mr. Chairman, and other distinguished members of the subcommittee, thank you for allowing me to lend my support to continued full funding of the Tennessee-Tombigbee Waterway.

My home district in Southeast Mississippi is bounded in part by the Gulf of Mexico and lies only a few miles from the route of the Tenn-Tom Waterway. The importance of the Gulf coast ports in my district and the related industrial and agricultural developments to the heartland of America is immeasurable. The added benefits that will come from the alternate slack-water shipping route via the Tenn-Tom Waterway will further enhance the region by saving shippers an estimated $105 million in transportation costs annually.

We are all painfully aware that inflation is running at 18%, partially as a result of higher energy costs. Over 70% of the downbound waterway traffic on the Tenn-Tom will be coalheaded for southern steam generating plants and

for export. Coal is the one renewable energy source abundantly available to the nation that can help reduce our dependence on foreign oil. As an added benefit the cheaper Tenn-Tom route will make it feasible to mine marginal lignite fields in Mississippi and West Alabama. Over 5 billion tons of reserves are in these lignite coal fields. Each ton is equivalent to two barrels of oil as an energy source. With the shortened turn-around time, barges can unload their coal and return upstream with oil, chemicals and fertilizer to supply middle America.

The ability to move grain on the more economical waterway will also favorably impact hog, cattle and poultry growers who will realize a better net profit by enabling them to establish feeder lot operations. Previously they had to ship their animals to midwest feeder operations for "finishing."

It is little wonder that the recent Mid-American Port Study showed Mississippi to have the fastest growing potential of all 17 states studied. It is estimated that tonnage handled by the river ports in the state will increase from 12.6 million tons in 1976 to 47.9 million tons in the year 2000. A significant factor in this development is the completion of the Tenn-Tom.

I urge that funding for construction of the Tennessee-Tombigbee Waterway be continued at the full FY 81 Corps capability of $225 million.

Mr. BEVILL. We are very pleased to have our good friend, Congressman John Buchanan, present his statement at this time.

STATEMENT OF CONGRESSMAN BUCHANAN OF ALABAMA

Mr. BUCHANAN. Thank you, Mr. Chairman. I do have written statements, both for Tenn-Tom and Coosa-Alabama, which I will submit, if I may.

Mr. BEVILL. You may submit those for the record.

(The statements follows:)

TENNESSEE-TOMBIGBEE WATERWAY

Mr. Chairman: I am pleased to have this opportunity to appear again before the Subcommittee to express my support for the Tennessee-Tombigbee Waterway and to ask that you continue funding for this vital project.

I want you to know that the people of Alabama are cognizant and appreciative of your leadership on the Subcommittee and are grateful for the support which you and other members of the Subcommittee have given this project.

The Tennessee-Tombigbee Waterway is close to 50 percent completed and is well ahead of the completion date set for March 1986. When completed the waterway promises a multitude of benefits in navigation, recreation, industrial expansion, and growth in business for the Nation.

The need for more efficient means of transporting the nation's commerce is becoming increasingly more evident as energy costs escalate, productivity declines, and inflation increases. This waterway promises to provide a cost effective and energy efficient mode for transporting bulk-type commodities such as coal, chemicals, grain, and petroleum products.

The attractiveness of the Tennessee-Tombigbee Waterway project increases even more when one considers that it will provide a shorter route between the eastern Gulf of Mexico and mid-America.

In addition, the nation's ability to convert from expensive imported oil to our most abundant energy source, coal, will depend largely on an efficient transportation network. We cannot emphasize enough the importance of the Tennessee-Tombigbee in those efforts.

And finally, we should not forget that construction of this waterway has opened up new sources for local employment opportunities.

It is time to go about the business of finishing this project and utilizing fully the waterways with which this Nation has been so bountifully blessed.

Therefore, I join with my colleagues and the Governors from our section of the country in urging an early completion of this project.

COOSA-ALABAMA RIVER SYSTEM

Mr. Chairman: I am very pleased to appear before the Subcommittee to express my support for the development of the Coosa-Alabama River System.

When completed, this river system promises a multitude of benefits not only to our region but the nation as a whole.

The need for more efficient means of transporting the nation's commerce is becoming increasingly evident as energy costs escalate, productivity declines, and inflation increases. This waterway promises to provide a cost effective and energy efficient mode for transporting products.

I am here today to request appropriations for the Coosa-Alabama River System for fiscal year 1981 as follows:

For construction, a total of $20,360,000 is needed. Most of these funds, $17,800,000, would be used to continue the construction of the Mobile Harbor in Alabama. Jones Bluff Reservoir recreational facilities would require $2,060,000 and the advanced engineering and design work for the Coosa River Navigation Project would require $500,000.

For operation and maintenance, a total of $21,535,000 is requested. The money would be used as follows: Alabama-Coosa Rivers (Al), $3,053,000; Jones Bluff Lock and Dam (Al), $2,750,000; Millers Ferry Lock and Dam (Al), $3,738,000; Mobile Harbor, $3,793,000; Carters Lake (Ga), $3,203,000, and Allatoona Lake (Ga), $4,998,000.

Mr. BUCHANAN. Mr. Chairman, I want to express for the people of Birmingham, whom I represent, our profound appreciation to you. We are deeply proud of you in Birmingham, Alabama, and of our colleague from Mississippi, Chairman of the full committee, Mr. Whitten, for what you have done through the years, you and your committee, that has meant so much to the life of my city, to our State of Alabama, and to the whole country. I think you have shown you have a national responsibility that you have fulfilled with distinction, and we appreciate it, and I know you are going to keep on keeping on, and I, therefore, am pleased to simply thank you, and to say I have perfect assurance that your good judgment and your service to the country in this vital area will continue.

I want to join in welcoming Glover, and our Alabama Governor, of whom we are very proud and I would associate myself with his remarks.

Mr. BEVILL. We appreciate your very fine statement, Congressman Buchanan.

Governor JAMES. I would like to say thank you to Mr. Skinner for the strong statement from Tennessee. It is always good to hear from neighbors who live up the creek. Thank you very much.

It is a pleasure to call on Governor Collins, of Kentucky, the great State of coal and racehorses and other things which I better not say this morning.

Mr. BEVILL. Congressman Bill Natcher, of your great State, is known as the scholar and gentleman of the Congress. We asked him about the horseracing and Bourbon, and he said, "Yes, you know, we are known for our horseracing, our Bourbon and our beautiful women." You are certainly a beautiful representative here this morning of your great State.

STATEMENT OF LIEUTENANT GOVERNOR COLLINS OF KENTUCKY

Ms. COLLINS. Thank you very much, Mr. Chairman, and other members of the committee. I am Martha Layne Collins, Lieutenant Governor of the Commonwealth of Kentucky. Governor Brown regrets that State business precluded his attending this most important hearing. However, it is my honor to represent him and the people of Kentucky today in support of the Tennessee-Tombigbee Waterway.

Although the Tenn-Tom Waterway is not physically located in our State, we have had a long-standing interest in this project. For exam-

ple, Kentucky became an active member of the Tennessee-Tombigbee Waterway Authority in 1962, long before construction began. Our strong interest in this waterway is the long-term economic benefits it offers to the State.

A study recently completed by Murray State University predicts that 17 countries in western Kentucky will be significantly impacted by the low-cost transportation facilities provided by the Tenn-Tom. The Tenn-Tom is expected to generate over $38 million annually by 1990 in additional revenues for these counties. These much needed benefits will result from induced economic growth, such as additional coal and grain sales and new and expanded manufacturing.

This waterway will help facilitate greater use of coal as an energy source. It is a sad commentary when electric utilities and other industries can purchase coal cheaper from Poland and other foreign countries than from domestic sources. Much of this dilemma is due to the costs of transporting coal from producing areas such as Kentucky to the markets. If transportation costs are not curtailed, U.S.-produced coal will not be able to compete with foreign coal even for domestic markets.

The Tenn-Tom is expected to become one of our major energy corridors. Over 18 million tons of coal will move on the Tenn-Tom during its first year of operation at a savings in transportation costs of nearly $55 million. These benefits to our nation will grow as we become more dependent upon our most abundant practical energy source—coal.

I am pleased to report that we already have an extensive port development program underway in Kentucky in anticipation of the completion of the Tenn-Tom. During the past four years, the State, alone, has contributed over $14 million in port development. Those counties, impacted by the Tennessee-Tombigbee, working in concern with the State, plan to be prepared to take full advantage of the transportation benefits of this waterway when it is completed.

Mr. Chairman and members of the committee, we understand the difficult decision that you are in the process of making now with regard to the budget, and if those funds are available, on behalf of Governor Brown and the people of Kentucky, I respectfully request that the U.S. Congress continue to fund this project to assure early completion.

Thank you again for the opportunity of being here.

Mr. BEVILL. Thank you for a very fine presentation.

Ms. COLLINS. Thank you.

Governor JAMES. Thank you again, Governor Collins.

I call on Governor Dye, of Mississippi.

STATEMENT OF LIEUTENANT GOVERNOR DYE OF MISSISSIPPI

Mr. DYE. Thank you, Governor.

Mr. Chairman, Chairman of the full committee, some 10 years ago, I had the opportunity to represent another Governor of Mississippi and a former member of this body, the Honorable John Bell Williams, at a hearing before this subcommittee, and today I am representing our new Governor of Mississippi, William Winter. I have a prepared statement I would like to submit for the State on behalf of Governor Winter and the people of Mississippi.

We, too, are aware of the cuts that need to be made, but I would like to remind the Chairman that 10 years ago, when I appeared here, the Tenn-Tom at that time was merely a dream. The construction was a vision. Today, we are seeing the Tenn-Tom being constructed, progress being made, and I share the comments that were made by Governor James that we certainly don't want to stop midway in this project, and we hope that you will find the funds available to complete the project, and I would, if I may, submit on behalf of Governor William Winter and the people of Mississippi a statement for the record.

[The statement follows:]

STATEMENT OF HON. WILLIAM WINTER, GOVERNOR OF MISSISSIPPI

Mr. Chairman, I am Brad Dye, Lt. Governor of Mississippi. I am sorry that pressing state business, as well as the fact our legislature is in session, precludes Governor Winter from appearing personally before you and your distinguished colleagues. However, I am honored to come before you to voice not only his strong support, but that of my office, the entire State of Mississippi for the Tennessee-Tombigbee Waterway and its early completion.

The Tenn-Tom is the most important economic development project for our state in many years. Recently, Governor Winter had the privilege of touring the waterway, he was greatly impressed with the progress being made on the project. We, in Mississippi, are very fortunate that we will receive substantial short term, as well as long range, benefits from this Federal investment.

Construction of the Tenn-Tom has brought economic prosperity to northeast Mississippi, a region that has historically suffered from low personal incomes and high unemployment. Deliberate efforts have been undertaken by the corps of Engineers and others to maximize the local impact of these construction funds. Contractors are required to try to hire at least 80 percent of the labor force from the local area. Also, a very progessive affimative action program has been adopted that establishes a goal that 30 pecent of the work force shall be minority workers. In addition, special efforts have been undertaken to promote greater utilization of small businesses, including minority firms, in the construction of the waterway.

Over 2,500 are now employed on the waterway in Mississippi. Many of these workers are enjoying high paying permanent jobs for the first time and would likely be unemployed or underemployed had it not been for the waterway construction.

A recently completed study by Mississippi State University estimates that this increased economic activity will generate about $120 million in revenues to the state during the construction period of the waterway. To a state as poor as Mississippi with very iittle revenues, this is a tremendous benefit.

The President recently announced a major policy initiative to maximize rural and small community development as a result of large Federal investments in public works projects. This initiative came about as a result of the experience of the Tenn-Tom. In March, the White House announced at a meeting in Columbus, Mississippi that the President had selected the Tennessee-Tombigbee as a national demonstration project for this initiative. Over 1,500 local people attended the meeting, once again demonstrating the strong interest and support for this project.

While we are thankful for benefits generated by the construction of the waterway, the long-term socio-economic benefits that this project offers are even greater in importance to the future of my state.

The waterway, when completed, will help Mississippi attract much needed industrial development. The capital intensive types of industries with highly waged workers will help improve our personal incomes which now rank 50th in the nation.

By 1990 between 20,000 and 30,000 new jobs are estimated to be generated by the Tenn-Tom because of induced economic growth in my state. Personal income will increase by nearly $900 million by that time.

I don't want to detract from the importance of the Tenn-Tom as a national transportation artery by elaborating on the impact of the waterway on the economic and social well-being of the people of Mississippi. However, the hopes and

aspirations of the poor people of Mississippi have been tied to this project for generations. It now appears that those dreams may become a reality.

We, in Mississippi, are aware that Federal funds for public works projects may be limited next year. Therefore, we recommend that you continue to give Tenn-Tom high priority in the allocation of those funds that will be made available for water resources projects in 1981. These funds will be an investment in the future of Mississippi and the Nation.

Thank you.

Mr. BEVILL. Yes, thank you, Governor, and Governor Winter's statement will be made a part of the record.

Mr. DYE. We have some people here from the Tombigbee River Valley Water Management District, and I would like, as I call their names, if they would please stand, Mr. Chairman.

Mr. BEVILL. Yes, we would like to see them.

Mr. DYE. Maurice Coburn; Ottis Gillentine; Dr. Goodgame and his wife; William H. Holley; Charlie Huffstatler; Mr. Palmer and his wife, Mrs. Palmer; Thompson Pound; Wayne Riley; Larry Russell; and Tommy Phillips.

And, if I may, we also have some members of the Pat Harrison Waterway District with us, and I would like them to stand, if they would: Bob Abney; H. D. Pierce; I. H. Thomas; and George Gunter. We are glad to have these people up here in support of the project from the State of Mississippi, Mr. Chairman.

Mr. BEVILL. We are pleased to have each of you fine people here and welcome you to this committee.

Governor?

Governor JAMES. We will have the Florida Secretary of State, Mr. Firestone, with some remarks at this time.

STATEMENT OF SECRETARY FIRESTONE OF FLORIDA

Mr. FIRESTONE. Mr. Chairman, I am George Firestone, Secretary of State for the State of Florida, and, as has been indicated, Florida does have representation on the Authority, and I wonder if the delegation from Florida would be kind enough to stand.

Mr. BEVILL. Yes, we would like everybody from Florida interested in this project to stand up.

Thank you, and the record will show the names of all those people who have appeared here today.

Mr. FIRESTONE. Governor Bob Graham, of Florida, asked me to extend to you his admiration for the work of the committee. He is well aware of the extraordinary challenges facing this committee and is somewhat sympathetic, considering the budgetary restraints I think we are all facing. He was unable to be here and asked me to extend his regrets at that inability to personally join this proceeding, but did ask me to share with you his greetings and hope that he can meet with the committee sometime in the near future.

Mr. BEVILL. We are sorry the Governor could not be here. Obviously, he is well represented today. We appreciate you being here and representing the State of Florida.

Mr. FIRESTONE. Thank you.

Governor JAMES. Mr. Chairman, could I at this time introduce the members of the Tennessee-Tombigbee Authority and express our gratitude to them for their work?

Mr. BEVILL. Yes, Governor, we would like for each of them to stand as you call their names. The committee wants to see all these good people.

Governor JAMES. It is good to have a checkoff and, of course, they have known of the Members' work here over the years: Barbara Bobo, of Alabama; Mr. Braswell, of Alabama; Mr. Chamberlain, of Kentucky; Mr. Cook, of Mississippi; Mr. Cotton, of Florida; Mr. Eaton, of Mississippi; Mr. Enix, of Kentucky; Mr. Ewing, of Tennessee. We have Mr. Firestone here, of Florida; Mr. Gillentine, of Mississippi; Mr. Kimbrell, of Alabama; Mr. Manley, of Demopolis, Alabama; Mr. Middlemas, of Florida; Mr. Paxton, of Kentucky; Mr. Shelton, of Mississippi; Vice Chairman, Mr. Skinner, who has already spoken; Mr. Stephens, of Alabama; Mr. Waters, of Tennessee; Mr. Wise, of Mississippi; Mr. Yates, of Kentucky; and Mr. Yeiser, of Tennessee.

I want to thank you all very much.

Mr. BEVILL. This is quite a delegation. We are pleased to have each of you here.

Governor JAMES. Mrs. Bobo owns and runs the newspaper in Millport, Alabama. We want to stay on the good side of her, whatever we do, Mr. Chairman.

We have some special guests here, if you will allow me to call their names and ask them to stand.

Mr. BEVILL. Permission granted.

Governor JAMES. Mr. Bill Johnston, of Ohio; Judge Kirksey, of Alabama; Mrs. Sims, of Mississippi; Mr. Overby, Tennessee; Mr. Crowell, of Florida; Mr. Carroll, of Mississippi; Mr. Childers, of Kentucky; Mr. Stewart, Kentucky; Ms. Storment, Kentucky; Mr. Stevens, of Florida; Ms. Durham, of Florida; and Mr. Townsend, of Kentucky.

Those are guests of the Tenn-Tom, and we are delighted to have them here.

Mr. MONTGOMERY. And, Mr. Chairman, Mrs. Sims and Mr. Sims are here.

Governor JAMES. Mrs. Sims, excuse me.

Mr. BEVILL. We are pleased to have you. If I may interrupt you, Governor, for just a moment. Congressman Hubbard, our good friend and colleague from the State of Kentucky has just come in. Congressman Hubbard, we know you have to get back to your committee work, so we will recognize you at this point. You may submit your statement, or proceed as you wish.

STATEMENT OF CONGRESSMAN HUBBARD OF KENTUCKY

Mr. HUBBARD. Thank you very much, Mr. Chairman. I appreciate your kindness.

Mr. BEVILL. We are pleased to have you. Congressman Hubbard is another one of those good solid strong supporters of this project. We are pleased to have you with us.

Mr. HUBBARD. Thank you very much, Mr. Chairman. It is a pleasure to be here with you, and distinguished Chairman, Congressmen Jamie Whitten, Glover Wilkins, and those from the Tennessee-Tombigbee Waterway Authority.

I might also add it is a real pleasure to be with our distinguished Lieutenant Governor of the Commonwealth of Kentucky, the intelligent, personable, ever-beautiful Lieutenant Governor, Martha Layne

Collins, whose staff member, Amanda Storment, is present today, and Amanda was on my staff for years prior to moving back to Kentucky and joining the staff of Martha Layne in the Lieutenant Governor's office, and certainly I would welcome Amanda Storment.

For three years, the husband of our Lieutenant Governor, Dr. Bill Collins, and I were roommates at the Kappa Alpha Fraternity House at Georgetown College.

Could I ask if he is in the hearing room at this point? If he is, I wish he would stand. He is an equal half to this partnership.

Mr. BEVILL. Dr. Collins, would you stand?

Mr. HUBBARD. No doubt Dr. Collins is at the White House, working on this project. Let's assume he is at the White House, making sure we have the continued support of the President. Again now, Mr. Chairman, being brief, and not even giving the entire prepared testimony that I have already submitted to the committee, I do again come before you this year to urge your continued support of the Tennessee-Tombigbee Waterway.

When it is completed the Tennessee-Tombigbee Waterway will be an important link to our national transportation system. It will directly affect shipping in a 14-state area of mid-America and be a significant factor in reducing transportation costs to shippers and, ultimately, consumers.

An independent analysis of the impact of construction of the Tenn-Tom Waterway and Interstate Highway No. 24 to western Kentucky, the district I represent, indicated the two would result in about $127 million of additional revenues by 1990. The constituents I represent in western Kentucky have also been excited about and looking forward to the completion of the Tennessee-Tombigbee Waterway. It will open up a direct route to the Gulf of Mexico from our area, and it will help our farmers, but indeed will help also in the energy crunch of our country regarding the coal production we have in western Kentucky. Our coal production is expected to increase, that is, if the Environmental Protection Agency will allow it to, coal production could increase if EPA would get off their backs, and this increase of coal production in western Kentucky could be helped along by barge transportation and new markets provided by this waterway.

Additional grain production by area farmers will occur due to better export potential with the impact of the Tenn-Tom on revenues to western Kentucky farmers estimated at $1,432,543 by 1990. The total annual impact from the Tenn-Tom Waterway on the economy of western Kentucky by 1990 is estimated at more than $38 million.

Western Kentucky coal operations are looking with great anticipation and good reason toward the potentials of a completed Tenn-Tom. Both private and public ports are being built in my area in anticipation of this waterway. The new Henderson Riverport anticipates a 500,000-to-600,000-ton annual loading capacity. There will be coal and grain-loading stations making use of truck and rail facilities. Potential major customers are already negotiating for rights.

After little more than a year of operation, Lyon County Riverport on the Cumberland River is already in the black. This will be a major loading point for shipments on the Tenn-Tom.

Nearly half the nation's entire population is within 500 miles of western Kentucky. With the right tools, such as modern surface transportation facilities, including the Tenn-Tom Waterway, Kentucky will be ready to meet the challenge offered by these unlimited market opportunities.

In conclusion, Mr. Chairman, thank you very much for this time allowed me to speak for the 500,000 constituents I represent in western Kentucky. Since we are the ones familiar with the potential of the Tenn-Tom Waterway, I repeat, we are excited about its prospects and very anxious to see the completion of it in order that we can help our area farmers and coal production people, including the coal operators and miners, and the majority of people I represent indeed are farmers and coal miners, and this can be a real plus.

We urge you to continue to fund as much as possible the project toward its completion date, being as soon as possible. Thank you.

Mr. BEVILL. Thank you for a very fine presentation, Congressman Hubbard. I know the people of Kentucky are proud of the fine record you are making here in Congress. You have been out in the front of the development of the waterways of this nation, not only the Tenn-Tom. I know they appreciate you. Thank you very much.

Mr. HUBBARD. Thank you very much.

Mr. BEVILL. Governor, back to you.

Governor JAMES. It is a pleasure to call on the next gentleman; no introductory remarks are necessary. He is known as Mr. Tennessee Tom. He has a gleam in his eye and a bounce in his step this morning, and that is what has got this project where it is. We are all delighted that he is feeling good and getting everything back in overdrive.

It is a great pleasure to present to you Glover Wilkins.

Mr. BEVILL. We are pleased to have you with us. Old soldiers never die. In this case, they don't even fade away.

STATEMENT OF GLOVER WILKINS

Mr. WILKINS. Thank you, sir. Chairman Whitten, members of the committee, I am delighted to have the opportunity to be back with you today. There were several Congressmen who had statements I thought would be here today and deliver them in person, but I would like to enter them for the record.

From Kentucky: Congressman Natcher and Congressman Hopkins;

From Mississippi, Congressman Hinson;

From Tennessee, Congressmen Beard, Bonner, Duncan, Ford, Gore, Jones and Bouquard.

At this time, I would like to introduce a guest of ours who has just come in who supports the Tennessee-Tombigbee and we are very happy to have his support. Mr. Renard D. Euell. He is the president and chairman of the Board of the National Association of Contractors. We are delighted that they are doing a lot of work on the Tenn-Tom.

Mr. BEVILL. They are doing a fine job. We are pleased to have you with us. The statements that you have mentioned, from the Members of Congress, will be made a part of the record at this point.

[The statements follow:]

STATEMENT OF REPRESENTATIVE WILLIAM H. NATCHER, SECOND DISTRICT, KENTUCKY

Mr. Chairman, I want to thank you for the opportunity to again voice my support for the Tennessee-Tombigbee Waterway Project.

As many as fourteen states will benefit by the completion of the Tennessee-Tombigbee Waterway Project. In his Fiscal Year 1981 budget, the President has requested the sum of $209 million. Further, he has requested an additional $58 million supplemental appropriation for this year to keep construction of the waterway on schedule. The project is currently eighteen months ahead of its official completion date of March, 1986.

Construction began in late 1972 and the Congress has appropriated over $768 million for this project. These funds have resulted in nearly $950 million in contracts awarded for construction; an additional $200 million committed to the Waterway for land acquisition and other costs; eight of the ten locks and dams are either under construction or completed; all of the 150 million cubic yards of excavation in the Divide Cut section are now underway with over one-third of the work accomplished to date; and, over one-half of the 232-mile waterway is now open to limited or constrained navigation from Columbus, southward.

The need for more efficient means of transporting the nation's commerce is becoming increasingly more evident as energy costs escalate, productivity declines, and inflation increases. Waterways are by far the most cost effective and energy efficient mode for transporting bulk-type commodities such as coal, chemicals, grain, and petroleum products. In addition to these inherent advantages, the Tenn-Tom is an even more attractive transportation artery since it will provide a shorter route between the eastern Gulf of Mexico and mid-America.

Independent studies indicate that over 28 million tons of commerce will move on the Tenn-Tom during its first year of operation, at a total savings in transportation costs of more than $82 million. Some 14 states will benefit from these transportation savings. Commercial traffic on the waterway will rapidly increase to over 40 million tons in less than 10 years at an average annual savings in transportation costs of about $105 million.

The nation's ability to convert from expensive imported oil to our most abundant energy source, coal, will largely depend on an efficient transportation network. Over 21 million tons of coal are presently estimated to move on the Tenn-Tom at a savings of more than $54 million during its first year of operation alone. Those benefits of helping the nation become more energy independent are justification, alone, for pressing toward early completion of the Tenn-Tom.

Mr. Chairman, I appreciate the opportunity to express, once again, my continued support for the completion of the Tennessee-Tombigbee Waterway Project and urge that the sum of $209 million be approved and the Project be given highest priority.

STATEMENT OF CHARLES E. BENNETT, A MEMBER OF CONGRESS FROM FLORIDA

Gentlemen, thank you for allowing me to submit this statement in behalf of the Tennessee-Tombigbee Waterway.

With Florida's keen interest in water transportation, we are looking with great expectations to the completion of the Tennessee-Tombigbee Waterway and the benefits it will bring to much of the southeast.

Floridians are expected to take advantage of the 800 miles shorter Tenn-Tom route to the mid-west when completed in the mid-80's. In my hometown of Jacksonville, we are making strides in competing for a greater share of the agribusiness trade. Shipping products by waterways is a low cost and environmentally sound way of contributing to the marketing cycles. Projects such as the Tennessee-Tombigbee are having a positive impact on the health of this country's economy. The Tennessee-Tombigbee Waterway will be a contributing factor to the economy and growth of the State of Florida.

One study projected that transportation cost savings for northwest Florida because of the Tenn-Tom Waterway would begin at over $8.5 million savings in 1986.

This waterway, combined with existing waterways and other transportation modes will be significant in generating new businesses and opening more foreign markets.

I respectfully urge you to continue full funding for the Tennessee-Tombigbee Waterway.

STATEMENT OF THE HON. JON HINSON OF MISSISSIPPI

Thank you for allowing me to express my support for the Tennessee-Tombigbee Waterway.

Construction of this important project is almost half complete with 8 of ten locks and dams contracted or completed. The first 119 miles of the 232-mile project is now open to limited navigation. This allows limited barge traffic to the Gulf of Mexico through the Port of Mobile.

In Mississippi alone, approximately $800 million in waterway work is underway or completed. With the peak period of construction expected to span the next couple of years, approximately 5,000 are employed on waterway-related jobs in Mississippi at salaries ranging upward from $12,000 annually.

During this construction period, the entire State of Mississippi is benefiting from the income and activity resulting from large tax revenues generated by these construction expenditures. A recent study indicates that the total Federal dollars spent on the project in Mississippi will bring $120 million into the State from tax revenues. Thousands more dollars will be paid into county and city tax coffers by contractors and workers.

When it is completed, the waterway will offer significant savings to shippers and stimulate industrial growth. It will become an important component to our national transportation system serving some 14 States. With fuel costs becoming a much more significant factor in the total cost of transportation commerce, that great savings in distance of travel offered by the Tenn-Tom for moving commerce between mid-America and the eastern gulf will become even more attractive to shippers in the future.

The district I represent lies along the lower Mississippi River and includes the busy ports of Vicksburg and Natchez. Perhaps because of that, I am especially sensitive to the potentials for development that this new waterway offers.

The Tenn-Tom will help relieve some of the congestion on the lower Mississippi River created by smaller tows. However, a study shows that Tenn-Tom will not divert traffic moving to or from ports such as Vicksburg on the lower Mississippi because of the efficiency of the much larger tows navigating the Mississippi compared to the maximum eight-barge tows on the Tenn-Tom. It will, however, divert the smaller tow traffic using the Mississippi River that originates or terminates at ports along the eastern gulf, such as Mobile. This relief of congestion on the lower Mississippi will be most welcome—especially in the New Orleans area where, at one time last winter, hundreds of barges waited for processing after escaping in the nick-of-time from the ice-bound upper Mississippi. The Tennessee-Tombigbee Waterway is a slack-water, ice-free route which can provide a welcome alternative to shippers.

The waterway is expected to generate an average of nearly $115 million of benefits annually, $98 million of which will be savings in transportation costs.

I strongly believe that it is in the best interest of the Federal Government and certainly that of my State to complete the Tenn-Tom as early as possible. With sufficient funding, it is possible to complete the waterway by late 1983.

Although limited commercial traffic and recreational activities are already taking place on the waterway, the full economic potential of the Tennessee-Tombigbee Waterway to the Nation and our region cannot be fully realized until the entire waterway is completed.

I urge that this project be funded to the full $225 million capability of the Corps of Engineers.

STATEMENT OF THE HON. JOHN J. DUNCAN

Mr. Chairman, today, I once again declare my support for the Tennessee-Tombigbee Waterway project. I firmly believe that this worthwhile project will provide a great catalyst for development, and will benefit not only the southeast, but the entire nation.

Tennessee, and the Knoxville area which I am proud to represent, stands to gain far reaching benefits upon the completion of the waterway. Inland industries and ports in this region do not now have direct access to the deep water ports of the Gulf of Mexico.

By connecting the Tennessee River with the Port of Mobile via the Tennessee-Tombigbee, the distance for barge shipments between Knoxville and the gulf ports will be reduced by 832 miles. The inherent advantage of low cost barge

transportation, and the savings in distance between the Gulf and mid-American ports like Knoxville is why this waterway will become one of the nation's busiest.

Tennessee located industries will save over $17.3 million the first year. The main commodities shipped along the waterway will be coal, metallic ores, non-metallic minerals, petroleum, chemicals, primary metals and agriculture products.

In addition, population and employment is expected to increase because of the Tenn-Tom. New industry attracted by low cost barge transportation will boost the per capita income in my district. In East Tennessee during 1979, 37 new plants and 72 expansions were announced. This $312.5 million investment will create 6,620 new jobs—a truly remarkable accomplishment given the present state of the economy. I am confident that this trend will continue with the completion of the Tenn-Tom.

Therefore, Mr. Chairman and members of the subcommittee, I urge that the Tennessee-Tombigbee Waterway be fully funded for an early completion.

Thank you.

STATEMENT OF HON. ROBIN BEARD OF TENNESSEE

I am pleased to appear before you today in support of the Tennessee-Tombigbee Waterway.

This 232-mile waterway joins the Tennessee River on the very threshold of my home district in West Tennessee. It is already bringing new industrial investments, more jobs and greater economic security to this under-developed part of the Southeast.

One recent report by the Regional Economic Development Center at Memphis State University identified and evaluated mid-south waterfront industrial sites. That report said industrial sites in my district, along with the Yellow Creek Port on the Tenn-Tom ranked 13th in potential out of 99 sites in the mid-South.

Obviously, the Tenn-Tom Waterway is already facilitating significant population and economic growth in my region where labor and energy costs are low and the climate is favorable.

With the combined influence from the Tenn-Tom Waterway, construction of the $143 million Pickwick Lock, the $3 billion-plus TVA Yellow Creek Nuclear Plant and other major road and bridge construction—all of which are located in or adjacent to my district—will assure a sound economy for the decade of the 80's. Even more important in long-range terms, is the potential all of these great projects will open to Tennesseans. The peak years of the construction of all of these projects are in the early 1980's when 3,000 to 4,000 workers will be employed. The short-term impact is dramatic.

A new study by a private consultant recommended development of a $26 million regional port complex to serve four southwest Tennessee counties to take advantage of the economic development potential created by the Tenn-Tom Waterway. Half of the industrial firms responding to the study questionnaire indicated interest in using such a public port in the recommended location.

The construction of the Tennessee-Tombigbee Waterway is bringing economic security for the present and hope for the future to an economically deprived area of this nation where the need is great. I urge you to continue full support for this great project.

STATEMENT OF HON. HAROLD FORD OF TENNESSEE

Thank you for this opportunity to give my full support for the continued funding of the Tennessee-Tombigbee Waterway.

The Kearney Study, which examined the transportation economics of the Tenn-Tom Waterway, confirms that Tenn-Tom will become one of the busiest waterways in the nation with tonnage equivalent to that now moving on the Tennessee River.

Recent studies also show that traffic originating or terminating along the lower Mississippi River will not be diverted by the Tenn-Tom Waterway because of the large size tows plying the Mississippi versus the 8-barge tows on the Tenn-Tom. As a result, shipping growth at the Memphis Port in my home district will be enhanced.

The experience of the Tenn-Tom in achieving additional socioeconomic benefits as a result of the capital investment in the project has gained national attention. A nationwide demonstration program based on Tenn-Tom's activities to enhance local, social and economic opportunities has been launched as part of the President's rural development initatives.

Deliberate efforts have been made to maximize employment and increase small business opportunities for local residents, including minorities. As a result, approximately 36 percent of those employed on the waterway are minorities. Additionally, a concerted effort has established training programs primarily directed toward training local minorities for employment on the waterway.

The Corps of Engineers has 20 contracts in progress where the prime contractor is required to award a set percentage of the work to minority firms. Over $15 million in construction work has been awarded to these minority contractors.

During FY 1980, the Mobile District of the Corps of Engineers anticipate 10 construction projects totaling $3 million will go to 8(a) contractors.

The concerted effort of everyone involved in this massive project has resulted in a demonstrative project that can well be used as a model for similar results on all other major federally funded projects.

I urge that we continue to give full support to the Tennessee-Tombigbee Waterway project.

STATEMENT OF REP. ALBERT GORE, JR. OF TENNESSEE

The completion of the Tennessee-Tombigbee Waterway will revive a vast segment of our nation from economic stagnation by encouraging healthy industrial growth.

Historically, river revival leads to establishment of industries heavily dependent upon water transportation. The next link in the development is the appearance of satellite and service industries that do not require barges, but create other transportation needs—a result usually is hundreds of industries in a river valley such as in the Tennessee River Valley that are both waterway, rail and truck users. The beneficiary of healthy competition is the consumer paying less for goods and services.

Coal barged on the Tenn-Tom from the Appalachian region is expected to move at a savings of $2.57 per ton the first year of operation. With more than 18 million tons of coal expected to move on the waterway the first year at a savings of $54 million, the potential savings to utility consumers is great.

Inflation has cut deeply into the very fiber of the economy—industrial and agricultural, rural and urban, double-digit inflation and a recession coupled with the loss of a million jobs in 1979. One of the causes for soaring prices and inflation is the rising cost of energy.

Federal officials and independent researchers who have examined the relative energy efficiency of the freight transportation modes have almost unanimously agreed that waterways are extremely efficient.

Barges can carry a ton 383 miles on a gallon of fuel—an important factor in the energy crunch. The best deal of all is to combine barges, rails and trucks for the most efficient, least costly transportation of goods to consumers. Efficient, low-cost transportation is an inter-connected and interdependent system in which each mode has a job to do.

The Tenn-Tom will be one more much-needed, strong link in our nation's water transportation system and in our multi-modal network. I strongly recommend that the Tennessee-Tombigbee Waterway be completed as rapidly as possible.

STATEMENT OF HON. ED JONES

Thank you for this time to again appear before you to urge the continued full funding for construction of the Tenessee-Tombigbee Waterway.

The region of West Tennessee which I represent, historically has been a low income, primarily agricultural-based economy. In recent years, that has begun to change with the gradual awakening of industrial revolution in predominately rural areas of western Tennessee. Citizens of the region, however, recognize the need for successful merging the best of the agricultural-based economy with the new, highly skilled business and industry. To have the best of both worlds, a

viable transportation network of highways, railroads and waterways must exist. The Tennessee-Tombigbee is an integral part of such a network. Without it, my region and state can not reach its full development potential.

People in Tennessee have already set wheels in motion to develop an agri-business environment that will insure a successful economic future.

The Tennessee-Tombigbee Waterway is expected to generate more than $82 million savings in transportation costs the first year. While agriculture, food and food products make up only a small percentage of the commodities to move on the waterway, they will be transported the first year at savings of $3,500,000. This factor is of particular interest to the agri-business community because of the steadily increasing export demands for our nation's farm products. The Tenn-Tom is certain to play a major role as it makes previously marginal products now feasible for export.

A number of grain elevators, crushing plants and terminals are being established along the waterway with at least one chemical fertilizer company putting in facilities. Efforts are now underway to establish ports of entry in the upper reaches of the waterway.

Counties in my area are now also working on plans to take full advantage of the long, as well as the short range potentials. One indication of that potential is the recent announcement in the *Wall Street Journal* of plans by a major corporation to build a multi-billion dollar steel mill in this area.

Because of our inherent need for water transportation, the Tenn-Tom is serving as a springboard for much needed industrial growth. It will result in the formation of a strong base for my state's economy and a dramatic rise in the per capita income.

Every effort should be made to complete the Tennessee-Tombigbee Waterway soon.

Thank you very much.

STATEMENT OF HON. MARILYN L. BOUQUARD OF TENNESSEE

I am here today to strongly support the completion of the Tennessee-Tombigbee Waterway because it is a valuable project.

If there is one lesson to be learned from the sad state of affairs in Iran and Afghanistan, it is that we cannot depend upon foreign oil as our primary energy source.

President Carter has called for replacing high priced petroleum with cheaper, more plentiful coal. To significantly increase our coal production, we must expand all our transportation facilities, both rail and water.

The shorter, slack-water Tenn-Tom route will be a great help in the energy-short days ahead. By tying together 12 river systems in mid-America including the Tennessee, the waterway will shorten the distance from many inland ports to the Gulf and foreign markets. For instance, Chattanooga, in my home district will be over 800 miles near the gulf once the project is finished.

Abundant coal deposits are readily available in eastern Tennessee, but the cost of shipping such a long distance to get the coal to market dims the current prospects for economically mining this needed fuel. The shorter Tenn-Tom route will mean a reduction in the cost of coal, resulting ultimately, in lower utility rates and better export potential of other resources.

In fact, about 70 percent of the commerce projected to move on the waterway is coal. About one-half of it is for export—a real trump card in the nation's efforts to resolve our energy supply problem and help reduce the critical balance-of-payment problems. The waterway is expected to move coal at a savings of up to $2.57 per ton.

In Chattanooga, part of my district, industry developers, coal-related operations and the local and regional governing bodies are united in efforts to be ready for the shipping potential from the new waterway. Port and loading facilities to handle coal and other products will be ready when the Tenn-Tom Waterway is complete. Truck bays, railroad lines and off-loading dockside facilities will be ready because of the foresight of the entire transportation network. This multi-modal concept program is the kind of technology that will be required if we are to solve the nation's energy problem. The future is promising.

The importance of the entire transportation network is effectively pointed up in a recent coal trade publication report that rising rail rates are pricing U.S. produced coal out of competition with foreign sources. For example, it is now cheaper for utilities in Florida to import coal from South Africa and Poland

than to use U.S. coal when it must be shipped long distances without benefit of waterway transportation.

These facts should give considerable impetus to the goal of completing the waterway. I strongly support this project and urge my colleagues to support it.

STATEMENT OF HON. BILL BONER OF TENNESSEE

I want to add my voice to the resounding chorus in support of the Tennessee-Tombigbee Waterway. Many reasons can be given to show the importance of the Tennessee-Tombigbee Waterway to ensure our steady growth in the waning days of the twentieth century.

Americans now face a double-digit inflation rate in the 11–13 percent range. The indefinite duration of this era of run-away inflation, despite the government's anti-inflation programs, is predicated on higher energy costs driving up prices on virtually every item we use daily.

To control the problem of inflation, we must take care of our country. We must not hamstring such crucially needed projects as the Tennessee-Tombigbee. Water development projects provide positive benefits for the communities. If we are to lessen our dependency on foreign oil and if we are to continue our abundant agricultural production, then we must build projects like the Tenn-Tom Waterway and get on with the business of strengthening America.

Careful coordination of all federal projects is a must. An example of effective coordination can be observed in the Natchez Trace Parkway crossing over the Tenn-Tom. The Parkway between Nashville—in my district—to Jackson, Mississippi will cross the Tenn-Tom, providing greater public access.

When completed, the waterway will become an important component to our national transportation system, serving some 14 states. With fuel costs becoming a much more significant factor in the total costs of transporting commerce, the great savings in distance of travel offered by the Tenn-Tom for moving commerce between mid-America and the eastern Gulf will become even more attractive to shippers in the future. The waterway is expected to generate an average of $115 million benefits annually, $98 million of which will be savings in transportation costs.

We must move forward quickly to complete the Tennessee-Tombigbee Waterway for the benefit of this country, and its citizens. This project represents improvements that people can look to for years to come, improvements that clearly will better the quality of American life.

STATEMENT OF WM. T. JOHNSTON, PRESIDENT, NATIONAL DUMP TRANSPORT INDUSTRY ASSOCIATION, RANDOLPH, OHIO

ENERGY AND INFLATION "COMBAT" WITH WATER TRANSPORTATION SERVICED BY THE TRUCKING INDUSTRY

The facts are very obvious, so obvious I feel my statement will be directed to one specific area, "Ohio Coal". Our coal is of a high sulfur content. What we need is to get this coal to market, utilize the "Blending" process, and help with balance of world trade by exporting. In order for this to be feasible, we need water transportation to the Gulf from the Appalachian area.

The Tennessee Tombigbee Waterway is the solution to our problem, with one exception, the time element. We need the completion date to be as soon as possible and priorities put in their proper perspective.

The National Dump Transport Industry Association (DTIA) held a meeting on February 6, 1980, with Ohio Valley Improvement Association, Inc. (OVIA), Midland Enterprises Inc., and Cravat Coal Company. Basically, we discussed this very problem and we all are in agreement, the completion of the "Tennessee Tombigbee Waterway" can't be soon enough.

SUPPORTERS

Mr. BEVILL. Also, we will at this point put the names of all those persons who are here today to show their support for the Tennessee-Tombigbee project.

[The list follows:]

Tenn-Tom Authority members present

Barbara Bobo, Millport, Ala.
Gene Braswell, Birmingham, Ala.
Alex Chamberlain, Louisville, Ky.
Doyle Conner, Tallahassee, Fla.
J. O. Cook, Nettleton, Miss.
Harvey Cotten, Tallahassee, Fla.
William M. Cox, Madison, Ky.
Rhett Eaton, Booneville, Miss.
Z. C. Enix, Murray, Ky.
Herman Ewing, Memphis, Tenn.
David Gillentine, Tupelo, Miss.
Fuller Kimbrell, Fayette, Ala.
Richard Manley, Demopolis, Ala.
John Middlemas, Panama City, Fla.
Jack Paxton, Paducah, Ky.
David Shelton, Columbus, Miss.
James A. Skinner, Nashville, Tenn., Vice-Chairman.
Elton Stephens, Birmingham, Ala.
John B. Waters, Sevierville, Tenn.
Louis Wise, Columbus, Miss.
James Yates, Shively, Ky.
Emmet Yeiser, Savannah, Tenn.

Tenn-Tom guests

Bill Johnston, East Manufacturing Company, Randolph, Ohio.
Hon. Robert Kirksey, Probate Judge, Pickens County, Alabama.
Edith Sims, Mississippi Rivers & Harbors, Jackson, Mississippi.
Charles Overby, Governor's Office of Tennessee.
Pete Crowell, Governor's Office of Florida.
Buck Carroll, Lt. Governor's Office of Mississippi.
Masten Childers, Lt. Governor's Office of Kentucky.
Bob Stewart, Lt. Governor's Office of Kentucky.
Amanda Storment, Lt. Governor's Office of Kentucky.
Bill Stevens, Secretary of State Firestone's Office of Florida.
Anita Durham, Secretary of State Firestone's Office of Florida.
Larry Townsend, Secretary, Development Cabinet, Kentucky.

Tenn-Tom staff

Donald G. Waldon, Deputy Administrator.
Darlene Scogin, Executive Assistant and Director, Public Affairs.
Pat Broocks, Executive Aide.

Tombigbee River Valley Water Management District board members present

Robert Calvert, Maurice Coburn, Eugene Gifford, Ottis Gillentine, Dr. and Mrs. L. J. Goodgame, Glen Goodwin, Charlie Huffstatler, Don Leech, Mr. and Mrs. A. M. Palmer, Tommy Phillips, Thompson Pound, Wayne Riley, Bobby Russell, Larry Russell.

TRVWMD staff

Larry Dillard, Acting Executive Director.
Jimmie Mills, Chief Engineer.
Ralph Pogue, Attorney.

Mr. WILKINS. Thank you, sir. If there are any other Congressmen or congressional staff members here who would like to submit a statement, I would like for them to do it at this time.

There being none, Mr. Chairman, from Florida we have the statement of Representative Charles Bennett, who has already submitted it for the record.

Mr. BEVILL. Yes, and for those that do not have their statements ready, the record will remain open until April 2.

Mr. WILKINS. Mr. Chairman, we have one other member who has already been introduced, who we are very proud to have his support for the Tennessee-Tombigbee Waterway, and that is Mr. Bill Johnston, the President of the National Dump Transport Industry Association of Randolph, Ohio. He has a statement he would like to put in the record which shows the interest of the trucking industry. In fact, he was telling me last night that some 300 units of truck bodies would be built just to serve one port that is being contemplated on the Tenn-Tom.

Mr. BEVILL. This will be made a part of the record, and we are pleased to have it. We have known and stated many times that this waterway is not going to be competing with railroads and trucks. It is going to be helping the other modes of transportation because somebody has to haul the freight to the waterway. I think it is commendable that the trucking industry is very much aware of that.

Mr. WILKINS. In fact, he was at our 1977 hearing when we appeared before President Carter's hearing in March of that year.

Mr. BEVILL. I wish you would send a copy of his statement to the L&N Railroad.

Mr. WILKINS. I would be more than happy to.

Mr. BEVILL. They are not aware of it. They are about 50 years behind.

Mr. WILKINS. Incidentally, they are the only railroad opposing this waterway.

Mr. BEVILL. I know, and I think they need to have a copy of the statement.

Mr. WILKINS. Thank you. At this time, I think I would be very remiss if I did not introduce Donald G. Waldon, Deputy Administrator; Darlene Scogin, Executive Assistant and Director, Public Affairs; and Pat Broocks, Executive Aide— staff of the Tennessee-Tombigbee Authority.

Mr. Chairman, at this time I would like to call on Mr. William Holley, of the Tombigbee River Valley Water Management District for a statement. And before he makes that statement, I would like to say to our sister organization, the Tennessee-Tombigbee Waterway, would not be as far along as it is without them. These are the people that are the local sponsors and have signed the notes, so to speak, for the assurances that Mississippi had to provide, and at this time I would like to ask Mr. William Holley to take my seat and make a statement.

Mr. BEVILL. The chair recognizes Mr. Holley.

STATEMENT OF WILLIAM HOLLEY

Mr. HOLLEY. Mr. Chairman, Chairman Whitten, members of the committee. We wish to thank you for the privilege of appearing before your committee in support of one of the nation's largest public works projects, the Tennessee-Tombigbee Waterway. We remember with gratitude the strong support that you have given this project in the past and sincerely feel that because of the many problems facing our nation today, it truly deserves the very best support we can provide in helping to bring this long-sought waterway to reality.

Mr. BEVILL. If I could interrupt, we have some students from the Westminster Christian School, from Gadsden, Alabama. We are

pleased to have you with us. I want these good people to see these fine Alabama young people.

Mr. Holley, if I may, Senator Howell Heflin, of Alabama, has just come in, and if I may just interrupt you for another moment, Senator Heflin needs to get back over to the other body.

STATEMENT OF SENATOR HEFLIN OF ALABAMA

Senator HEFLIN. I want to listen to my Governor first.

Mr. BEVILL. You have already missed his very fine statement.

Senator HEFLIN. I have statements I would like to be placed in the record on the Tennessee-Tombigbee Waterway, the Coosa-Alabama River System, the Warrior Tombigbee Waterway, and Mobile Harbor, the Apalachicola-Chattahoochee-Flint Waterway.

I appreciate the opportunity to appear before this committee, and to join with my congressional colleagues, my Governor and my other friends from Alabama in support of funds for the continued and orderly development of the water resources of Alabama. In his budget proposals the President has requested $260 million for water resource development in Alabama. This is more than eight percent of the funds requested by the administration for the civil works program of the Army Engineers for the 1981 fiscal year, and really reflects how very important and deeply dependent the industrial, agricultural, and commercial progress of Alabama is upon waterway development.

I will not take a great deal of your time with details concerning the items for which we are seeking funds. I know that spokesmen for the several delegations who are to appear before you today are much better equipped than I am to impress upon you the importance of these projects to our economy and to our citizens. They are men busy with their own affairs, but at the same time men of leadership who have devoted not weeks or months, but literally years to the task of helping our State to develop to the highest possible degree the God-given resources that are the waterways of Alabama. The activities of these spokesmen will continue to be all-important in our quest to develop our mighty river basins.

It is an indisputable fact that the wise and orderly improvement of rivers also improves the quality of life for man while at the same time enhancing the environment. The people of Alabama recognized long ago that our State could not take its rightful place in our national economic scheme of things until we realized the potential of our rivers. Approval of the funds we are seeking today assures us that our progress will continue.

I have these other statements as I have previously mentioned. I also have statements and I would appreciate it if the committee would enter in the record from Senator Stewart, who is unable to be here today. He has a statement on each of the specific waterway systems as well as a general introductory statement.

Mr. Chairman, I have been a longtime advocate of balancing the Federal budget. Recently the Nation's economic picture has turned so dark that the President and the leadership in the Congress have realized that we must balance the budget. I am pleased by this new interest in fiscal responsibility.

However, balancing the budget will not be easy. Many projects will have to be cut, and waterway projects should not be exempt from these cuts.

Advocates of Alabama's waterway programs—and I count myself among them—must be expected to bear their fair share of reduction in funds in the war against inflation.

Although I am in no way suggesting that any of our vital and justified waterway projects be eliminated, I have absolutely no qualms about stretching out these projects by an appropriate reduction in funds.

I am sure that those who are here today recognize that if this stretching out of projects is not considered, we will likely have a difficult fight on the Senate floor on this bill which could lead to the elimination of one or more of these projects.

These Alabama waterway projects are justified—and their development will result in bringing great benefits not only to Alabama, but also for the entire Nation as well. However, we must realize that we may face some reduction of funds for these vital projects.

I know in talking with you, Mr. Chairman, that you have given some consideration to this important matter. I do feel it is essential that we continue, justified water resource projects and we not have a year in which there is no development whatsoever on any such project. But I think we all are realistic of the war against inflation, and I do feel that you and the members of your committee, in your wisdom, will look at the overall problems confronting this country. It may be that there may have to be some cuts, and stretch out of projects but that in the long run the development of waterways in America will not suffer; I think we can stretch them out; we can approach this in a sensible manner at this particular time.

So with that in mind, I conclude my testimony and ask that my printed statements be made a part of the record. Thank you.

Mr. Bevill. Thank you for a very fine statement, Senator Heflin. Your statements, as well as those from Senator Don Stewart, will be made a part of the record. We certainly appreciate your taking the time to come over here and show your interest in the development of the waterways of our nation. Thank you so much.

[The statements follow:]

STATEMENT OF SENATOR HOWELL T. HEFLIN (D., ALA.)

THE APALACHICOLA-CHATTAHOOCHEE-FLINT WATERWAY

Mr. Chairman, I should like to briefly address myself to a request for the approval of unbudgeted funds requested by the Tri-River Waterway Development Association for the Apalachicola-Chattahoochee-Flint Waterway.

The association does not have a representative here today, but I believe the executive director of the association, Ms. Addie Summers of Dothan, Alabama, has sent to this committee a statement endorsing the budget requests for the Apalachicola-Chattahoochee-Flint River System which totals $22,564,000.

In addition, and equally important insofar as the long-range plans for the full utilization of this waterway is concerned, the association requests the appropriations of $50,000 in unbudgeted funds to finance a study by the Army Engineers in the quest to improve and maintain the river channel so that it will be navigable the entire year.

The improvement of this waterway for navigation has been the subject of discussion and dispute for many years between various interest groups residing in these States. Happily, last year, the Governors of the three States reached a

meeting of the minds and established a tri-state task force whose purpose shall be to identify and propose various solutions to the myriad of problems surrounding the endeavor to insure year round navigation on the waterway.

The activities of the task force coupled with the needed study by the Army Engineers will, I am sure, lead to the improvements needed to insure the essential and efficient operation of the Apalachicola-Chattahoochee-Flint River System. I do hope it will be possible for the committee to approve the request of the Tri-River Waterway Development Association.

TRI-RIVERS WATERWAY DEVELOPMENT ASSOCIATION,
Dothan, Ala., March 24, 1980.

STATEMENT ON THE CIVIL WORKS BUDGET OF THE U.S. ARMY CORPS OF ENGINEERS

Tri-Rivers Waterway Development Association is a non-profit organization of Georgia, Florida and Alabama local governments, individuals and businesses dedicated to the orderly development of the Apalachicola-Chattahoochee-Flint Waterway in three states.

We respectfully request the subcommittee to add to the President's proposed budget a $50,000 item for "general investigations (navigation)" for the Apalachicola-Chattahoochee-Flint Waterway. This money would allow the Corps to participate in a new three-state effort to resolve conflicts over use of the waterway.

The Corps Mobile District did not request study money because at the time the FY 1981 budget was being planned, the three states appeared hopelessly deadlocked over use of the waterway. The Corps, unable to maintain the authorized channel in the Florida portion of the waterway, had studied the problem intermittently since 1971 and suggested many alternatives, only to have them rejected. (Congress appropriated $100,000 for the investigations in FY 1980.) Further study appeared futile. However on August 2, 1979, the governors of the three states met and appointed a task force to resolve waterway problems. The task force has met several times and reached some specific agreements. The task force is now planning a broad, "Level-B" or "Special" study, for which funding will be sought under the Water Resources Council. Since the states do not have the technical staffs required, the Corps is being called on to do most of the detailed design work for the study and will, of course, participate along with other federal and state agencies once the study is underway.

For operation and maintenance of the system, we support the President's proposed budget.

Summary of Tri-Rivers request

Alabama:	
Walter F. George Lock and Dam (multi-purpose) operation and maintenance	$5,709,000
Florida:	
Apalachicola, Chattahoochee and Flint Rivers:	
General investigations (navigation)	50,000
Operation and maintenance	3,138,000
Jim Woodruff Lock and Dam—Lake Seminole (multi-purpose) operation and maintenance	4,404,000
Georgia:	
Buford Dam—Lake Sidney Lanier (multi-purpose) operation and maintenance	5,891,000
West Point Lake (multi-purpose)	3,422,000
Total, Apalachicola-Chattahoochee-Flint System	22,614,000

STATEMENT OF SENATOR HOWELL T. HEFLIN (D., ALA.)

THE TENNESSEE-TOMBIGBEE WATERWAY

Mr. Chairman, I am pleased to have this opportunity to again join with so many of my friends and colleagues in support of the Tennessee-Tombigbee Waterway.

Each year for nearly two decades, people from the grassroots level have come before this committee by the scores to testify on behalf of this great project. These witnesses have been from nearly every walk of life—businessmen, farmers, housewives, students, bankers, fishermen, county officials, state officials, aldermen, industrialists, chamber of commerce representatives, truck drivers, teachers, lawyers, clerks, accountants, governors, congressmen, senators, and the list could go on and on.

Virtually without exception, these witnesses, representing hundreds of thousands of people from their respective areas, have said that they want and need the Tennessee-Tombigbee Waterway. These people know the value of this project. They know because they can already see the increasing industrial interest in the region. Unlike the few no-growth advocates who want to stop all water resource projects, this multitude of supporters understand the benefits this nation receives from them.

Study after study have proven the Tenn-Tom to be of great economic benefit to the nation, especially to the area directly surrounding the waterway in Alabama, Mississippi, Tennessee, Kentucky and Florida.

The cost benefits which are derived from this type of project have been proven in project after project. The official estimated cost benefit ratio at construction has, historically, shown much lower benefits than actually resulted. As an example, the Lake Pontchartrain flood control project bore a 1.3 to 1 ratio at construction but the actual benefit cost ratio to date was $144 return to the public on every $1 invested by the Federal Government.

The Tenn-Tom presently carriers at 1.3 to 1 benefit-cost ratio, but if you consider all of the project's benefits the benefit-cost ratio would be many times higher.

Since construction began on the Tenn-Tom Waterway in the State of Alabama in 1972, billions of dollars of investments in new and expanded industry have occurred in those counties adjacent to the waterway. During 1979 alone, over $1 billion investment in industry took place in only the counties along the waterway in Alabama and Mississippi. This phenomenal capital expenditure in these waterway counties has continued in this upward trend since construction began on the Tenn-Tom. A look at the following figures for industrial investment in Tenn-Tom counties in Alabama and Mississippi for the past three years proves my point: $309,737,071 in 1977; $561,099,689 in 1978; and $1,075,620,627 in 1979.

I believe that these figures prove that the Tennessee-Tombigbee Waterway is the cohesive factor in bringing economic security to one of the most underdeveloped, poverty prone areas of the nation. This waterway will bring additional jobs and millions of dollars to our economy. It will open the region to more than 16,000 miles of the nation's inland waterways.

Almost 50 percent of the funds have been provided for the project already. It is running 18 months ahead of schedule and can be completed by the mid-1980's if we provide the funds to cover the capability of the Army Engineers.

I respectfully urge your continued support for this important project.

COOSA-ALABAMA RIVER SYSTEM

Mr. Chairman, I am happy to have this opportunity to speak in behalf of funds for the development of the Coosa-Alabama Waterway. I strongly urge approval of monies contained in the budget for the coming fiscal year for projects which will insure the continued and orderly development of this mighty river basin.

The only request for construction funds contained in the budget for the Coosa-Alabama River system is $2,060,000 to construct recreation facilities in the vicinity of the Jones Bluff Lock and Dam on the Alabama River in Lowndes and Autauga Counties. However, spokesmen for the Coosa-Alabama River Improvement Association will present the case for the appropriations of $500,000 in unbudgeted funds for advanced engineering and design work in connection with the Coosa River navigation project.

Navigation on the Alabama River from Mobile to Montgomery—a distance of 345 miles—became a reality eight year ago. The next logical and authorized step is to extend navigation on the upstream portion of the Coosa-Alabama River system by developing a channel from Montgomery to Gadsden, thence to Rome, Georgia.

Six locks will be needed for this 280-mile channel. The dams are already in place; thus all that would be required would be to add by-pass canals around the dams and install navigation locks in the canals, although several railroad

and highway bridges would require some modification to provide navigation clearances.

The budget also requests operation and maintenance funds in the amount of $17,742,000 for five major project areas along the Coosa-Alabama waterway. These areas—or facilities, if you prefer—must be maintained so that navigation and power plant output will operate at peak efficiency.

We are on the threshold of developing the Coosa-Alabama water system. Approval of the items we have requested today will, indeed, move us much closer toward this goal.

WARRIOR-TOMBIGBEE WATERWAY AND MOBILE HARBOR

Mr. Chairman, I appreciate the opportunity to again appear before this committee in support of funds to redevelop the Warrior-Tombigbee Waterway. I should also like to address myself at this time in behalf of funds for the Mobile Harbor project.

The Warrior-Tombigbee Waterway provides a large channel from the Port of Mobile to the vicinity of Birmingham. Under the modernization program, all old locks have now been replaced except the one at the William Bacon Oliver Dam on the Warrior River near Tuscaloosa. I am gratified that a portion of the "general investigations" monies contained in the budget will be used to review and study the replacement of the William Bacon Oliver Lock whose dimensions are only 95 feet by 460 feet. The dimensions of all five other locks on this waterway system are 110 feet by 600 feet. The record will show that traffic congestion is chronic at the William Bacon Oliver Lock and I am hopeful that next year we shall be in a position to at least request advance engineering and design funds for this project.

In the President's budget for the 1981 fiscal year, there are requests in the amount of $7,275,000 for operation and maintenance activities for the Warrior and Tombigbee Rivers and $391,000 for "general investigations" activities. As I have previously pointed out a portion of the latter request will be to study eventual replacement of the obsolete lock at the William Bacon Oliver Dam. The remainder of the funds will be used for comprehensive studies of engineering, economic and environmental problems associated with the waterway. These studies will tie in with an ongoing study by the District Engineer at Mobile which, among other things, will determine the feasibility of establishing a navigable channel connecting the city of Birmingham and the Black Warrior River.

I should also like to endorse the budget requests totaling $4,174,000 to conduct operation and maintenance activities at Perdido Pass, Dauphin Island Bay, the Gulf Intracoastal Waterway and Mobile Harbor. These requests, of course, stem from the responsibility of the Army Engineers to keep government financed river projects free from obstructions to navigation.

Lastly, Mr. Chairman, I should especially like to commend the budget request in the amount of $17,800,000 in funds for the construction of a deep draft ship channel branching from the main Mobile ship channel to the Theodore Industrial Park. This long-awaited channel is vital to accomplishing the full industrial potential of the Theodore Industrial complex inasmuch as a majority of the industries either already at the park or soon to be oriented there are oriented to deep draft navigation.

STATEMENT OF HON. DONALD STEWART BEFORE THE APPROPRIATIONS SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

WARRIOR-TOMBIGBEE RIVER SYSTEM

Mr. Chairman, I appreciate the annual opportunity to present testimony before this committee in support of the continued funding for the Warrior-Tombigbee River development. The Warrior-Tombigbee has broad support in the State of Alabama including small and large business interests. And when small industry support and benefit from a project in these hard times. I think it is due our special consideration. Also, as a member of the Senate Agriculture Committee, I have become increasingly aware of the need for transportation systems which are dependable as well as energy efficient. Alabama waterways, with which the state is so richly blessed, deserve our continued support and development and demand our attention as means of transportation which will have large roles to play far into the future of the industry in the state.

Since the project began there has been a steady rehabilitation of the lock system on the rivers which has allowed the rivers to handle the demands placed upon it which, in terms of traffic, have increased by over 600 percent in the last 25 years. The benefits of this rehabilitation are visible in the amount of industrial development it has spurred.

While all of the locks on the Warrior-Tombigbee sysem have been replaced with the exception of one, this one remaining lock has been the focus of problems which have impeded the ordinarily swift and efficient flow of traffic on the river. Among the requests for funding for operation and maintenance of the system is a request for money to the Corps of Engineers for a feasibility study to replace the deficient lock. I urge this committee to seriously consider the request for money at the level that the corps is able to handle.

The importance of the Port of Mobile to industry in the nation as well as the State of Alabama cannot be overstated. The full potential of this port cannot be realized without continued construction of the Theodore Ship Channel. I urge, therefore, the funding at the level of request for this essential cog in the Warrior-Tombigbee system.

We, as a nation, are in the grips of an economic struggle that affects everyone. In these times of necessary budgetary restraint, I think it most important that we choose our shopping list wisely. I heartily endorse the requests of the Warrior-Tombigbee Association for funding which will improve the economic well-being of the nation, as well as the State of Alabama, and have a forward-looking impact on the need to maximize our energy efficient means of transportation.

Statement of Hon. Donald Stewart

Alabama-Coosa River

Port of Mobile

Mr. Chairman, I appreciate the opportunity to present testimony before this committee supporting the continued development of the Alabama-Coosa River and the Port of Mobile. The Alabama delegation is united in its support for development and improvement of the Alabama-Coosa River, as it has been over these many years. This year is no exception. My home county, Calhoun County, borders of the Coosa River, and I am proud to say that Calhoun County has been a dues paying member of the Coosa-Alabama Improvement Association since its formal incorporation in 1955.

Alabama is blessed with an outstanding river waterway system, much of which has already been harnessed to the benefit of the state and the nation. I join the citizens of my state in expressing to the Congress appreciation for the approval of funding for this project from which the return has already accrued to the region.

In order that the maximum benefit of the money already spent on this project might be attained, I urge this committee to grant the request of the Coosa-Alabama Development Association for construction and operating and maintenance money. These are difficult times and all of us in the Congress are under constraints to control an ever-expanding Federal budget. I think it prudent and wise, if not fiscally responsible, therefore, to generate Federal dollars into those areas that will bring a return to the Federal treasury. We must also keep foremost in our minds how we will address the energy needs of this nation in the future. The use of our Nation's waterways for the shipment of agricultural and industrial commodities is one way of preserving our vital energy natural resources. The economic benefits of the Coosa project have been fully substantiated. The sooner construction of the project is completed, the sooner these benefits will be realized. The longer we wait to fund this project, the more it is going to cost.

My predecessors in the Senate from Alabama were staunch in their support of the full and complete development of the Coosa-Alabama Waterway. I am pleased to have this opportunity to join in support of a project which has proved to have such important energy implications, both as a source of energy and as a better means toward energy-efficient water transportation.

Again, I urge this committee to consider the request for funding for construction as well as the continuing needs of operations and maintenance, in the interest of Alabama and the Nation.

STATEMENT OF HON. DONALD STEWART

TENNESSEE-TOMBIGBEE

Thank you for this opportunity to join my colleagues in voicing support for continued funding of construction on the Tennessee-Tombigbee Waterway.

Completion of the waterway will bring economical water transportation facilities for bulk commodities to a large area of Alabama and will trim more than 990 miles from present water routes between many points of mid-America and the port of Mobile, stimulating economic development throughout the nation. World markets will be made available to a vast segment of our economy due to the inherent advantages of low cost water transportation.

An efficient, interdependent transportation network of waterways, highways, railways, pipelines, and air service is the most crucial element in attracting private investment for economic growth. The Tenn-Tom Waterway will complete an important portion of that network in the southeast. Its completion will tie Alabama's navigable river system to the Ohio and upper Mississippi River system. The 1600 miles of channels in Alabama will be a vital link in the overall transportation network. As a consequence, a vast new expanse will be open to industrial growth. Barge traffic at the Port of Mobile is expected to double as a result.

Despite the problem with energy and inflation, the long-range view for the economy of my state is made considerably brighter by the Tennessee-Tombigbee Waterway. During construction and upon completion, the waterway could generate more than $7 billion in benefits in the next two decades for Alabamians. Estimates indicate over 56,000 new jobs in Alabama will be generated by the Tenn-Tom.

The favorable location of Alabama, its abundant natural resources and the availability of water resources for transportation is certain to create exceptional growth opportunities for my state.

Of particular importance to the rest of the nation is the impact this waterway can have in helping solve some of our growing energy problems.

Coal, our most abundant alternate source of energy, can be moved on Tenn-Tom at savings up to $2.57 per ton. This single factor can now make it economically feasible to open up some of the coal and lignite finds that previously could only be moved by more expensive modes. A recent study shows that the Tenn-Tom Waterway should have an impact on the demand for Alabama coal by reducing transportation costs for the vast reserves in northwest Alabama. The United States Geological Survey (1974) estimates Alabama's total recoverable reserves of bituminous and lignite coal at 37 billion short tons with a useful life of 168 years. Alabama's role as a coal-producing state is especially favorable because 93 percent of its recoverable coal is acceptable under present stringent environmental standards. Alabama, which ranks 8th in annual coal production, also ranks 18th among the 30 oil-producing states. The combined energy availability plus the transportation network paints a solid energy picture that is most attractive to future development.

As we approach the next century, it becomes increasingly important to unite environment and economy into a new age of human resource development. Creating new technologies and ingenious methods for dealing with problems of the 21st century must be undertaken. Careful development efforts related to the Tenn-Tom Waterway are a step in that direction as we shift from an era of emphasis on natural resource economy to one based on human resource development.

I feel we must take full advantage of the opportunities of the future by continuing full funding of the Tennessee-Tombigbee Waterway, and I urge this committee to heed the request of the U.S. Army Corps of Engineers.

Senator HEFLIN. Thank you, sir.

Mr. BEVILL. Our friend and colleague, Congressman Flippo, has come into the committee room, and as you know, he is one of the most outstanding young men in the Congress. He is making a tremendous record, and he works closely with this committee. He is on the House Public Works and Transportation Committee, and, of course, you know he is a tremendous help to us here on this committee. We are glad to have you, Congressman Flippo, and, if you wish, we will recognize you at this time so you may return to your committee work.

STATEMENT OF CONGRESSMAN FLIPPO OF ALABAMA

Mr. FLIPPO. I appreciate your recognizing me at this time, and I will be very brief.

I would like to enter my remarks into the record.

Mr. BEVILL. Permission is granted, and your formal statement will be made a part of the record.

[The statement follows:]

REMARKS OF HON. RONNIE G. FLIPPO IN SUPPORT OF THE TENN-TOMBIGBEE WATERWAY APPROPRIATIONS

Thank you, Mr. Chairman. I want to emphasize to the committee today just how important it is to keep the Tennessee-Tombigbee Waterway on schedule.

Mr. Chairman, we certainly recognize that funding resources are going to be scarce, but this project can be of enormous value to us in our efforts to develop our full potential, improve the economy and even in our continuing battle against the ravages of inflation.

This project has done everything expected of it, and has even been selected as a model by the White House to show other areas of the country how we can develop our nation economically.

The Tenn-Tom is the best bet my district has to bring in new industry and new jobs to keep our people working. The City of Florence has recognized the potential of the Tenn-Tom and is studying the feasibility of building its own port. Florence would be one of the few cities in the state, if not the only one, that has its own port facilities.

We have finally come to the realization that this country is going to have to depend on coal to generate electricity and fuel our industrial plants. This project will move millions of tons of coal annually, at rates much cheaper than alternative modes.

This waterway is already providing many thousand jobs. Once it is completed, it will provide many thousands more jobs. It will also provide a new transportation artery that provides cheaper shipping of industrial commodities over a route that will be much shorter.

The savings in precious fuel and scarce dollars will be staggering, once the Tennessee-Tombigbee is in operation.

Because of the thousands of jobs it has already provided, the potential to create many thousand more high-paying jobs, the enormous savings in energy it offers and the potential it has to help us develop our nation economically, I urge this committee to keep this deserving project on schedule.

WARRIOR-TOMBIGBEE WATERWAY

The development of our nation's waterway system has always been and continues to be a vital concern to the Congress. We must assure that our waterway system is adequately developed to keep commerce flowing. This is important not only to a comprehensive transportation system, but as a means to conserve energy.

I am sure that my colleagues are aware of the need to see that our great water systems are developed and fully utilized for transportation in the most economical and efficient way. As a member of the Water Resources Subcommittee of the Public Works and Transportation Committee, I have observed first hand the pressing need for waterway development where systems are out of date and in disrepair. We cannot afford to allow our waterway system to disintegrate as a result of our neglect.

Money decisions are always tough in tight budget times. However, in the case of an effective water transportation system it may be a case, as the television commercial says, where you can either pay for it now or really pay for it later. Unfortunately, we are aware that often when the payment is deferred the costs later are much greater. Nowhere is this lesson clearer than in the transportation area. From the railroads to mass transportation we can see how costly past mistakes and deferred decisions can be.

One of the water systems I would like to bring to the attention of the members of this committee is the Warrior-Tombigee system, which is south of my district and flows into the Gulf of Mexico at Mobile. Traffic on this river has grown over the past twenty-five years from 2.5 million tons to 17 million tons, mostly headed

for the bustling Port of Mobile. However, this traffic faces serious impediments resulting from antiquated facilities bottlenecks along the way.

Congress in the past has recognized the obvious need of the Warrior-Tombigbee to replace inadequate locks and dams. However, it is time for this job to continue with all deliberate speed. The U.S. Army Corps of Engineers is set to continue its general investigation of the Warrior-Tombigbee waterway system. We need to be sure that the Corps has adequate funds to complete a thorough study in a timely manner. Delays would only make things more expensive.

The funding which would enable the Corps of Engineers to complete its task in fiscal year 1983 is $841,000. Funding at the $391,000 level would needlessly delay the necessary work on the Warrior-Tombigbee Waterway and make the work more costly in the years ahead. I urge my colleagues to consider closely the advisability of providing the funds to complete the general investigations by the Corps of Engineers as soon as possible.

COOSA-ALABAMA RIVER SYSTEM

I join with the entire Alabama Congressional delegation in supporting the necessary funding for the Coosa-Alabama River system projects. Both the House and Senate Appropriations Committees have recognized the value of this project over the years. The merits of the Coosa-Alabama River system project have been endorsed by the House Public Works Committee on which I serve.

I believe it is vital that we continue the work on this project if we are to obtain the economic benefits of the investment we have already made. We should insure that the funds are available to keep this project on schedule. It will be far cheaper if the construction proceeds on time.

It is prudent for us to approve the construction funds in the President's budget for the construction of recreation facilities at Jones Bluff Reservoir and to continue construction in Mobile Harbor.

Our economy and inland transportation system will benefit from the construction and improvements of the Coosa-Alabama waterway system. The full development of the potential of our waterways is certainly a proper means to reduce our energy dependence in our transportation system. I believe the benefits of this project to our nation greatly exceed the level of funding requested here today. Therefore, I urge my colleagues to approve the funds required for the Coosa-Alabama River project.

Mr. FLIPPO. I would like to take advantage of this opportunity to thank you for your outstanding leadership and for providing the leadership for the development of the United States as a whole and, in particular, for the contributions that it has made to the great State of Alabama.

Mr. BEVILL. Mr. Holly, we will come back to you now and you may proceed as you wish.

Mr. HOLLEY. On behalf of the people of Mississippi we would like to thank you, Mr. Chairman, the Members of your committee and the many friends that this project has in the Congress and in the Senate of the United States of America, for the strong, solid and unwavering support that you have given in the past.

We know, because of your knowledge of the project and your familiarity with its benefits, that this strong support down through the years is certainly based on the economic good and the social uplifting not only of the region it traverses, but the general overall good its completion can and will mean to the people of our Nation.

As the local sponsor, we are here in support of the President's recommendation of 209 million for FY 1981 on the Tennessee-Tombigbee Waterway, and join with the Tennessee-Tombigbee Waterway Development Authority and others in their earnest endeavor to expedite the completion of this waterway which will result in substantial savings.

TOMBIGBEE RIVER VALLEY MANAGEMENT DISTRICT

The Tombigbee River Valley Water Management District is a State agency created by the Mississippi Legislature in 1962.

Under the law we are responsible for the development and implementation "for a plan of conservation, recreation, water control and utilization, agricultural development, industrial and economic advancement."

Studies already have been revealed that the river has great potential for navigation, recreation, water supply, and other related uses. Basically, our District has four responsibilities: Floor prevention; flood control; recreation, and navigation.

We also sponsor the Corps of Engineers on their authorized flood control projects on the 22 tributaries of the Tombigbee River in Mississippi and have agreed to maintain these projects perpetually. We are continuing to work with the Corps on establishing priorities for continuation of construction on those streams not yet developed.

Great opportunities for outdoor recreation and the preservation of fish and wildlife will come about as a result of the development of the Tombigbee River. As a State agency planning and working in cooperation with the Game and Fish Commission of Mississippi, we have participated in the development of an 11,000 acre Green Tree Waterfowl Hunting and Fishing Management area in the Tombigbee River Basin in the vicinity of Mackey's Creek and alongside this navigation and recreation project.

In addition, our District is cooperating with the Corps of Engineers, U.S. Fish and Wildlife Service, and the Mississippi Department of Wildlife Conservation, toward establishing a 20,000 acre game management area in Monroe and Itawamba Counties. This land which lies between the Tombigbee River and Tennessee-Tombigbee Waterway is almost inaccessible and will provide approximately 40 contiguous miles of public hunting opportunity.

On the 26th of March, 1964, the Board of Directors of the Tombigbee River Valley Water Management District adopted a resolution assuming financial obligations as sponsor to the Corps of Engineers for the implementation of the Tennessee-Tombigbee Waterway in Mississippi, and has authorized the issuance of $2 million in bonds supported by the tax base of this District for the purpose of providing a portion of the non-Federal cost in order that construction work on this navigation and recreation project can proceed on schedule.

BRIDGES

Our District has worked closely with the Mississippi Highway Department, Mississippi Legislature, the Authority, and the Corps of Engineers in establishing a method for financing bridges to cross the waterway in Mississippi.

We are happy to report 8 of the 10 bridges, Highway 25, 72, 30, 278, 6, 45, 50 and 82 are complete or under contract at a cost of almost $94,933,472, of which Mississippi provided $40 million.

Two other bridges are scheduled for contract in 1980 for a total estimated cost of $40,922,425 and the Mississippi Legislature has asked for an additional $30 million to complete the remaining bridges.

Our District aided Mississippi's Appalachian Regional Commission Office in preparing a request for $20 million in access road funds. These funds have been approved and will greatly benefit local citizens in adjusting to impacts caused by the Waterway. All 12 of our District counties are included in the Appalachian Regional Commission area.

Another responsibility of the District is to serve as the non-Federal sponsor for all recreation projects along the Tenn-Tombigbee Waterway in Mississippi. Working with the Corps of Engineers, we have been successful in arranging for Mississippi University for Women to sponsor an environmental education center near Columbus, Mississippi. This $500,000 facility will be a first in the Nation for the Corps and will be a proud addition to environmental education in our State.

This facility will be managed by a consortium consisting of Northeast Junior College, Itawamba Junior College, University of Mississippi, and Mississippi State University.

We have worked closely with local boards of supervisors in modification of county road systems necessary to keep the Corps of Engineers construction on schedule. The cooperation and overall spirit of the local people to these changes has been inspiring.

AFFIRMATIVE ACTION

The District has been actively participating in the Tenn-Tom Affirmative Action Committee, which will serve as a vehicle for the participation and input of interested and affected public and private organizations in establishing and implementing human resource and economic development goals. It includes representatives of Federal, State and local governments, national interest groups, minority and commercial based organizations, labor unions and contractors.

Our District is continuously conducting public awarness programs to keep the people informed of the status of construction and projected benefits of the waterway. We have constructed a profile model of the waterway and have displayed it along with take-home literature at many communities in the Waterway Impact Area.

Additional towns will be added to the itinerary as time permits. Our staff makes presentations to many civic and cultural groups concerning the benefits of the waterway, and appear on radio and television news programs on a regular basis.

The completion of the waterway will be of great benefit in helping alleviate the energy crisis facing the people of this Nation, due to the fact that water transportation is cheaper, and distances will be shortened in moving critical materials such as coal, oil, iron, steel, chemicals and grains, from the East and Midwest areas of our country, which is already laced with inland waterway to the Gulf Coast.

This distinguished committee and its many supporters have long understood this fact. Congressional vision in 1824 began our inland waterway improvements, so only for the record do we mention that it should never be overlooked that this waterway, so significant to the entire Nation, connects 16,000 miles of congressionally approved and Corps improved inland waterway system with the Gulf of Mexico at Mobile to all of the ports and oceans of the world.

Hence, we come humbly requesting your continued and strong support in the funding of this project to the full capability of the U.S. Army Corps of Engineers.

Mr. Chairman, again let us thank you and the Members of this committee for the people of our District and State.

We deeply appreciate your efforts in every way in behalf of the waterway and truly want you and its many supporters to know that the authorization and funding of this project is gratefully recognized by people from a region of this country that shall long be thankful for the economic and recreation benefits it will provide for us all.

Mr. BEVILL. Thank you, Mr. Holly, for a very fine statement.

I notice that our friend and colleague, Bill Dickinson, has come in, and he is another one of those Members of Congress that is right out front on the development of our Nation's waterways, especially those in our section of the country. His good work on the House Armed Services Committee is recognized nationally, as you know.

Bill, we are glad to have you with us.

STATEMENT OF CONGRESSMAN DICKINSON OF ALABAMA

Mr. DICKINSON. Thank you very much.

I will be mercifully brief this morning.

I do want to tell you how much we appreciate the interests of this subcommittee and its help in the past.

We enthusiastically support all of the waterway projects that we have testified for in the years past and the present year.

I don't know of anything that is more important to the industry and the economy of our section of the country than the development of our waterway systems, but it inures to the benefit of the entire country actually, particularly the Tenn-Tom project, so what helps us at the same time really helps the entire country.

I think this subcommittee is to be congratulated for the wisdom it has shown in the years past being able to perceive this and we certainly want to thank you for your past help and ask for it this year also.

Mr. BEVILL. Thank you very much, Congressman. Your prepared statement will be included in the record.

[The statement follows:]

CONGRESSMAN WILLIAM L. DICKINSON

TENNESSEE-TOMBIGBEE WATERWAY

I welcome every chance to talk about the Tennessee-Tombigbee Waterway and the importance of this new transportation system to my native State of Alabama.

No doubt exists in my mind about the imperative need for funding this waterway to the full $225 million construction capability of the U.S. Army Corps of Engineers for FY 1981.

The 232-mile Tennessee-Tombigbee Waterway, when completed by the middle of this decade, will give U.S. firms greater access to the domestic and international markets. It is estimated that more than 1,000 Alabama firms now engage in international trade. The opening of this shorter, cheaper water route can make foreign trade more advantageous and help reduce our deficit balance of trade which has resulted from high cost oil imports.

A recent study of 17 mid-American states predicts that shipping on inland waterways will double by the year 2000. Tonnage in Alabama is projected to increase from 27.9 million in 1976 to 80.3 million.

The use of this waterway for agriculture transportation is a specific concern to the predominantly rural area I represent where the major income sources are from farming and wood products.

In 1975, a study showed that farmers with river outlets for grain could receive 25 cents more a bushel than those served by rail. During the summer of 1979, the daily shortage, nationally of jumbo railroad hopper cars to carry grain and soybeans ran about 20,000. As the rail situation worsens, farmers and grain companies must look to largest to move commodities to the Gulf of Mexico.

Multi-nationals such as the U.S.-based Cargil Continental and Pillsbury and the foreign-based Mitsui and Bunge are moving aggressively into the river transportation areas such as the Tenn-Tom.

A truck, rail and water intermodal partnership must be brought into existence if the nation's farmers are to get our prime source of foreign exchange (grain) to market from the region. This becomes doubly important as we realize that the present annual inland waterway tonnage of 624 million tons is expected to double by the year 2000.

The Port of Mobile, which now ranks ninth in the nation. is expected to more than double in tonnage when the Tenn-Tom is completed. The new waterway is expected to move farm products and food products at a savings of $3.5 million the first year of operation.

The export of agriculture products affects everyone, with each $1 worth of Alabama agriculture products exported meaning $2.91 of business to the Alabama economy.

In light of the increasing global demand for U.S. agriculture products and our precarious dependency on foreign energy, we must build this waterway as expediously as possible to help keep pace with a rapidly changing world.

ALABAMA-COOSA RIVER SYSTEM

Mr. Chairman and Members of the Committee, thank you again for the privilege of presenting my views to you regarding the development of the Alabama-Coosa River Waterway.

As you know, the state of Alabama is blessed with a great network of approximately 1,600 miles of navigable waterways. What is needed at this point is to continue the great work that the Congress has seen fit to fund in the past that will in the future connect all of those waterways with the Tennessee and the remainder of our inland waterway systems.

Specifically, I am before you today to recommend your approval of FY 1981 appropriations for the Alabama-Coosa river system that will continue ongoing work on that system. A study of the Coosa navigation project concludes that total benefits will far exceed total costs and that planning and construction on the Coosa River should go forward, to obtain the maximum benefit from the investment we already have in the system. The economic benefits of the Coosa Project clearly indicate that the sooner construction begins the sooner the great economic and social benefits will be realized. Our near natural waterways, certainly including the Coosa, are the most energy efficient and least environmentally disruptive modes of transportation—to the benefit not only of our nation, but to the entire nation.

As you know we now have a nine foot navigation channel open from Mobile to the lowermost Coosa River Dam, approximately 27 river miles above Montgomery. We have had commercial river traffic to Montgomery since the spring of 1972 when Jones Bluff Lock and Dam was opened.

Relatively small amounts of money are needed to carry forward the advanced engineering and design work now underway for the Coosa River Navigation Project. If this work stays on schedule construction can start in 1983. The Jones Bluff Reservoir is an important recreation facility being built as part of the Alabama River Project and requested funds will continue that project which is scheduled for completion in 1982.

This year we are requesting the following construction funds:

(1) Advanced Engineering and design for the Coosa River Navigation Project—$500,000.

(2) Continued work on recreation facilities for Jones Bluff Reservoir—$2,060,000.

(3) Continue construction of the Theodore Ship Channel in Mobile Harbor—$17,800,000.

We are also requesting the necessary funds to cotninue operations and maintenance of our operational facilities. We are including this year, Allatoona Lake, Georgia, which was the first facility built under the 1945 Congressional Authorization for "the Alabama-Coosa River and its tributaries."

Four vital hydro power plants are included: Jones Bluff, Millers Ferry, Carters and Allatoona. Maintenance of Clarborne Lock and Dam is included in the Alabama-Coosa Operation and Maintenance figure since no power plant is involved. Maintenance dredging for the Alabama River and Mobile Harbor are included. Specific funds requested are:

(1) Alabama-Coosa River—$3,053,000.
(2) Jones Bluff Lock and Dam—$2,750,000.
(3) Millers Ferry Lock and Dam—$3,738,000.
(4) Mobile Harbor—$3,793,000.
(5) Carters Lake, GA.—$3,203,000.
(6) Allatoona Lake, GA.—$4,998,000.

I would again like to use this opportunity to commend the excellent foresight, planning and work that has been carried on by the Corps of Engineers and the Coosa-Alabama River Improvement Association, Inc., chaired by my good friend, Dr. Robert F. Henry of Montgomery.

I earnestly urge the Committee to recommend this funding so that these important projects, which will one day greatly enhance the economy of our region and the entire nation, can continue.

WARRIOR-TOMBIGBEE RIVER SYSTEM

Mr. Chairman, members of the subcommittee, I appreciate very much the opportunity to appear before you again this year to discuss the FY 1981 budget request of the Corps of Engineers for maintaining, operating and improving the established and vital Warrior-Tombigbee River System.

The Warrior-Tombigbee serves a multitude of users to include—manufacturers; agriculture; iron ore and steel; finished products; coal and petroleum; small and big business and private citizens.

Use of this system has boomed. Twenty-five years ago it carried three million tons a year. Today, its traffic is approximately 17 million tons.

We appreciate the improvements which have already been made to the system. All of the outmoded and inadequate locks have been updated except one—the William Bacon Oliver Lock and Dam as Tuscaloosa. Because it is less than standard width and length and smaller than the other locks on the system, it has become a bottleneck, and is stalling the orderly flow of traffic. If the item in our proposal listed at $391,000 for general investigations could be raised to $841,000 the study needed for this problem could be completed in FY 1983. This study would include the need to replace the Oliver Lock as well as duplication of locking facilities at Demopolis and Coffeeville as well as certain other downstream channel improvements. This study would also determine the desirability of improvements in the upper reaches of the Warrior River for water supply, low flow augmentation, flood control and other factors.

I would also strongly recommend approval of $7,275,000 for operation and maintenance of the Warrior Tombigbee facilities and channel within Alabama.

Mobile Harbor is one of the finest harbors in the entire world. It is vital to the economic prosperity of not only my district, but the State of Alabama and the entire southeast. Please approve $2,464,000 for operation-maintenance of Mobile Harbor facility. This is only about half of what we requested last year.

As the industrial growth of our region booms it is vitally important that we provide better access to the Mobile Ship Channel. To this end, our request included only one construction item—$17,800,000 for the Theodore Ship Channel at Mobile. This work should be accomplished at the earliest possible date to support the nation's growing foreign and domestic commerce through Mobile Harbor.

I have highlighted some specific items above. Below I have a complete list of the U.S. Army Corps of Engineers civil works budget request for Warrior-Tombigbee for FY 1981, and request that you favorably consider each of these items:

Black Warrior and Tombigbee Rivers—Operation and maintenance	$7,275,000
Warrior-Tombigbee Rivers, Alabama and Mississippi—General investigation (see above paragraph)	391,000

Other needs allied to the Black Warrior-Tombigbee include:

Gulf Intracoastal Waterway, Alabama—Operation and maintenance	2,048,000
Mobile Harbor (Theodore Ship Channel)—Construction	17,800,000
Mobile Harbor, Alabama—Operation and maintenance	2,464,000

These are good projects, they are necessary projects and I urge the committee to fully fund the requests of the Warrior-Tombigbee Development Association.

Thank you, Mr. Chairman.

Statement of Glover Wilkins

Mr. Wilkins. I would like to submit my statement for the authority and ask that the record be held open for a reasonable length of time to allow other statements to be included.

[The statement follows:]

Comments Submitted at Public Hearings for Fiscal Year 1981: March 24, 1980

in support of tennessee-tombigbee waterway project, tombigbee river and tributaries flood control project

(Submitted by Larry M. Dillard, Acting Executive Director, Tombigbee River Valley Water Management District, Tupelo, Miss.)

Mr. Chairman and distinguished committee members: We wish to thank you for the privilege of appearing before your committee in support of one of the nation's largest public works projects, the Tennessee-Tombigbee Waterway. We remember with gratitude the strong support that you have given this project in the past and sincerely feel that because of the many problems facing our nation today, it truly deserves the very best support we can provide in helping to bring this long-sought waterway to reality.

On behalf of the people of Mississippi, we would like to thank you, Mr. Chairman, the member of your committee and the many friends that this project has in the Congress and the Senate of the United States of America, for the strong, solid and unwavering support that you have given it in the past. We know, because of your knowledge of the project and your familiarity with its benefits, that this strong support down through the years is certainly based on the economic good and the social uplifting not only of the region it traverses, but the general overall good its completion can and will mean to the people of our nation.

As the local sponsor, we are here in support of the President's recommendation of 209 million for FY 81 in the Tennessee-Tombigbee Waterway, and join with the Tennessee-Tombigbee Waterway Development Authority and others in their earnest endeavor to expedite the completion of this waterway which will result in substantial savings.

The Tombigbee River Valley Water Management District is a state agency created by the Mississippi Legislature in 1962. Under the law we are responsible for the development and implementation "for a plan of conservation, recreation, water control and utilization, agricultural development, industrial and economic advancement." Studies already made have revealed that the river has great potential for navigation, recreation, water supply, and other related uses. Basically, our district has four responsibilities: flood prevention, flood control, recreation, and navigation.

We also sponsor the Corps of Engineers on their authorizel flood control projects on the twenty-two tributaries of the Tombigbee River in Mississippi and have agreed to maintain these projects perpetually. We are continuing to work with the corps on establishing priorities for continuation of construction on those streams not yet developed.

Great opportunities for outdoor recreation and the preservation of fish and wildlife will come about as a result of the development of the Tombigbee River. As a State agency planning and working in cooperation with the game and fish commission of Mississippi, we have participated in the development of an 11,000 acre green tree waterfowl hunting and fishing management area in the Tombigbee River Basin in the vicinity of Mackey's Creek and alongside this navigation and recreation project. Is addition, our district is cooperating with the Corps of Engineers, U.S. Fish and Wildlife Service, and the Mississippi Department of Wildlife Conservation, toward establishing a twenty thousand (20,000) acre game management area in Monroe and Itawamba Counties. This land which lies between the Tombigbee River and Tennessee-Tombigbee

Waterway is almost inaccessible and will provide approximately forty contiguous miles of public hunting opportunity.

On the 26th of March, 1964, the Board of Directors of the Tombigbee River Valley Water Management District adopted a resolution assuming financial obligations as sponsor to the Corps of Engineers for the implementation of the Tennessee-Tombigbee Waterway in Mississippi, and has authorized the issuance of $2 million in bonds supported by the tax base of this district, for the purpose of providing a portion of the non-Federal cost, in order that construction work on this navigation and recreation project can proceed on schedule.

Our district has worked closely with the Mississippi Highway Department, Mississippi Legislature, the authority, and the Corps of Engineers in establishing a method for financing bridges to cross the waterway in Mississippi. We are happy to report that 8 of the 10 bridges, highways 25, 72, 30, 278, 6, 45, 50 and 82 are complete or under contract at a cost of $94,923,472 of which Mississippi provided $40 million. Two other bridges are scheduled for contract in 1980 for a total estimated cost of $40,922,425 and the Mississippi Legislature has asked for an additional $30 million to complete the remaining bridges.

Our district aided Mississippi's Appalachian Regional Commission office in preparing a request for twelve million dollars in access road funds. These funds have been approved and will greatly benefit local citizens in adjusting to impacts caused by the waterway. All twelve of our district counties are included in the Appalachian Regional Commission area.

Another responsibility of the district is to serve as the non-Federal sponsor for all recreation projects along the Tenn-Tom Waterway in Mississippi. Working with the Corps of Engineers, we have been successful in arranging for Mississippi University for Women to sponsor an environmental education center near Columbus, Miss. Ths $500.000 facility will be a first in the nation for the corps and will be a proud addition to environmental education in our state. Also, the Corps of Engineers is planning an additional environmental education center in the Crow's Neck area of Bay Springs. This facility will be managed by a consortium consisting of Northeast Junior College, Itawamba Junior College, University of Mississippi, and Mississippi State University.

We have worked closely with local boards of supervisors in modification of county road systems necessary to keep the Corps of Engineers construction on schedule. The cooperation and overall spirit of the local people to these changes has been inspiring.

The district has been actively participating in the Tenn-Tom affirmative action committee (T-TAC) which will serve as a vehicle for the participation and input of interested and affected public and private organizations in establishing and implementng human resource and economic development goals. It includes representatives of federal, state and local governments, national interest groups, minority and commercial based organizations, labor unions and contractors.

Our district is continuously conducting public awareness programs to keep the people informed of the status of construction and projected benefits of the waterway. We have constructed a profile model of the waterway and have displayed it along with take-home literature at many communities in the waterway impact area. Additional towns will be added to the itinerary as time permits. Our staff makes presentations to many civic and cultural groups concerning the benefits of the waterway, and appear on radio and television news programs on a regular basis.

The completion of the waterway will be of great benefit in helping alleviate the energy crisis facing the people of this nation, due to the fact that water transportation is cheaper, and distances will be shortened in moving critical materials, such as coal, oil, iron, steel, chemicals and grains, from the east and mid-west areas of our country, which is already laced wth inland waterway, to the gulf coast.

This distinguished committee and its many supporters have long understood this fact, congressional vision in 1824 began our inland waterway improvements, so only for the record do we mention that it should never be overlooked that this waterway, so significant to the entire nation, connects 16,000 miles of congressionally approved and corps improved inland waterway system with the Gulf of Mexico at Mobile to all of the ports and oceans of the world.

Hence, we come humbly requesting your continued and strong support in the funding of this project to the full capability of the U.S. Army Corps of Engineers.

Mr. Chairman, again let us thank you and the members of this committee for the people of our district and state. We deeply appreciate your efforts in every

way in behalf of the waterway and truly want you and its many supporters to know that the authorization and funding of this project is gratefully recognized by people from a region of this country that shall long be thankful for the economic and recreation benefits it will provide for us all.

STATEMENT OF GLOVER WILKINS, ADMINISTRATOR, TENNESSEE-TOMBIGBEE WATERWAY DEVELOPMENT AUTHORITY

Mr. Chairman, I appreciate the opportunity to once again present my views on the Tennessee-Tombigbee Waterway to you and other distinguished members of this important committee.

Thanks to the continuing support of this Committee and the superb management capabilities of the Corps of Engineers, excellent progress continues to be made in the construction of the Tenn-Tom.

To date, nearly $950 million of work is now under contract including eight of the ten locks and dams and all of the excavation work in the Divide Cut. Gainesville and Aliceville Locks and Dams are now completed and over one-third of the 150 million cubic yards to be excavated in the Divide Cut has been accomplished.

The States of Alabama and Mississippi are fulfilling their obligations to the project by scheduling the relocation of highway bridges across the Tenn-Tom commensurate with the overall construction schedule of the waterway. All necessary bridge relocations in Alabama are either completed or underway. In Mississippi, eight of the ten relocations are under contract. So far, nearly $130 million of the estimated $165 million of non-federal costs have been obligated to the project by these two states.

Limited navigation is now possible on the lower 115 miles of the waterway. As a result, nearly 1.3 million bushels of soybeans have been shipped from a small private terminal near Aliceville, Alabama during the past year. This early barge traffic on this portion of the Tenn-Tom, although uncompleted, portends the great future demand for the Tenn-Tom as a transportation artery.

It is difficult to describe the impact of construction of Tenn-Tom on those counties along the waterway. This historically deprived area is now enjoying economic prosperity never before experienced. Over 4,000 workers are expected to be working on the waterway during the coming peak construction period. Local hiring preference clauses included in the construction contracts ensure that at least 80 percent of the workers will be local residents.

Also, a very progressive affirmative action program has been adopted for the Tenn-Tom to help guarantee that local minorities gain an equitable share of the job opportunities offered by the waterway construction. The hiring goals for minorities have increased 2 percent each year since 1976 and are now at 30 percent. While these goals have not been fulfilled by the contractors for all the skills or labor crafts used on the waterway, considerable progress has been made in the employment of minorities. This increased employment is due to more concerted recruitment efforts and training, including special U.S. Labor Department sponsored programs. For the last quarter of calendar year 1979, minority employment amounted to 26 percent of the total man-hours spent on the waterway construction.

These programs to promote more job opportunities for local residents, including minorities, and those implemented to achieve greater utilization of small businesses in the construction of the Tenn-Tom have gained national attention. Based on Tenn-Tom experiences, the President recently announced a major policy initiative to promote rural and small community development as a result of Federal investments in large public works projects.

On March 4th, the White House announced at a public meeting in Columbus, Mississippi that Tenn-Tom had been selected as a national demonstration project for this Presidential initiative. The meeting was attended by over 1500 people, including a large turnout of elected officials. This meeting once again demonstrated the strong grass-roots support for the Tenn-Tom and the interest of the people in the potential economic benefits of the project.

Two of the objectives of this Presidential initiative involve the encouragement of greater economic development to the rural region impacted by the project and the enhancement of those small communities along the waterway. The on-going Tenn-Tom Corridor Study by the Corps of Engineers will provide valuable planning information toward realizing these objectives.

The President has requested $1.5 million to continue the Corridor Study during fiscal year 1981. After some delays, the study is now beginning to make progress

toward meeting some of the planning needs of the waterway corridor. The four states, as well as the 48 counties within the corridor, are becoming more involved in the study. Non-federal participation is most important in this study since its results will address the most critical planning needs of the waterway area, as perceived by each of the 48 counties. We recommend that the Committee approve the President's budget request of $1.5 million for this study in 1981.

Although construction along the waterway is progressing at a rapid rate, dramatically rising costs of fuel and other inflationary pressures on the construction industry are causing serious financial problems for contractors working on the Tenn-Tom. Contracts on the waterway are awarded on a fixed cost basis with no allowance for increased fuel or material costs. Some of these contracts are for as long as four to five years.

Because of the rising cost of diesel fuel, the contractors are attempting to accelerate their work schedule in order to avoid as much as possible these future costs. This is particularly true for excavation work in the Divide Cut which is much more energy intensive than other work along the waterway.

We, therefore, strongly recommend that sufficient funds be appropriated to allow the Corps to meet its obligations to the contractors.

The President has requested $209 million to continue construction of the waterways in 1981. The anticipated funding levels for this year and in 1981 postpone any further recreational development on the waterway until no earlier than October 1981. These delays present two serious problems.

Small contractors, especially minority firms, cannot bid on most of the work on the waterway because of bonding limitations. Contracts, such as those for recreational facilities, are small and minority contractors' only likely opportunity to secure work on the waterway. Most of the delayed recreational development work had been designated as Section 8(a) set-aside contracts for minority firms. Several of these contracts were canceled earlier this year although negotiations between the Corps and the minority firms were in the final stages. Delay of this work has already caused severe financial hardships to these contractors and effectively cuts out any future work on the waterway by minority firms for the next 18 months.

With the impoundment of Gainesville, Aliceville and Columbus Locks and Dams, nearly 24,000 acres of water surface will be available for recreation. However, the lack of proper facilities will preclude the public from enjoying the recreational benefits offered by these lakes. Because of their attractiveness, the public will, nevertheless, attempt to fish or boat on these lakes which will create a potential serious safety problem for the public since adequate facilities will not be available.

We request that this Committee give serious consideration toward rescheduling some of the delayed recreational development because of the above problems.

The proposed funding levels also delay major new work on the project such as Locks D and E. These remaining major facilities would be delayed by about six months.

We realize the difficult choices this Committee must make in the allocation of scarce Federal funds for so many competing projects and programs. These decisions will become even more difficult if efforts are made to balance the budget.

Any efforts made by this Committee and the Congress to balance the budget or undertake other measures to improve our economy has the Authority's full support. We do hope, however, that projects such as the Tenn-Tom be given high priority for the allocation of these scarce funds. These public works projects create needed employment and generate both short and long-term economic development.

We understand that the construction capability of the Corps of Engineers for the Tennessee-Tombigbee in 1981 is $225 million. We would greatly appreciate serious consideration for funding the waterway at the capability level if the fiscal and budgetary policies adopted by the Congress permit such a level of funding.

We greatly appreciate your continuing support of the Tenn-Tom. The optimal funding levels you have provided for the waterway in the past are the principal reasons for the excellent progress made in the development of this national transportation artery. Thanks to you and our other supporters, we can now begin to look forward to the completion of this great project.

Thank you again for this opportunity.

Mr. WILKINS. In conclusion, I want to say how much I appreciate the opportunity of appearing before you and your committee and for Chairman Whitten of the Full Committee to be with us. Chairman Whitten visited our project since Christmas and looked it over, and we were indeed honored to have him down with us.

Mrs. Boggs, we are always delighted to appear before you, and I would like for other Members of the committee to come down and look at the project.

I am trying to get down to see the Red River, because I understand you are making excellent progress down there.

Mr. BEVILL. Thank you for a very fine presentation. Now I will recognize our committee Chairman, the Chairman of the House Appropriations Committee who actually deserves more credit than any individual person I know in the Congress for the Tennessee-Tombigbee project.

He was working on this project before most of us ever came to Congress. As a matter of fact, he is now Dean of the House, so the Chair now recognizes Chairman Whitten.

Mr. WHITTEN. Mr. Chairman, thank you very much.

I appreciate your statement and I do appreciate the chance to be with you here.

I say for all of you that we are lucky to have Tom Bevill as Chairman of this subcommittee and Lindy Boggs and the other Members who serve on this subcommittee. They are all concerned about our Nation.

The reason you have gotten what you have is because the present and former Members of this subcommittee have had to look out for every section of the country. We have got one country, and when you look at the Bonneville Power program, the navigation on the Great Lakes and St. Lawrence Seaway, the reclamation work in the West and Southwest, you can see what this important work means to the whole Nation.

I take this time to say that you can judge a project by how many folks want to claim credit for it and, judging by that, just about everybody that I know claims credit for the Tennessee-Tombigbee. Every one of them deserves credit: Tom Abernathy, Frank Boykin, Bob Jones, and all of those from Alabama who have put life in all of this. But I would like to take a little time here to say what I think is important for the record.

You know it is not what or whether, it is how, and I am glad to have been a lawyer before coming here. When Tennessee-Tombigbee was ready to go, the first thing you needed was a favorable report by the Corps of Engineers. We got the authorization in 1946, and we got the favorable report in 1965.

That was a start. Then on the appropriation, we got $500,000 to begin the construction, but more important than that, and this I say for the record intentionally.

A lawsuit was filed against the Tennessee-Tombigbee project that claimed that the public had not been given notice of a change in the size of the channel as authorized by law and perhaps required. I would like for that part of U.S. Judge William Keady's decision pointing out that such use of discretion by the Corps had been called to the attention of the Congress and to the public. I quote:

"Prior to the submission to Congress of the 1966 Supplement to General design memorandum 1 and Secretary Resor's memorandum purporting to exercise discretionary authority to widen the channel, the House of Representatives, while resolved into a Committee of the Whole House, was advised by Congressman Whitten that indications are that (TTW) will likely be between 250 and 300 feet wide, 112 Cong. Rec. 23374 (1966). (Deft Ex. 43, Attachment 5). On June 24, 1970, Congressman Whitten advised the full House of Representatives that the TTW 'will provide a 9-foot slack water navigation channel with bottom widths of 280 feet in the divide cut and 300 feet in the remainder of the route.' 116 Cong. Rec. 21252 (1970) (Deft. Ex. 43, Attach. 17).

"Before requesting discretionary authority from Secretary Resor in 1967, the Chief of Engineers had caused public notice to be given to the modification to a 300-foot-wide channel, public hearings were held, and project opponents given a chance to voice their objections. These records thus show that those of us on the Appropriations Committee were aware of this exercise of discretion and that I had twice called it to the attention of the Congress in the record and thus to the public."

Mr. Chairman, we all know the great job that Glover Wilkins and his organization and all of the members have done. Overlooked sometimes is the fact that Thompson Pound, and Larry Dillard who now has succeeded had himself signed the contract to provide the bridge way back when few folks had the same degree of confidence that we have now, but when we finally got this through it developed that we were about to lose out because that contract was for $15 million was for the bridge.

Congressman Bob Jones from Alabama, as you recall, was Chairman of the Public Works Committee, and I discussed the problem with him. By that time, highway safety specifications required bridges far beyond what was contemplated in 1946 and the costs had greatly increased. So, Mr. Chairman, we had to cure this problem and I am proud of this. If you listen to it, you can see that it is a general law which it had to be, but it surely had local application. It is section 132 of Public Law 94–280, which reads as follows in part:

Highways crossing Federal projects.

"The Secretary is authorized to construct and to reconstruct any public highway or highway bridge across any Federal public works project, notwithstanding any other provision of law, where there has been a substantial change in the requirements and costs of such highway or bridge since the public works project was authorized and where such increased cost would work an undue hardship upon any one State. * * *"

Mississippi had ten of the 13 bridges, may I say to my friend, Lieutenant Governor Dye, who I started off as page, then he served with Senator Eastland. We are glad to see you here.

When we got this change in the law, and it was written because of the Tennessee-Tombigbee project, then there was a matter of the appropriation. A total of $100 million was authorized and this year we got the final $14 million. This action shows the support and the knowledge of the Congress in not only passing the authorization but the appropriations that have been made through the years.

Mr. BEVILL. The Chair recognizes Mrs. Boggs.

Mrs. Boggs. Thank you, Mr. Chairman and welcome, all of you and I am particularly pleased to welcome you, Governor Collins.

Governor Collins. Thank you.

Mrs. Boggs. I apologize for distracting the big Chairman here but every once in a while we share a little private joke, because Hale and Jamie came to Congress the same year, and neither Jamie nor I think he looks like a Dean of a college. We think he looks much younger than that.

We are pleased to have you with us today and, of course, we are supportive of your efforts. We are very grateful to all of you who have come to Washington to give us the very specific information that we need to carry through with this project in the full committee, the House floor and in conference with the Senate.

We do thank you for taking the time and we look forward to reading all of your formal statements in the record.

Thank you very much, Mr. Chairman.

Mr. Bevill. Thank you, Mrs. Boggs.

Mrs. Boggs is certainly one of the most outstanding Members of this committee. Not only is she out front on water projects in Louisiana and throughout the Nation, she has Bourbon Street in her District.

Mrs. Boggs. We need pure water there, too, Mr. Chairman. [Laughter.]

Mr. Bevill. Thank you so very much for a very fine presentation, Governor James.

Does that wind it up?

Governor James. It winds it up.

Mr. Bevill. Thank you very much for your presentation, and we appreciate your coming to Washington to be with us. We will take a brief recess.

[A brief recess was taken.]

COOSA-ALABAMA WATERWAY

WITNESSES

DR. ROBERT F. HENRY, CHAIRMAN OF THE BOARD, COOSA-ALABAMA RIVER IMPROVEMENT ASSOCIATION
C. R. CARLSON, EXECUTIVE VICE PRESIDENT
MARY GEORGE JORDON WAITE, VICE PRESIDENT, CARI ASSOCIATION
BURGETT H. MOONEY, JR., VICE PRESIDENT, CARI ASSOCIATION
BUNNY HAGEDORN, PRESIDENT, GADSDEN METRO CHAMBER OF COMMERCE, GADSDEN, ALABAMA
DEAN LEVAN PARKER, WESTMINISTER CHRISTIAN SCHOOL, GADSDEN, ALABAMA

Mr. Bevill. The committee will be in order.

We will now take up the Coosa-Alabama Project.

We are pleased to have with us today the citizens and leaders of the Coosa-Alabama River area who are very interested in this project and whose leadership has made it possible to have this project now under way, on schedule and moving along.

We have, I notice, quite a delegation here.

Dr. Henry, I am going to put the list of the delegation present here today, 79 people, who are interested in supporting Coosa-Alabama.

[The list follows:]

COOSA-ALABAMA RIVER IMPROVEMENT ASSOCIATION'S DELEGATION

Dr. Robert F. Henry, chairman of the board, CARI Association, Montgomery, Ala.
Honorable Fob James, Governor, State of Alabama, Montgomery, Ala.
Ron Dunson, Governor's Office, Montgomery, Ala.
Mr. Bob Geddie, Governor's Office, Montgomery, Ala.
Mrs. Mary George Jordon Waite, vice President, CARI Association, Centre, Ala.
Mr. Burgett H. Mooney, Jr., Vice President, CARI Association, Rome, Ga.
Mr. Sid Willingham, Insurance and Real Estate, Rome, Ga.
Mr. Mike Haney, Businessman, Rome, Ga.
Mr. Irby Keener, Attorney, Centre, Ala.
Mr. Sheldon L. Morgan, Banker, Mobile, Ala.
Mr. Jerry Martin, Transp. Coordinator-Fertilizer Company, Pascagoula, Miss.
J. W. Hampton, Businessman, Centre, Ala.
Hon. H. Hugh Williamson, Mayor, Pell City, Ala.
Mr. Tommy Stubbs, Elmore County Commission, Wetumpka, Ala.
Ms. Jean Jacobs, Banker, Scottsboro, Ala.
Mr. Albert Dennis, City Council, Wetumpka, Ala.
Hon. Bill Adams, State Representative, Gadsden, Ala.
Mr. Ellis Austin, Businessman, Wetumpka, Ala.
Hon. Edward W. Enslen, Judge of Probate, Elmore County, Wetumpka, Ala.
Mr. Alvin Stone, Wilcox County Commissioner, Camden, Ala.
Hon. Otha Lee Biggs, Judge of Probate, Monroe County, Monroeville, Ala.
Mr. Kenneth Fairly, Businessman, Monroeville, Ala.
Mr. Jimmy Swanson, Businessman, Monroeville, Ala.
Mr. Tom Brock Jordan, Commissioner, Cherokee County, Centre, Ala.
Mrs. Tom Brock Jordan, Housewife, Centre, Ala.
Mr. Dan Stone, Businessman, Centre, Ala.
Hon. Aubrey Watson, Mayor, Town of Ragland, Ala.
Mr. Charles H. Davidson, Councilman, Town of Ragland, Ala.
Mr. Bart Arnold, Councilman, Town of Ragland, Ala.
Mr. Robert L. Timmons, St. Clair County Commission, Pell City, Ala.
Mr. Ted Hunter, Chairman, City Commission, Rome, Ga.
Mr. Jerry Dunwoody, City Commission, Rome, Ga.
Mr. Ed Edwards, Automobile Dealer, Gadsden, Ala.
Mrs. Ed Edwards, Housewife, Gadsden, Ala.
Mr. Tommy Ford, Chamber of Commerce, Gadsden, Ala.
Mr. Keeling, Jr., Businessman, Gadsden, Ala.
Mr. George Sizemore, Councilman, City of Gadsden, Ala.
Mr. Floyd Beddingfield, City of Gadsden, Ala.
Mrs. Morris Nelson, Businesswoman, Gadsden, Ala.
Mrs. Ada Lee Cox, Businesswoman & Farmer, Gadsden, Ala.
Mr. Grady Gillam, Businessman, Gadsden, Ala.
Mr. Bunny Hagedorn, President of Gadsden Metro Chamber of Commerce, Gadsden, Ala.
Mr. Bob Moman, Al Gas Corporation, Gadsden, Ala.
Mrs. Juanita Moman, Businesswoman, Gadsden, Ala.
Mr. Farris Frazier, Dairy Businessman, Gadsden, Ala.
Mr. Harold E. Johnson, President Coosa River Action Council, Gadsden, Ala.
Mrs. Harold E. Johnson, Housewife, Gadsden, Ala.
Mr. Barney Leach, Businessman, Gadsden, Ala.
Mrs. Barney Leach, Housewife, Gadsden, Ala.
Mr. J. Howard McCullars, Businessman, Gadsden, Ala.
Mrs. J. Howard McCullars, Housewife, Gadsden, Ala.
Mr. Howard Putnam, Alabama Gas Corporation, Gadsden, Ala.
Mrs. Ida Goza, Businesswoman, Fort Payne, Ala.
Mr. Bobby Junkins, Businessman, Gadsden, Ala.
Mr. Jim Vice, WHMA–TV, Anniston, Ala.
Ms. Kim Vice, Student, Anniston, Ala.
Mr. Wendell Bryant, Etowah County Commissioner, Gadsden, Ala.

Mr. Max Smith, Businessman, Gadsden, Ala.
Mr. Les Adams, Businessman, Gadsden, Ala.
Mr. Jim Hopper, Businessman, Gadsden, Ala.
Mr. Joe Hopper, Businessman, Gadsden, Ala.
Mr. Barnard Everett, Businessman, Gadsden, Ala.
Mr. Tom Wade Hampton, Chairman Cherokee County Commission, Centre, Ala.
Mr. Harold Day, Cherokee County Commissioner, Centre, Ala.
Judge Bernard A. Reynolds, Retired Probate Judge Dallas County, Selma, Ala.
Mr. Raymond F. Cox, Councilman City of Pell City, Ala.
Joe Sawyer, Councilman City of Pell City, Ala.
Col. C. R. Carlson, Executive Vice President, CARI Association, Montgomery, Ala.
Mrs. Ada W. Paravicini, Administrative Assistant, CARI Association, Montgomery, Ala.
Ms. Kerry Newmon, Republic Steel Corp., Washington, D.C.
Mr. Bill Trussell, Attorney, Gadsden, Ala.
Mr. Forrest Walls, Councilman, Pell City, Ala.

Mr. BEVILL. Several Members of Congress have already appeared earlier today and voiced their support for the Coosa-Alabama project.

STATEMENT OF ROBERT HENRY

Dr. Henry, we will insert your prepared statement in the record at this point.

[The statement follows:]

STATEMENT OF COOSA-ALABAMA RIVER IMPROVEMENT ASSOCIATION, INC.
BY ROBERT F. HENRY, CHAIRMAN OF THE BOARD

Mr. Chairman and distinguished Committee Members: I am Robert F. Henry of Montgomery, Alabama. I have appeared before this Committee for the past 24 years to support development of the Alabama-Coosa River System. This year we are recommending $23,860,000 in new construction and $21,535,000 for operations and maintenance.

Our requests for funding are divided into two parts: Construction, and Operations and Maintenance.

Request for fiscal year 1981, construction

Alabama-Coosa River (AL & GA):	
Coosa River Navigation Project (Advanced engineering and design)	$4,000,000
Jones Bluff Lock and Dam (recreation facilities)	2,060,000
Mobile Harbor (AL):	
Theodore Ship Channel (continue construction)	17,800,000
Total	23,860,000

Request for fiscal year 1981, operations and maintenance

Alabama-Coosa River (AL) (operate and maintain)	3,053,000
Jones Bluff Lock and Dam (AL) (operate and maintain)	2,750,000
Millers Ferry Lock and Dam (AL) (operate and maintain)	3,738,000
Mobile Harbor (operate and maintain)	3,793,000
Carters Lake, Ga. (operate and maintain)	3,203,000
Allatoona Lake, Ga. (operate and maintain)	4,998,000
Total	21,535,000

We appreciate this opportunity to make our views known to this important committee. As you deetrmine how to fund energy and water development programs you are attacking some of our nation's most difficult problems. At the same time you are funding facilities which will be major elements of our economic strength for the years ahead.

The projects we support are not stop-gap measures, temporary relief or short terms solutions. We speak for improvement of a waterway, for developing a resource which will bring economic returns and a qualitative improvement in the life of our people.

Our Association was founded in 1890. For ninety years our members have maintained their vision of commercial water transportation from Mobile, AL to Rome, GA. Nothing has occurred during those last ninety years to detract from the worth of this objective. On the contrary, the need to float heavy loads quietly and efficiently on a controlled waterway that can also provide hydropower and wholesome water recreation has never been greater.

We know of your concern with economic conditions. We are told that one of the principle factors in our current situation is a need to increase the productivity of our nation. The projects we support represent a capital investment, the kind of investment private industry, and a nation looking to the future, must make if they are to be productive.

Our Association was incorporated in 1955, twenty-five years ago. At that time we became the collective voice for the counties and municipalities along the waterway The public sector of our membership includes eighteen counties and eighteen municipalities The elected officials of these local government units have, with only rare interruption, continuously contributed their support on behalf of the thousands of citizens these leaders represent. In addition the State of Alabama makes periodic contributions to the Association.

Our private sector membership includes approximately 110 manufacturing, financial and agricultural firms, shippers, tow and barge operators, industrial development agencies, chambers of commerce, public utiliites, media organizations and more than 100 private individuals.

Our personal representation here, and the written statements we are submitting are additional evidence that development of the waterway has the support of the citizens.

Included in our testimony are statements from commercial users of the Alabama River from Mobile to Montgomery. Official tonnage figures for 1978 and 1979 are not available. However we are reasonably certain, based on estimates by the Corps of Engineers, that more than 2 million tons moved on the river in 1978. We expect the steady increase in traffic will be reflected in the figures for 1979 when they are made available.

One of the shippers reports that the barge freight rates between Pascagoula, MS and Montgomery, AL are $5.00 per ton as compared with $10.83 by rail. This is the benefit in freight saving which was anticipated when the facilities on the Alabama River were built.

Now I wish to comment on the construction projects we support. You were briefed by the Corps of Engineers on the need for additional funds for the Coosa Project on February 21, 1980. We urge funding this requirement plus the supplemental appropriation of at least $2.0 million in FY80. This work is needed to maintain the schedule leading to construction start in 1983. The substantial benefits of this project have been demonstrated and a delay in initiating construction will postpone the realization of those benefits.

We support the amounts in the President's budget for Jones Bluff and the Theodore Ship Channel. The channel leading to the new industrial part in Theodore is urgently needed if the Port of Mobile is to handle the traffic from the Alabama, the Warrior-Tombigbee and the Tenn-Tom.

On the projects where Operations and Maintenance funds are required I wish to make the following comments. For Jones Bluff and Carters Lake we support the amounts proposed in the President's Budget. Two vital hydro power stations are included in these two projects. For the remaining four projects we request amounts that reflect the Corps of Engineers' reported capability for additional work. The work includes pipe-line dredging, additional lock maintenance for the power house at Millers Ferry, and Water Quality Management.

Allatoona Lake, GA was the first facility built (1950) under the Congressional Authorization of 1945 for federal development of the Alabama-Coosa River and its tributaries. This extremely popular recreational facility and vital power source is located on the Etowah River which joins the Oostanaula at Rome, GA to form the Coosa River. In recent years we have learned that the water stored in Allatoona Lake is not only important for recreation and generation of power but is an important factor in maintaining the required navigation depths on the Alabama River.

60-588 O - 80 - 5 (pt. 9)

In conclusion I wish to thank the Committee for your favorable consideration in the past. We are convinced of the basic worth of the Coosa River Navigation Project and we are confident that this Committee will insure that this valuable resource will become a reality and a part of the industrial strength of our nation.

ROBERT F. HENRY,
Chairman of the Board.

Mr. BEVILL. We are pleased to have each of you here and, Dr. Henry, we appreciate you and your organization, what you have done as Chairman of the Board of the Coosa-Alabama River Improvement Association. You may go ahead and proceed as you wish.

Dr. HENRY. Thank you, Mr. Chairman.

It is indeed gracious of you and your fine committee to hear us again as we present the efforts that are being made in our part of Alabama for the development of the great river system 650 miles long, second in size only to the Tennessee River in the Southeast, and which is now already serving the people from the Port of Mobile to Montgomery and Wetumpka.

Congresswoman Boggs, we are certainly delighted to see you on the bench this morning.

We are going to proceed rather rapidly, Mr. Chairman, because so many of the fine spokesmen for the Tennessee Tombigbee Project, of which we are ourselves supporters, said many favorable things about the Coosa-Alabama and several of our Congressmen and Senators have put in for the record statements in behalf of the Coosa-Alabama River Improvement Association.

It is very evident, as you look around to see the support that we have from Alabama for our effort, and I would like, if you don't mind, sir, not by name, to introduce them, but by classifications.

Mr. BEVILL. Dr. Henry, any way you want to do it. Like you, I am proud to see each of them here. If you want to call each name and let them stand up it would be fine.

Dr. HENRY. Congressman, we do have a record of names, and if we could put those names in the record, we would like to ask, for instance, that those members of counties, probate judges and county officials from the River Basin of Coosa-Alabama to please stand and remain standing.

Lane Knight; Dr. Levan G. Parker; Larry Fuhrman; Richard Rhea; Van Welch; Stephannie Williams; Scott King; Page Farmer; Rene Nippert; Toni Ford; Anglyn Isbell; David Ford; Lucian Newman; Kathy Owen; Amy Turnage; Leah Jermyn; Allan Ray; John Floyd; Lane Knight.

Mr. BEVILL. All of the county officials, please stand and remain standing.

That is quite a turnout.

Dr. HENRY. While they are still standing, we would like to see the mayors and councilmen of cities and counties.

Mr. BEVILL. All of the city officials please stand.

This is very impressive. It is quite a group.

Dr. HENRY. While they are still standing, we would like to see if the group organized by the Chamber of Commerce of Gadsden could stand and be recognized.

All other officials, everybody else, stand.

Mr. BEVILL. We are mighty proud of this group. This project is an excellent example of the cooperation among the Federal, State, county and city governments. It has been exhibited here, most of all, by the people who have been so supportive of this important project.

Congresswoman Boggs and I are always amazed at the tremendous support these water projects have such as Coosa-Alabama, and some of the others as well.

We are used to hearing two sides on these projects, but on Coosa-Alabama, we only hear one side. We never hear any criticism of this project. Sometimes we see articles in the papers, but they won't come in here and put it in the record where it could be checked on for accuracy.

Dr. HENRY. I would like Governor James to come to the microphone.

Governor Fob James. We call him Fob.

Mr. BEVILL. We are glad to hear from you again, Governor.

STATEMENT OF GOVERNOR JAMES OF ALABAMA

Governor JAMES. Thank you very much, Mr. Chairman.

I don't know much else I can say about the rivers and water transportation in this day of short energy.

The Coosa-Alabama system, as you know from the fine representation that is here today and last year and over the years, I think it would stand the test of any economic contest you want to put it to.

The facts show that that is as good a reason to think northward to Rome, Georgia, and are we talking about rivers here?

In Alabama we are fortunate; we have the Tennessee Tombigbee, we have the Coosa system serving central Alabama and Apalachicola-Chattahoochee Flint River system over on the East, a very important carrier.

It has been said by the history books in many ways the State of Alabama has got more rivers and navigable waterways than any other State, and that is a tremendous resource, it becomes even more critical as we move into this particular age of the 1980s where we have got to export to stay alive economically, and where we have got to cut down on our energy resources, and those are the cornerstones for any river system and they are firm and solid and what you folks do, you give us a tool to earn a living when you give us a river system.

I stand on that for all our rivers in Alabama.

I appreciate your work and that of your colleagues and our counties that you always show you when we come up here.

Mr. BEVILL. Thank you, Governor, and at this point, I want to place in the record a list and copies of statements by 51 industries that are interested in the development of this waterway. There are 51 different industries just in the Alabama-Coosa area that are directly interested in seeing the development of this waterway. It is a capital investment. It will help our area grow and develop. It will provide the foundation for meaningful and productive jobs for our children in the future.

[The list of industries and statements follow:]

List of Letters Requesting Appropriations for Fiscal Year 1981 for Projects on the Alabama-Coosa River System

SUBMITTED FOR RECORD AND FILE OF THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS FOR ENERGY AND WATER DEVELOPMENT HEARINGS, 11 A.M., MARCH 24, 1980

Coosa-Alabama River Improvement Association, Inc., Montgomery, Ala.
Governor's Office, State of Alabama, Montgomery, Ala.
Alabama Development Office, State of Alabama, Montgomery, Ala.
Mobile Area Chamber of Commerce, Mobile, Ala.
Radcliff Materials, Inc., Mobile, Ala.
Southern Industries Corporation, Mobile, Ala.
Ideal Basic Industries, Mobile, Ala.
International Paper Company, Mobile, Ala.
The Merchants National Bank of Mobile, Mobile, Ala.
Tenn-Tom Towing, Inc., Fairhope, Ala.
Warrior & Gulf Navigation Company, Chickasaw, Ala.
Mississippi Chemical Corporation, Yazoo City, Miss.
Monroe County Commission, Monroeville, Ala.
City of Monroeville, Monroeville, Ala.
Monroeville Area Chamber of Commerce, Monroeville, Ala.
DISCO Aluminum Products Company, Inc., Selma, Ala.
Hardy-Heinz & Ellis, Inc. Insurance, Selma, Ala.
Lowndes County Commission, Hayneville, Ala.
City of Prattville, Prattville, Ala.
Montgomery County Commission, Montgomery, Ala.
City of Montgomery, Montgomery, Ala.
Montgomery Area Chamber of Commerce, Montgomery, Ala.
Union Bank & Trust Company, Montgomery, Ala.
Montgomery Board of Realtors, Montgomery, Ala.
Jim Inscoe Agency Real Estate and Insurance, Montgomery, Ala.
City of Wetumpka, Wetumpka, Ala.
Chamber of Commerce, Sylacauga, Ala.
Childersburg Chamber of Commerce, Childersburg, Ala.
City of Talladega, Talladega, Ala.
St. Clair County Commission, Ashville, Ala.
City of Pell City, Pell City, Ala.
Greater Pell City Chamber of Commerce, Pell City, Ala.
Cherokee County Commission, Centre, Ala.
City of Centre, Centre, Ala.
Farmers & Merchants Bank, Centre, Ala.
City of Rome, Rome, Ga.
Rome Area Chamber of Commerce, Rome, Ga.
Rome & Floyd County, Georgia Industrial Development Commission, Rome, Ga.
Willingham-Nelms Insurance Agency, Rome, Ga.
National City Bank of Rome, Rome, Ga.
Eddie Rents, Rome, Ga.
Tri Rivers Waterway Development Association, Dothan, Ala.
The May Realty Company, Inc., Rome, Ga.
Rome Manufacturing Company, Rome, Ga.
Etowah County Commission, Gadsden, Ala.
The City of Gadsden, Ala.
Gadsden Metro Chamber of Commerce, Gadsden, Ala.
Etowah Expansion Association, Inc., Gadsden, Ala.
Rome News-Tribune, Rome, Ga.
Wilcox County Commission, Camden, Ala.
Austin's Flowers, Wetumpka, Ala.

FOB JAMES
GOVERNOR
BEN C. COLLIER
DIRECTOR

STATE OF ALABAMA
ALABAMA DEVELOPMENT OFFICE

March 13, 1980

Hon. Tom Bevill, Chairman
House Subcommittee on Appropriations
for Energy and Waterway Development
House of Representatives
Washington, D. C. 20515

Mr. Chairman:

As director of the Alabama Development Office and as a tax-paying citizen of the United States, I heartily endorse the efforts of the Coosa-Alabama River Improvement Association, Inc., to extend navigation from its present head at Montgomery to Gadsden, Alabama, and, eventually, to Rome, Georgia.

There already exist a series of power generating dams built many years ago by the Alabama Power Co., and the pools these dams impound. What is sought of the Federal government are funds to build locks at these dam sites as authorized by the Congress in 1945. As you gentlemen know, the power company dams were designed to facilitate the later construction of locks.

The benefits to be derived from this project are many, and are well known to you. At the present time a new survey is underway that we are sure will confirm those benefits.

The tax-derived monies that CARIA seeks will be repaid many times over in the economic vitality that this stretch of inland navigation will generate. Not the least of the benefits will be the potential savings in energy that barge transportation provides, especially in the movement of bulk commodities and objects of considerable size and weight.

Completion of the Coosa-Alabama project will add to the productive strength of the immediate area, our State and our Nation.

Sincerely,

Reuben Finney

Reuben Finney
Director

RF/CMcW:roh

3734 ATLANTA HIGHWAY/MONTGOMERY, ALABAMA/(205) 832-6960
MAILING ADDRESS: STATE CAPITOL/MONTGOMERY, ALABAMA/36130

March 11, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations
for Energy and Water Development
House of Representatives
Washington, D.C. 20515

Dear Congressman Bevill:

It is our request that you please recommend the Committee's approval of the following items contained in the fiscal year 1981 budget for projects of the Coosa-Alabama River Improvement Association:

Project and Location	Amt. Requested	Purpose
For Construction:		
Alabama-Coosa River (AL)		
Coosa River Navigation Project	$ 500,000	Advanced engineering and design.
Jones Bluff Reservoir	2,060,000	Recreation facilities.
Mobile Harbor (AL)	17,800,000	Continue construction.
TOTAL	$ 20,360,000	
For Operation and Maintenance:		
Alabama-Coosa Rivers (AL)	$ 3,053,000	Operate and maintain.
Jones Bluff Lock & Dam (AL)	2,750,000	Operate and maintain.
Millers Ferry Lock & Dam (AL)	3,738,000	Operate and maintain.
Mobile Harbor	3,793,000	Operate and maintain.
Carters Lake, GA	3,203,000	Operate and maintain.
Allatoona Lake, GA	4,998,000	Operate and maintain.
TOTAL	$ 21,535,000	

We believe that the continuation of the development of this great river system is necessary in order that the country might obtain the maximum benefits from the investment already made. We also believe that it has had a great impact on the economy and is sure to continue to do so throughout the State of Alabama, the entire basin and regions beyond..

Sincerely yours,

G. Sage Lyons
President

cd

RADCLIFF MATERIALS, INC.
McDUFFIE ISLAND, MOBILE, ALABAMA 36601 POST OFFICE BOX 2068 PHONE 205-432-2651

READY-MIXED CONCRETE
RADMIX ASPHALT
SAND • GRAVEL
SHELLS • MORTAR

March 6, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Congressman Bevill:

We respectfully request your consideration and approval for the following appropriations requested for fiscal year 1981 for the Alabama-Coosa river system.

I. For Construction:

A.	Alabama-Coosa River (AL) Coosa River Navigation Project	$ 500,000	Advanced Engineering and Design.
	Jones Bluff Reservoir	2,060,000	Recreation facilities.
B.	Mobile Harbor (AL)	17,800,000	Continue construction.
	Total	$20,360,000	

II. For Operation and Maintenance:

A.	Alabama-Coosa Rivers (AL)	$ 3,053,000	Operate and maintain.
B.	Jones Bluff Lock & Dam (AL)	2,750,000	" "
C.	Millers Ferry Lock & Dam (AL)	3,738,000	" "
D.	Mobile Harbor	3,793,000	" "
E.	Carters Lake, GA	3,203,000	" "
F.	Allatoona Lake, GA	4,998,000	" "
	Total	$21,535,000	

This river system is now making an outstanding contribution to this area, and to maximize the benefits that we can obtain on the present investment, we urge your approval of the construction funds requested.

Water transportation is the most energy-efficient mode of transportation today, and as our company is one of the largest users of the Alabama-Coosa system, we urge your approval of the Operation and Maintenance budget to insure that the system will be available to offer its designed capabilities.

Your committee has always been most generous in its past considerations for appropriations on projects in our area, and we sincerely appreciate the

committee's support of the great waterway systems of the State of Alabama.

With best wishes,

Yours very truly

RADCLIFF MATERIALS, INC.

Carl A. Torbert, Jr.
President

/nn

SOUTHERN INDUSTRIES CORPORATION
Post Office Box 1668 · Mobile, Alabama 36601

March 6, 1980

Honorable Don Bevill, Chairman
Arouse, Subcommittee on Appropriations for Energy and Water Development
House of Representatives
Washington DC. 20515

Dear Mr Chairman,

For many years I have watched development of the Alabama-Coosa River System and have participated in planning for and managing the construction of the major improvements since the late 1940s. Modern progress started with Federal construction of Alletoona Dam on the headwaters of the Coosa and was quickly reinforced private industry receiving permission from the Federal Government to develop major dams on the Coosa provided they would permit and facilitate development by the Federal Government of barge navigation through their power dams.

Since that step, the Federal Government has successfully developed the Alabama River, and provided for 9 foot navigation through Montgomery, and other Federal purposes, all beneficial to the State of Alabama, the region and the United States.

It is time to breach the Coosa dams and extend the 9 foot navigation capability initially to Gadsden and ultimately to Rome Georgia. Study after study has validated the logic of this move. We should no longer delay, but promptly add the benefits of Coosa navigation and the impact this will have on use of the existing Alabama River development.

Particularly in this era of energy deficiency and of skyrocketing transportation costs, let us proceed to complete the whole Alabama Coosa River system.

Sincerely yours,
Walter L. Nelson Jr.
Lieutenant General, U.S. Army retired
Consultant

John C. Thomason
Assistant to the President
and Project Director

Ideal Basic Industries
Cement Division

576 Azalea Road—Suite 113
P.O. Box 9904
Mobile, Alabama 36609

205 661 1756

March 18, 1980

IDEAL

The Honorable Tom Bevill, Chairman
Subcommittee on Appropriations for Energy & Water Development
U. S. House of Representatives
Washington, D.C. 20515

Dear Mr. Bevill:

This letter is prepared pursuant to Appropriation subcommittee hearings for the Fiscal Year 1981 and, specifically, in support of continued funding of the Coosa-Alabama River system for which testimony will be received on or about March 24. In substantiation of our interest in and dependency upon this waterway, Ideal Basic Industries will be a major commercial user of the Alabama River (from Mile 54 to its southern point of origin) beginning in the third quarter of 1980, when our annual waterborne usage will approximate three million tons - more than double that of currently prevailing Riverborne traffic.

By way of background to this submission, our company is presently constructing a major "grassroots" cement plant in the Theodore Industrial Park (on the inland route of the Theodore ship channel, Mobile Harbor, some 12 miles south of Mobile) and is developing a supportive limestone quarry in Monroe County (Marshall's Bluff, Mile 54, the Alabama River). Ideal's quarry is projected to be operational in September of this year and mechanical completion of the Theodore plant is anticipated in April, 1981 (an approximately six month period will be required for the establishment of active and reserve limestone stockpiles at the plant site, aggregating 520,000 tons). Collectively, the anticipated completed cost of Ideal's Alabama projects is $250 million.

The water link between Ideal's quarry and plant encompasses a distance of some 114 miles and includes segments of the Alabama and Mobile Rivers and Mobile Bay, approximately as follows: Alabama River, 53 miles; Mobile River, 45 miles; and, Mobile Bay, 16 miles. The Mobile River and Mobile Bay portions of this route pose no navigational problems for our company as these fall along a major traffic artery, maintained at authorized project depths on a year-round basis.

While the Alabama River has an authorized project depth of nine feet, and at this level would be sufficient for Ideal's barge movements of limestone from the quarry to the plant, this draft historically has been available to

commercial traffic for only nine months of the year. In illustration, during the late summer and early fall, there typically is a 100 day period of "low water" when River depths are less than eight feet which, in turn, restricts usable barge drafts to about seven feet. Conversely, a "high water" period in the spring months produces swift currents on the River making navigation, with a loaded tow, difficult on several critical and narrow bends.

Ideal has committed to sizable capital and operating cost tradeoffs to become operational on the River in the near term, neither of which would have been necessary if the authorized project depth was available year round. Principal among these are: a Theodore plant design, incorporating a 400,000 ton (47 day supply) emergency limestone stockpile, to keep the plant operational during the seasonable low water period; and, the provision for a substantially larger marine flotilla (twenty barges and three towboats) than would be required were it not predictable that this fleet of vessels will be needed to sustain plant inventories during the months of September, October and November (i.e., our annual limestone movement could probably be accomplished with eighteen barges and two tugs at a nine foot draft, available over a full twelve month year).

The Corps' Mobile office is cognizant of the aforementioned problem facing Ideal and other commercial interests on the Alabama River and, within their discretionary authority, has instituted studies aimed at corrective alternatives. Possible short and intermediate term solutions being evaluated include: increased regulation of water discharges at the Claiborne Lock and Dam which should partially mitigate the seasonal low water problem; modified operational procedures for the Jones Bluff and Millers Ferry projects (up-river) to capture and harness all available water flows above Claiborne; and, additional dikes and "training" structures on the lower River to further confine water-flows, thereby increasing depths in critical reaches of the waterway.

Should these alternatives prove to be ineffective in solving this long standing problem on the Alabama River, the Corps has also indicated that it may be necessary to seek funding, in FY 1982 or FY 1983, so as to identify additional projects or authority needed from the Congress to increase the River's low-flows.

It is our understanding that the President has budgeted some $500,000 for advanced engineering and design and some $3,053,000 in operation and maintenance funds for the Coosa-Alabama River system (exclusive of the Jones Bluff and Millers Ferry facilities) in Fiscal Year 1981. We respectfully request and urge your concurrence and recommendation of funding in these amounts.

Sincerely,

John C. Thomason

JCT/sat

INTERNATIONAL PAPER COMPANY
P. O. BOX 1788, MOBILE, ALABAMA 36601

WOODLANDS & WOOD PRODUCTS OPERATIONS
REGION III
SATELLITE OFFICE-PINEBROOK

March 14, 1980

Honorable Tom Bevill, Chairman
House Subcommittee on Appropriations for Energy and Water Development
House of Representatives
Washington, D. C. 20515

Dear Mr. Bevill:

As a user of both the primary river system waterways in Alabama and vitally interested in their further development, we are happy to join the Coosa-Alabama River Improvement Association's efforts to maintain and improve subject waterway. International Paper Company considered and recognized the importance of water transportation as an economical, practical and dependable mode of transportation for its fiber supply when making the decision to locate its plant in Mobile some fifty years ago.

Our Company has operated its own tugs and a fleet of barges moving pulpwood from points on the lower Alabama River including Claiborne and Dixie Landing since the early 1930's. We now operate up the Alabama to a point above Millers Ferry Lock at Canton Bend, Alabama.

Over the past several years, including 1979, we have averaged 250,000 to 300,000 tons of pulpwood and wood chips from points on the Alabama River. This not only represents a significant portion of our needs to supply our mills but provides a market for pulpwood and chips purchased from independent wood suppliers, land owners and sawmills in the area.

While our operations on the Alabama River are in the main satisfactory we do have problems in seasons of extreme low water. We have shallow draft tugs and load our barges to six feet and under during low water. This, of course, affects our cost adversely but perhaps more important are the delays and wear on the bottoms of the tugs and barges when operating under these conditions. The nature of our operations are such that we must move our barges up and down this waterway every week throughout the year as we are dependent on a constant supply of fiber for our mills. The sawmills and other suppliers are in turn dependent on a constant flow and market for their pulpwood and chips. Continued annual attention to

shoaling and maintenance dredging is extremely important to operating conditions on this waterway as the Coosa-Alabama is comparatively narrow requiring adequate channel depths across the entire channel in many places.

The continued improvement and extension of the Coosa-Alabama Waterway in addition to its importance to the growth and development of the adjacent counties and states involved takes on added importance in terms of the energy savings that can be realized through the movement of both raw materials and finished product via water transportation.

H. H. Knox
Supervisor Fiber/Transportation

HHK/aw



The Merchants National Bank of Mobile

CAPITAL & SURPLUS $20,000,000.00

SHELDON L. MORGAN
SENIOR VICE PRESIDENT

Mobile, Alabama

P. O. DRAWER 2527
MOBILE, ALABAMA 36622

February 27, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for
Energy and Water Development
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

This is written in behalf of the appropriations requested for the Alabama-Coosa River System for FY '81.

In the FY '81 budget are items for funding which include advanced engineering and design on the Coosa River Navigation Project, recreational facilities at the Jones Bluff Reservoir and continued construction in the Mobile Harbor. There are also funds for operation and maintenance.

The economic benefits of all of these projects have been clearly substantiated and it is important to the national economy, to the Federal budget, and to the public in the river basin to get the earliest possible start on construction of the Coosa Project and to fund all other items in the budget requests.

We feel that the Committee's favorable approval, with ultimate concurrence of the Congress, will be in the best interest of people in this region and will certainly demonstrate a faithful capital investment in the future of our Nation.

Sincerely,

Sheldon L. Morgan

SLM/mal

TENN-TOM TOWING INC

POST OFFICE BOX 949
25 N. SECTION STREET
FAIRHOPE, ALA. 36532
TELEPHONE (205) 928-0230

RECEIVED

C
OP
Y

March 12, 1980

Honorable Tom Bevill, Chairman
House Subcom. Appropriations for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Sir:

At the request of Col. C. R. Carlson, Executive Vice President, Coosa-Alabama River Improvement Association, Inc., and as a member of this organization, we would like to join in the Association's efforts to maintain and improve the Coosa-Alabama Waterway. We have particular interest in the improvement of the Waterway, as we are a regular user and have been for many years.

During the past twenty-five (25) years I have been associated with companies that have used the Waterway to transport sand, gravel, shell and petroleum products. At the present time we utilize the Waterway to transport petroleum products from the Gulf Coast area to one of the largest paper and pulp products plants in this area. During the year 1979 we moved approximately 96,000 tons of product to this industry and we anticipate moving in excess of 100,000 tons for the calendar year of 1980.

In order to maintain the level of inventory required by our customer, it is necessary that we be able to navigate on the Waterway on a year-round basis. I am sure you are aware of the problems this presents during both the low water season and the high water season. During the past several years there has been approximately four (4) months of the year that we had to light load our barges to run the Waterway, or in some instances not run the river at all due to low water levels. Also on three occasions last year we were forced to "tie-up" and remain idle for periods of seven to ten days because the high water forced the closing of certain bridges. Proper maintenance and control of the Waterway is essential to the efficient and economical operation of the Waterway for boat and barge transportation.

This project is not only important for the immediate needs of the present traffic on the Waterway but is essential for the future development of this State, Georgia and the rest of the Southeast United States. As you know, it is a proven fact that boat and barge transportation is by far the most energy efficient mode of transportation in our market today, therefore, the importance of maintaining and improving the Coosa-Alabama Waterway cannot be overemphasized.

We appreciate the opportunity of expressing our views on the Coosa-Alabama Waterway project and want to thank you for your cooperation in the past and continued interest for the future of the Waterway.

Yours very truly,

R. A. Guthans
President

WARRIOR & GULF NAVIGATION COMPANY

P. O. BOX 11397

CHICKASAW, ALABAMA 36611

N. J. BARCHIE, JR.
GENERAL MANAGER

March 5, 1980

Honorable Tom Bevill, Chairman
House Subcommittee on Appropriations
for Energy and Water Development
House of Representatives
Washington, D. C. 20515

Dear Mr. Bevill:

Warrior & Gulf Navigation Company is a barge line based in Mobile, Alabama. We currently are operating 20 towboats and approximately 260 barges, both open and covered hopper types. We have been asked by the Coosa-Alabama River Improvement Association to express our view on continuing efforts to improve the Coosa-Alabama River System.

During the past year, we have begun to move cargo from the Claiborne, Alabama area. Also, as you are probably aware, there is a sizable amount of limestone and sand beginning to move to the Mobile area from the same general location. We believe that the accomplishment of the needed improvements to make the Coosa-Alabama River System a viable waterway will eventually spark new economic growth for the entire region surrounding this waterway. Just as the Warrior-Tombigbee River System has grown year by year, the many advantages of water transportation, especially the fuel efficiency per ton moved, will aid in the growth and creation of many new business opportunities for the region that will be served.

The existing situation of widely fluctuating river stages and uncontrolled depths has prevented us from offering the fullest advantages to be gained by water transportation. We are forced to quote rates higher than normal in order to protect ourselves against the unreliability of channel depths.

In closing, we feel it is evident that the area served by a practical, navigable water system will reap benefits of commerce and trade that will by far outweigh the cost of making the needed improvements.

Cordially,

N J Barchie Jr

Mississippi Chemical Corporation
We Make Things Grow®
Post Office Box 388 - Yazoo City, Mississippi 39194 - Area Code (601) 746-4131 - Telex 58-5449

February 28, 1980

Honorable Tom Bevill, Chairman
House Subcommittee on Appropriations
for Energy and Water Development
House of Representatives
Washington, D. C. 20515

Dear Congressman Bevill:

This is in response to recent correspondence from the Coosa-Alabama River Improvement Assn. concerning our company's navigational use of the Alabama River.

Mississippi Chemical Corporation is a manufacturer and shipper of commercial fertilizers, and is a farmer owned cooperative, with production plant at Pascagoula, Mississippi. In order to serve its farmer shareholders by supplying their fertilizer needs at the lowest possible cost, storage facilities are maintained at central distribution areas which can be served by water.

Mississippi Chemical in 1973 established a 22,000 ton storage/distribution facility at Montgomery, Alabama on the Alabama River to serve the fertilizer needs of the farmers in that area. A considerable freight savings is realized by being able to ship into this area by barge. As an example, the current rail rate from Pascagoula to Montgomery is $10.83 per ton compared to a barge transportation cost of $5.00 per ton. These freight savings are reflected in the price of fertilizers to our farmer shareholders.

We utilize a four barge tow in our shipments to Montgomery. This is accomplished by renting on a daily basis four jumbo hopper barges and a towboat for movement from Pascagoula to Montgomery and return. This is necessary due to limited availability of towboats which can be utilized on a tramp basis to Montgomery and return. The movement of four barges at one time holds down the total per-ton costs.

Due to fluctuations in the river, the loading drafts are coordinated with the Corps of Engineers at time of each loading. The deeper the available draft, of course, the more economical per ton the movement is to Mississippi Chemical. The times

which barges are loaded, as well as the number which we ship during a year depend greatly upon the river condition. A loading draft of less than 8.5 feet proves costly, and under 7.5 feet is not economically feasible. Also, we do not like to operate on the river during flooding conditions, as boats are unable to move under the stationary bridges on the upper Alabama.

Our shipments to the Montgomery facility for the past several years are listed below:

Fiscal Year, July 1 thru June 30:

1974-75	1975-76	1976-77	1977-78	1978-79
32,000 tons	32,000 tons	43,000 tons	40,000 tons	31,000 tons

Anticipated 1979-80: 58,000 tons

Mississippi Chemical is, therefore, vitally interested in the Alabama River and its survival. It is imperative that necessary monies be appropriated to maintain a viable navigational waterway.

If we may be of further service, please let us know.

Yours very truly,

MISSISSIPPI CHEMICAL CORPORATION

James A. Pierce
Director of Transportation

JP/bs

MONROE COUNTY COMMISSION

MEMBERS

JERALD R. JORDAN
Place 1, District 1

LOIS W. AGEE
Place 2, District 2

ANNA RUTH MELTON
Clerk

Monroe County
JUDGE OTHA LEE BIGGS, President
Monroeville, Alabama 36460

ALLEN BIGGS
Acting County Engineer

MEMBERS

F. P. WILLIAMS
Place 3, District 1

F. S. STEELE
Place 4, District 2

DR. W. H. HINES
Purchasing Agent

March 12, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Congressman Bevill:

The Monroe County Commission of Monroe County, Alabama, respectfully submits its request that the appropriations as requested for Fiscal Year 1981 for the continued development of the Alabama-Coosa River System amounting to $20,360,000 for construction and $21,535,000 for operation and maintenance be approved.

The development of this great waterway system to this point has greatly enhanced the economic and social development of this area of Alabama, but the maximum benefits will not be realized until the completion of this waterway system from Rome, Georgia to Mobile. Monroe County, Alabama, is already reaping tremendous and valuable benefits from the development of this great waterway system with the location of more than $300 million dollars in new industry.

We respectfully request the approval of the total requested amount for fiscal year 1981.

Respectfully yours,

MONROE COUNTY COMMISSION
MONROE COUNTY, ALABAMA

By Otha Lee Biggs
President

City of Monroeville
POST OFFICE BOX 147
Monroeville, Alabama 36460
(205) 575-2081

B. C. Hornady
MAYOR
John E. Batz
CITY ADMINISTRATOR
Mary S. Agrick
CITY CLERK

COUNCIL
Raymond Bagles
J. R. Johnson
Jim Davis
W. B. Owens
John R. Sellers

March 17, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations
Energy and Water Development
House of Representatives
Washington, D. C. 20515

Dear Congressman Bevill:

The City Council of Monroeville, Monroe County, Alabama, respectfully submits its request that the appropriations as requested for Fiscal Year 1981, for the continued development of the Alabama-Coosa River system amounting to $20,360,000 for construction and $21,535,000 for operation and maintenance be approved.

The development of this great waterway system thus far has already brought valuable economic and social benefits to this area of Alabama; however, we feel the maximum benefits will not be realized until the waterway system is completed from Rome, Georgia to Mobile, Alabama.

We respectfully request the approval of the total requested amount for Fiscal Year 1981.

Sincerely yours,

MONROEVILLE CITY COUNCIL
MONROEVILLE, ALABAMA

B. C. Hornady

B. C. Hornady, Mayor

Monroeville Area
Chamber of Commerce

Old Courthouse
P. O. Box 214
Monroeville, AL 36460
Phone (205) 743-2879

17 March, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for Energy
and Water Development
House of Representatives
Washington, D.C. 20515

Dear Congressman Bevill:

On behalf of the Monroeville Area Chamber of Commerce, I would like to submit the following statement relative to the request of appropriations for Fiscal Year 1981 for the continued development of the Alabama-Coosa River System amounting to $20,360,00 for the construction and $21,535,000 for operation and maintenance be approved.

The development of this waterway system to this point has already been beneficial to the Monroeville area, but the maxium benefits will not be realized until the completion of this waterway system from Rome, Georgia to Mobile. This tremendous water system and valuable benefits are vital to Monroe County.

Respectfully yours,

Walter Grim

Walter Grim
President
Monroeville Area Chamber of Commerce

DISCO Aluminum Products Company, Inc.

P. O. BOX 1019 • SELMA, ALABAMA 36701 • AREA CODE (205) 875-9283 • TWX 810 744 3341

March 4, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations
for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Sir:

A delegation from the Coosa-Alabama River Improvement Association is scheduled to appear before the House Sub-Committee on Appropriations on March 24, 1980.

It is respectfully requested that the Committee approve the following appropriations contained in the F. Y. 1981 Budget.

Project and Location		Amount Requested	Purpose
I. For Construction:			
A. Alabama-Coosa River (AL)			
Coosa River Navigation Project		$ 500,000	Advanced Engineering and Design.
Jones Bluff Reservoir		2,060,000	Recreation facilities
B. Mobile Harbor (AL)		17,800,000	Continue construction
	Total	$20,360,000	

Notes on Construction Money Requested: Relatively small amounts of money are needed to proceed with the Advanced Engineering and Design work now underway on the Coosa Project. The President's proposed budget does not include additional design money. We want to insure that this work stays on schedule so construction can start in 1983. At that time our requests for this project will be substantially larger. The Jones Bluff money is for recreational facilities which remain to be built as part of the Alabama River Project to Montgomery. Work on the Theodore Ship Channel began in earnest in 1979. This is the next increment needed for a project scheduled for completion in 1982. The last two figures are the amount in the President's budget.

II. For Operation and Maintenance:

A. Alabama-Coosa Rivers (AL)	$ 3,053,000	Operate and	maintain.
B. Jones Bluff Lock & Dam (AL)	2,750,000	"	"
C. Millers Ferry Lock & Dam (AL)	3,738,000	"	"
D. Mobile Harbor	3,793,000	"	"
E. Carters Lake, GA	3,203,000	"	"
F. Allatoona Lake, FA	4,998,000	"	"
	$ 21,535,000		

Notes on Operation and Maintenance Money Requested: Basically this is the money needed to conduct the business of the waterway, to operate and maintain it as designed. Four vital hydro power plants are involved: Jones Bluff, Millers Ferry, Carters and Allatoona. Maintenance of the Clairborne Lock and Dam is included in the Alabama-Coosa Operation and Maintenance figure since no power plant is involved. Maintenance dredging for the Alabama River and Mobile Harbor are included. The President's budget includes $18.1 million for operation and maintenance of these facilities. The figures for A, C, D and F are the Corps of Engineers "capability" figures and represent necessary work that should be done if the money is forthcoming.

The Coosa River Navigation Project is one part of the Alabama-Coosa River Project which was authorized in 1945. Work on the Alabama portion of the entire waterway is essentially complete with navigation open as far as Montgomery. The directed restudy of the economics of the Coosa portion of the project was completed by the Mobile District Engineer in January, 1977. The study again concludes that total benefits exceed total costs by a wide margin and construction is warranted and planning for construction should be continued. Hence our request for advanced Engineering and Design money.

You might say that the economic benefits of the Coosa Project have been clearly substantiated and the sooner construction starts the sooner these benefits will be realized. It is also good to point out that waterways are the most energy efficient mode of transportation so the benefits are not only to our region but the nation as a whole.

Yours very truly,

Bill Battle

Bill Battle
President

BB/jc

HARDY-HEINZ & ELLIS, INC.
INSURANCE

FRANK HARDY
CHRIS B. HEINZ
AUBREY D. ELLIS, JR.

900 CHURCH STREET
P. O. BOX 883
SELMA, ALABAMA 36701
PHONE (205) 875-7261

March 13, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations
for Energy & Water Development
House of Representatives
Washington, D.C. 20515

Dear Congressman:

We are again asking you for funds for construction, operations and maintenance on the greatest river system in our Nation, namely the Alabama-Coosa. This system was first promoted by our great Senator John Tyler Morgan in 1890. We know you, as another of our great, will continue to lend your support towards the completion.

This system, where completed, will give unbroken transportation to all parts of the World. It will save our natural resources which we know you are aware. We would like for it to go on record that we are in every way for this project.

With all good wishes, we are

Sincerely,

HARDY-HEINZ & ELLIS, INC.

By: Chris B. Heinz

CBH:ehi

LOWNDES COUNTY COMMISSION
HAYNEVILLE, ALABAMA 36040

COMMISSIONERS
O. P. WOODRUFF, Chairman
C. R. DEAN
W. S. DAVIS
CHARLES SMITH
FRANK MILES, JR.

LEONARD W. NALL, JR. Engineer
FRANCES B. DAVIS, Purchasing Agent, Clerk

Feb. 27, 1980

Hon. Tom Bevill, Chairman
House, Sub-Comm. on Approp. for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Sir:

The Lowndes County Commission of Lowndes County, Alabama, respectfully requests favorable action relative to approval of the appropriation for fiscal year 1981 for construction, and operation and maintenance cost totaling $41,895,000 for continuation of the Alabama- Coosa River System.

We are very interested in the continued development of the Coosa-Alabama River System. Continued improvement of this entire system will attain maximum benefits from the investment already made and will achieve the maximum potential of this river system, this area and the entire nation.

Sincerely,

O.P. Woodruff

O.P. Woodruff
Chairman

T. A. Cargile
W. A. Glover
W. C. Godwin
Ed S. Gray
Malcolm Smith
Councilmen

City of Prattville
P. O. Box 277 Telephone 365-6736
Prattville, Alabama 36067

C. M. Gray
Mayor
W. E. Weaver
City Clerk/Administrator
Jeanette D. Wingard
Assistant Clerk

March 17, 1980

The Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations
for Energy and Water Development
House of Representatives
Washington, D.C. 20515

Dear Sir:

As Mayor of one of the most rapidly growing cities in the immediate region of the Coosa-Alabama River Improvement projects, I strongly urge your support of these projects so important to the economic growth of the State of Alabama.

In order to obtain maximum benefit from monies already invested in the projects, I feel that the entire Alabama-Coosa River System needs to be improved. It is apparent that the economic benefits of the program are already being realized and the sooner construction can begin on the projects, the sooner the full economic impact can be realized.

Our waterways in Alabama are still the most efficient mode of transportation for many of our industries. Not only do state and local industries depend on these waterways, but the entire nation benefits from their use of our waterways to cut energy costs.

I believe it is extremely important that the project remain on schedule, so that construction can begin as programmed. Therefore, the $20,360,000 for construction should be allocated.

I also feel that the additional money for operation and maintenance should be budgeted so that the entire project can be completed.

Once again, let me urge you to support these projects which are so vital to the economic growth of our great state and to the entire nation.

I am

Sincerely,

C M Gray

C. M. Gray
Mayor

A COUNTY OLDER THAN THE STATE

H. B. "MAC" MCKINNEY, CHAIRMAN

H. W. SUDDATH, ADMINISTRATOR

MONTGOMERY COUNTY COMMISSION
P. O. BOX 1667
MONTGOMERY, ALABAMA 36102

NANCY COX
CLEAVY T. JOHNSON
WILLIAM F. JOSEPH, JR.
MACK MCWHORTER

ESTABLISHED 1818

February 27, 1980

Honorable Tom Bevill, Chairman
House Sub-committee on Appropriations
for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

The Montgomery County Commission continues to closely follow the development of the Coosa-Alabama River project which was authorized by the Congress in 1945. We believe that the benefits which accrue to the citizens of Alabama fully justify the complete construction and operation of this economical water way.

We need to continue the development of this project in order to maximize the benefits of the investment already made and to proceed toward achieving the full potential of the water way system.

Specifically, the advanced engineering and design for the remainder of the project needs to continue on schedule so that the project timetable can be maintained. We understand that the President's proposed budget does not include this relatively small amount of advanced engineering and design funds. We urge you to see that the Committee inserts these funds. The Jones Bluff Reservoir line item will complete the Alabama River Project as far as Montgomery, Alabama, and we urge that this be done. The funds for the Theodore Ship Channel are necessary to keep this project on time for completion in 1982. The individual construction items are listed below:

Project and Location	Amount Requested	Purpose
Alabama-Coosa River (AL) Coosa River Navigation Project	$ 500,000	Advanced Engineering and Design
Jones Bluff Reservoir	3,500,000	Recreation Facilities
Mobile Harbor (AL) Theodore Ship Channel	8,300,000	Continue Construction
	$ 12,300,000	

The facilities that have been constructed to date must be adequately funded for operations and maintenance to keep the system operationally efficient. We believe that such efficient operation will assist in easing our national energy problems as well as providing economic benefits to the region. Four vital hydro-electric power plants are involved: Jones Bluff, Miller's Ferry, Carter's Lake and Allatoona Lake. We urge you to ensure that the specific operation and maintenance line items as listed below are in the final Bill:

(continued...)

Project and Location	Amount Requested	Purpose
Alabama-Coosa River (AL)	$ 4,169,000	Operate & Maintain
Jones Bluff Lock & Dam (AL)	2,949,000	Operate & Maintain
Miller's Ferry Lock & Dam (AL)	4,098,000	Operate & Maintain
Mobile Harbor (AL)	5,300,000	Operate & Maintain
Carter's Lake (GA)	4,340,000	Operate & Maintain
TOTAL	$ 20,856,000	

We urge your favorable consideration of the recommended appropriations. Adequate funding as requested is necessary to ensure that progress is made for further development of the system and to properly operate and maintain the existing portion. Similar information has been sent to the Honorable Tom Bevill, Chairman, House Sub-committee on Appropriations for Energy & Water Development, regarding this matter.

Very sincerely yours,

H. B. McKinney
Chairman

HBM/cak

cc: Mr. C. R. Carlson, Executive Vice-President
Coosa-Alabama River Improvement Assn., Inc.

City of MONTGOMERY Alabama

EMORY FOLMAR
Mayor

MONTGOMERY CITY COUNCIL

WILLIE D. PEAK, JR.-Pres.
LUTHER L. OLIVER-Pres. Pro tem
DONALD V. WATKINS
MARK GILMORE, JR.
LEWIS GOLSON
JOE L. REED
MRS. ALICE REYNOLDS
JOHN C. STARR, JR.
WILLIAM (BILL) NUNN, III

February 26, 1980

Honorable Tom Bevill
Chairman
Sub-committee on Appropriations for
Energy and Water Development
U. S. House of Representatives
Washington, D. C. 20515

Dear Congressman Bevill:

On behalf of the City of Montgomery, I respectfully request your Sub-committee on Appropriations for Energy and Water Development act favorably on the Alabama-Coosa River System appropriation for Fiscal Year 81. These appropriations include:

Construction:

A. Alabama-Coosa River (AL) Coosa River Navigation Project	$ 500,000	Advanced Engineering & Design
Jones Bluff Reservoir	2,060,000	Recreation facilities
B. Mobile Harbor (AL)	17,800,000	Continue construction
Total	$ 20,360,000	

Operation and Maintenance

A. Alabama-Coosa Rivers (AL)	$ 3,053,000	Operate & Maintain
B. Jones Bluff Lock & Dam (AL)	2,750,000	" "
C. Millers Ferry Lock & Dam (AL)	3,738,000	" "
D. Mobile Harbor	3,793,000	" "
E. Carters Lake, GA	3,203,000	" "
F. Allatoona Lake, GA	4,998,000	" "
Total	$ 21,535,000	

Because of your deep understanding and long-time interest in the Coosa-Alabama projects, it is not necessary for me to point out to you the importance of the continuation of these projects. How-

ever, I am very much aware of the growing sentiment to restrain Federal spending and to redirect moneys to defense preparedness. The question is always where to cut. I would like to suggest to you and your committee that cutting the Coosa-Alabama River System would be wasting, not saving. The development of these river systems provide for the energy we need so badly and also opens the way for private enterprise to operate in ways that benefit us all.

Your favorable action on these appropriations will be appreciated.

Sincerely,

Emory Folmar

Emory Folmar
Mayor

Montgomery area Chamber of Commerce
41 COMMERCE STREET • P. O. BOX 79 MONTGOMERY, ALABAMA, 36101 • 205—834-5200

March 24, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for
Energy & Water Development
House of Representatives
Washington, District of Columbia 20515

Dear Congressman Bevill:

As you are aware the Montgomery Area Chamber of Commerce has, since 1890, strongly supported the development of the Coosa-Alabama River System because we have always believed that such development is vital to the cultural, industrial and economic development of Alabama and the southeastern United States. Today with the rapid total development of the whole "sunbelt" area this need is greater than ever before.

Studies have been made and presented which fully justify the beliefs we have held and show the array of benefits, never before possible, which will result from the total utilization of this great river system.

We are well aware of and are most greatful for your strong support of this project and request that you and your committee approve the appropriations requested for the Coosa-Alabama River System for the fiscal year 1981. We will be most greatful for your continued enthusiastic support for this most worthwhile project.

Sincerely,

T. C. Nolan

Dr. T. C. Nolan
President

UNION BANK & TRUST CO.
60 COMMERCE STREET
MONTGOMERY, ALABAMA
36104

HENRY A. LESLIE
PRESIDENT
CHIEF EXECUTIVE OFFICER

February 27, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations
for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Tom:

I would like to take this opportunity to add my full personal support and testimony to the request for appropriations for Fiscal Year 1981 as submitted by the Alabama-Coosa River Improvement Association and thus I petition you and your committee members to vote favorably on funding this project.

In this era of high energy costs and inflation, it seems to me that immediate funding would be most beneficial to and in the best interest of the public. Water transportation is of course the cheapest form of shipping goods and a more extensive and greater use of the Alabama-Coosa water highway would provide more "miles per gallon" to our now critical oil supply. The economic benefits of the Coosa Project have been clearly established and the needed construction should be started now at "todays dollar prices" to maximize the existing investments.

It was a pleasure to see you recently and renew our friendship dating back to law classes at the University of Alabama.

Your favorable consideration of my comments will be appreciated.

With kindest regards.

Sincerely,

Henry A. Leslie
President

JIM INSCOE
President

JOSEPH A. LEHMAN
Executive Vice President

REALTOR®

Montgomery Board of REALTORS®

March 12, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for
Energy and Water Development
House of Representatives
Washington, D. C. 20515

RE: Alabama-Coosa River System
Appropriation for fiscal year 1981

Dear Congressman Bevill:

The 1,059 members of our Montgomery Board of Realtors have a very sincere interest in the development of our region. We view development of the Alabama-Coosa River System important both as a means of economical transportation and for the production of hydro electric power.

We urge your favorable consideration of the request which will be presented to you on March 24, 1980. We believe the continuation of development along this great river system is crutial for our state to obtain the maximum benefits from the investment already made.

Thank you very much.

Yours very truly,

Jim T. Inscoe

JTI/le

JIM INSCOE
REAL ESTATE Agency AND INSURANCE

March 12, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for
Energy and Water Development
House of Representatives
Washington, D. C. 20515

RE: Alabama-Coosa River System
Appropriation for fiscal year 1981

Dear Congressman Bevill:

I think it is vital for the future development of our region that your committee give every consideration to appropriate the relatively small amount of money needed to proceed with the Advanced Engineering and Design work on the Coosa River Navigation Project. A considerable amount of interest and concern has been developed over this project during the past years, and we would very much like to see the work remain on schedule during the next fiscal year.

I am sure you will also see the importance of appropriating money for operation and maintenance of the Alabama-Coosa River System. Four vital hydro power plants are involved: Jones Bluff, Millers Ferry, Carters Lake and Allatoona Lake. We certainly do not want to impede the development of economical energy for our region.

Your favorable consideration will be greatly appreciated.

Yours very truly,

Jim T. Inscoe

City of Wetumpka

OFFICERS
J. MELVIN GRAY, MAYOR
VELMA N. GOBER, CLERK

WETUMPKA, ALA. 36092

ALDERMEN
ALBERT J. DENNIS
ONIS GLENN, SR.
EDWARD D. LANDRUM
CONNIE D. TROBAUGH
HERBERT J. STONE

March 14, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for
Energy & Water Development
House of Representatives
Washington, D. C. 20510

Dear Mr. Chairman:

Appropriations for the Coosa-Alabama River Improvement Association for fiscal year 1981 are requested as follows:

Project and Location	Amount Requested	Purpose
I. For Construction:		
A. Alabama-Coosa River (AL)		
Coosa River Navigation Project	$ 500,000	Advanced Engineering and Design.
Jones Bluff Reservoir	2,060,000	Recreation facilities.
B. Mobile Harbor (AL)	17,800,000	Continue construction.
Total	$20,360,000	

Notes on Construction Money Requested: Relatively small amounts of money are needed to proceed with the Advanced Engineering and Design work now underway on the Coosa Project. The President's proposed budget does not include additional design money. We want to insure that this work stays on schedule so construction can start in 1983. At that time our requests for this project will be substantially larger. The Jones Bluff money is for recreational facilities which remain to be built as part of the Alabama River Project to Montgomery. Work on the Theodore Ship Channel began in earnest in 1979. This is the next increment needed for a project scheduled for completion in 1982. The last two figures are the amounts in the President's budget.

II. For Operation and Maintenance:

A.	Alabama-Coosa Rivers (AL)	$ 3,053,000	Operate and maintain.
B.	Jones Bluff Lock & Dam (AL)	2,750,000	" "
C.	Millers Ferry Lock & Dam (AL)	3,738,000	" "
D.	Mobile Harbor	3,793,000	" "
E.	Carters Lake, GA	3,203,000	" "
F.	Allatoona Lake, GA	4,998,000	" "
	Total	$21,535,000	

Notes on Operation and Maintenance Money Requested: Basically this is the money needed to conduct the business of the waterway, to operate and maintain it as designed. Four vital hydro power plants are involved: Jones Bluff, Millers Ferry, Carters and Allatoona. Maintenance of the Claiborne Lock and Dam is included in the Alabama-Coosa Operation and Maintenance figure since no power plant is involved. Maintenance dredging for the Alabama River and Mobile Harbor are included. The President's budget includes $18.1 million for operation and maintenance of these facilities. The figures for A, C, D and F are the Corps of Engineers "capability" figures and represent necessary work that should be done if the money is forthcoming.

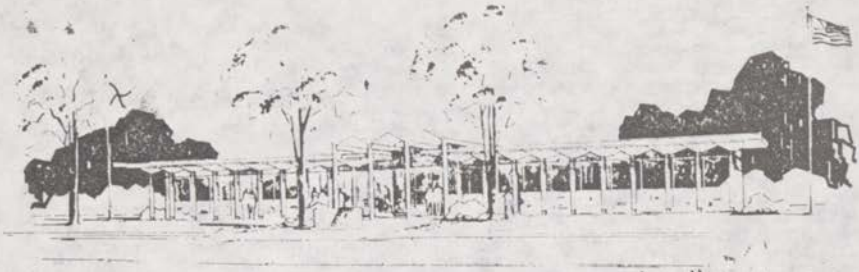
The Committees' consideration for the above named project will be greatly appreciated.

Sincerely yours,

CITY OF WETUMPKA

J. Melvin Gray

J. Melvin Gray
Mayor



CHAMBER OF COMMERCE
P. O. BOX 185
PHONE (205) 249-0308

Sylacauga, Alabama 35150

February 26, 1980

Honorable Tom Bevill, Chairman
House, Sub-committee on Appropriations for
Energy and Water Development
House of Representatives
Washington, DC 20515

Re: Appropriations for Fiscal Year 1980
Alabama - Coosa River System

Dear Congressman Bevill:

The continued development of the Coosa River is most important to the entire state of Alabama, and we urge your consideration to funding the further development of the Coosa-Alabama River.

There have been many projections as to what benefits would come when the Coosa River has been made navigable from Rome, Georgia to Montgomery, Alabama. Some have even projected a future "Ruhr Valley" for the areas served by the Coosa-Alabama waterway.

We will appreciate your favorable consideration of the necessary funding for continuing development of the Coosa-Alabama waterway.

Sincerely,

A. F. Whitman

A. F. Whitman
Executive Vice President

AFW:ghm

Childersburg Chamber of Commerce
Childersburg, Alabama 35044

February 25, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for Energy & Water Dev.
House of Representatives
Washington, D. C. 20515

Dear Congressman Bevill:

I am vitally interested in the development of the Coosa-Alabama River System. Our county has an unemployment rate of over 12% and the economic benefits of this project to our area would be tremendous. The sooner the construction starts, the sooner these benefits will be realized.

I urge you and your committee to approve the proposed 1981 appropriations for construction, operation and maintenance of this project as requested by the Coosa-Alabama River Improvement Association, Inc.

Thank you for your consideration.

Sincerely,

Dan W. Cleckler
President

DWC/r

City of Talladega

LARRY H. BARTON, MAYOR

P. O. BOX 498
TALLADEGA, ALABAMA 35160
OFFICE (205) 362-8775
RES. (205) 362-7821

March 10, 1980

The Honorable Tom Bevill
House, Sub-committee on Appropriations
for Energy and Water Development
House of Representatives
Washington, DC 20515

Dear Congressman Bevill:

The City of Talladega would appreciate your favorable action in your Sub-committee relative to the following river projects for the fiscal year, 1981:

For Construction

Alabama-Coosa River (AL)	$500,000	Advanced Engineering and Design
Jones Bluff Reservoir	2,060,000	Recreational facilities
Mobile Harbor (AL)	17,800,000	Continue construction
TOTAL	$20,360,000	

For Operation and Maintenance

Alabama-Coosa Rivers (AL)	3,053,000	Operate and maintain
Jones Bluff Lock & Dam (AL)	2,750,000	"
Millers Ferry Lock & Dam (AL)	3,738,000	"
Mobile Harbor	3,793,000	"
Carters Lake, GA	3,203,000	"
Allatoona Lake, GA	4,998,000	"
TOTAL	$21,535,000	

We are indeed interested in the continuation of development of the Coosa-Alabama River System. It is our feeling that the

continued improvement of this entire system will attain maximum benefits from the investment already made and will achieve the maximum potential of the river for this region and for the nation.

Your efforts to achieve this will be greatly appreciated.

Sincerely,

Larry Barton
Mayor

LB/bn

ST. CLAIR COUNTY COMMISSION
COURTHOUSE
ASHVILLE, ALABAMA 35953
TELEPHONE 594-5116

DR. JAMES H. McCLENDON
CHAIRMAN
SUE C. WILSON
CLERK AND TREASURER

BILL FRANKLIN
M. B. FERGUSON
PAUL MANNING
JAMES E. INGRAM
ASSOCIATE MEMBERS

February 27, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations
for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Congressman:

Attached is copy of resolution passed by the Commission yesterday in support of appropriation requests for the fiscal year 1981 for the Alabama-Coosa River System.

We will appreciate your urgent consideration.

Sincerely,

James H. McClendon

Chairman

JHMc/scw

RESOLUTION

WHEREAS, waterways are the most energy efficient mode of transportation not only to our region, but the nation as a whole; and

WHEREAS, it is the time of the year to make appropriations requests for fiscal year 1981 for the Alabama-Coosa River System;

NOW THEREFORE BE IT RESOLVED, that the St. Clair County Commission go on record in support of the following projects for construction, operation and maintenance in order to insure that the work stays on schedule:

Project and Location	Amount Requested	Purpose
I. For Construction:		
A. Alabama-Coosa River(AL)		
Coosa River Navigation Proj.	$ 500,000	Advanced Engineering and Design.
Jones Bluff Reservoir	2,060,000	Recreation facilities.
B. Mobile Harbor (AL)	17,800,000	Continue construction
Total	$ 20,360,000	
II. For Operations and Maintenance:		
A. Alabama-Coosa Rivers (AL)	$ 3,053,000	Operate and Maintain
B. Jones Bluff Lock & Dam (AL)	2,750,000	" "
C. Millers Ferry Lock & Dam (AL)	3,738,000	" "
D. Mobile Harbor	3,793,000	" "
E. Carters Lake, GA	3,203,000	" "
F. Allatoona Lake, GA	4,998,000	" "
Total	$ 21,535,000	

FURTHER, that copies of said Resolution be spread upon the Minutes of the Commission; and that the following individuals receive copies also:

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Honorable J. Bennett Johnson, Jr., Chairman
Senate, Subcommittee on Appropriations for Energy and Water Development
United States Senate
Washington, D. C. 20510

Adopted this 26 day of February, 1980, at a regular meeting of the St. Clair County Commission held in Pell City, Alabama.

ST. CLAIR COUNTY COMMISSION

James H. McClendon

Bill Franklin

M. B. Ferguson

Paul Manning

CITY OF PELL CITY

1905 FIRST AVENUE NORTH
PELL CITY, ALABAMA 35125

March 10, 1980

HUGH H. WILLIAMSON
Mayor
BILLY L. CHURCH
City Attorney
BETTIE SCOTT
Clerk

COUNCILMEN
R. F. COX
FOREST WALLS
CHARLES LOCKRIDGE
JOE SAWYER
PAUL TURNER

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for
Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Congressman Bevill:

For many years our City has participated in the Coosa-Alabama River Improvement Association and has supported their efforts in support of the development of our river system. Much of the program has been implemented and we are grateful for all of it but soon the work should begin that will be of real benefit for the citizens and industries of our area. So we ask that your committee give careful consideration to include in the budget appropriations funds as requested and outlined below for construction and operation and maintenance of the river systems. We realize that the work on the southern portion had to be completed before it would benefit our area but we want to realize the maximum benefit from the investment already made by completion of the entire program. Various studies have already substantiated the economic benefits of the Coosa Project and the sooner actual construction starts the sooner economic benefits will be realized.

Everyone today is energy conscious and the use of waterways is the most energy efficient mode of transportation. So development of the Coosa River for transportation will benefit our region and the nation as a whole.

Appropriations requested for fiscal year 1981 for Alabama-Coosa River System are:

1. For Construction:		
A. Alabama Coosa River (AL)		
Coosa River Navigation Project	$500,000	for Advanced Engineering and Design
Jones Bluff Reservoir	$2,060,000	Recreation facilities
B. Mobile Harbor(AL)	$17,800,000	Continue construction
II. For Operation and Maintenance:		
A. Alabama-Coosa Rivers (AL)	3,053.000	
B. Jones Bluff Lock & Dam (AL)	2,750,000	
C. Millers Ferry Lock & Dam (AL)	3,738,000	
D. Mobile Harbor	3,793,000	
E. Carters Lake, Ga.	3,203,000	
F. Allatoona Lake, GA	4,998,000	

Thank you for your consideration.

Yours truly,

Hugh H. Williamson

Hugh H. Williamson, Mayor
City of Pell City

GREATER PELL CITY
Chamber of Commerce

GATEWAY TO
LOGAN MARTIN LAKE

1905 1st AVENUE NORTH
PELL CITY, ALABAMA 35125
AREA CODE 205-338-3377

March 13, 1980

The Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations
for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Congressman Bevill:

The Pell City Chamber of Commerce is vitally interested in the development of the Alabama-Coosa River System and, in this connection, we urge you and your committee to vote favorably on funding this project. It is our sincere request that you recommend the Committee's approval of the following items contained in the Fiscal Year 1981 Budget for the projects of the Coosa-Alabama River System:

PROJECT AND LOCATION	AMOUNT REQUESTED	PURPOSE
I. For Construction:		
A. Alabama-Coosa River (AL) Coosa River Navigation Project	$ 500,000	Advanced Engineering & Design
Jones Bluff Reservoir	2,060,000	Recreation facilities
B. Mobile Harbor (AL)	17,800,000	Continue Construction
TOTAL	$20,360,000	
II. For Operation and Maintenance:		
A. Alabama-Coosa Rivers (AL)	$ 3,053,000	Operate and Maintain.
B. Jones Bluff Lock & Dam (AL)	2,750,000	Operate and Maintain.
C. Millers Ferry Lock & Dam (AL)	3,738,000	Operate and Maintain.
D. Mobile Harbor (AL)	3,793,000	Operate and Maintain.
E. Carters Lake (GA)	3,203,000	Operate and Maintain.
F. Allatoona Lake (GA)	4,998,000	Operate and Maintain.
TOTAL	$21,535,000	

We believe that the development of this great river system is most necessary in order that our Country might obtain the maximum benefits from the investment already made. The economic benefits of the Coosa-Alabama River System have been

clearly substantiated and the sooner construction begins on this project, the sooner these benefits will be realized. We would also like to point out that waterways are the most energy efficient mode of transportation and the development of this system will not only benefit our region, but will benefit the nation as a whole.

Your favorable consideration in this matter will be appreciated.

Sincerely yours,

Richard C. Ely

RICHARD ELY
President, Pell City Chamber of Commerce

RE/jh

CHEROKEE COUNTY COMMISSION

REGULAR MEETING EVERY MONDAY
CHEROKEE COUNTY COURTHOUSE
205-927-3668
CENTRE, ALABAMA 35960

CAROLYN SMITH, Chief Clerk
BRENDA RINGER; Clerk
JANICE SENTELL; Clerk
MIKE NAUGHER; County Planner
AL SHUMAKER, County Attorney

TOM WADE HAMPTON
President

MEMBERS
RAY JORDAN, Dist. 1
HAROLD DAY, Dist. 2
WILLIE MCDANIEL, Dist. 3
SIDNEY E. DAVIS, Dist. 4

February 26, 1980

Honorable Tom Bevill, Chairman
House Sub Committee on Appropriation
on Energy and Water Development
House of Representatives
Washington, D.C. 20515

Dear Congressman Bevill:

Navigation of the Coosa River would be very advantageous to our county for agriculture and coal mining.

An appropriation for the Alabama-Coosa River Project would be greatly appreciated.

Thanking you in advance for your consideration, I am,

Sincerely yours,

Tom Wade Hampton

Tom Wade Hampton
President

TWH/bsr

City of Centre

CENTRE, ALABAMA 35960

MRS. LILLIAN WHITE, MAYOR
MRS. FAYRENE CHAMBLESS, CLERK
JERRY D. O'NEAL, ASS'T CLERK

March 3, 1980

COUNCILMEN:
BURNEY BISHOP
WARREN B. DOTSON, JR.
JACK FORTENBERRY
CONLEY INGRAM
JEFF JOHNSON

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for
Energy and Water Development
House of Representatives
Washington, D. C. 20515

Dear Representative Bevill:

The City Council of Centre, Alabama, hereby respectfully submits its request for approval of the appropriation for fiscal year 1981 for construction and operation and maintenance cost totaling $41,895,000.00 for the continuation of the Alabama - Coosa River System.

The Alabama River portion of this Project is nearing completion but the Coosa River portion of this System needs advanced engineering and design with plans to complete navigation of this great water system all the way to Rome, Georgia.

The economic benefits to be derived by the area along these two (2) great river systems will not be complete until the entire river system is navigable from Mobile, Alabama to Rome, Georgia. Water navigation to and through the Port of Mobile is the most energy efficient mode of transportation. We respectfully request that the funds requested be approved for the Alabama - Coosa River System for the fiscal year 1981.

Respectfully submitted,

CENTRE CITY COUNCIL
Centre, Alabama

Lillian White

Lillian White, Mayor



Farmers & Merchants Bank
POST OFFICE BOX 220 · CENTRE, ALABAMA 35960
MRS. MARY GEORGE JORDAN WAITE, Chairman and President
205 - 927 - 3691

March 15, 1980

Honorable Tom Bevill
Chairman
House, Subcommittee on Appropriations for
Energy and Water Development
House of Representatives
Washington, D. C. 20515

Dear Congressman Bevill:

Our bank is extremely interested in appropriations for the fiscal year of 1981 for the Alabama-Coosa River System which we understand are to be requested right away.

We feel that this system will be an economic shot in the arm for the entire State of Alabama and part of Georgia. We live in the very beginning area of the Coosa River Navigation Project, and we would certainly do everything possible to help make navigation of the Alabama-Coosa River from Rome, Georgia to the Port of Mobile a reality.

Our area is the one that needs the work because the Alabama Port is essentially complete and navigable.

We respectfully request your cooperation in doing everything possible to obtain construction money with which we can continue the engineering first authorized in last year's appropriations. The maximum benefits are tremendously important to the economy of our area and our entire state.

Sincerely,

Mary George Jordan Waite

(Mrs.) Mary George Jordan Waite
Chairman and President

THE BANK WITH
The Heart of Gold
MEMBER FDIC

City of Rome
Georgia

March 5, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for Energy & Water Development
House of Representatives
Washington, D.C. 20515

Dear Sir:

The City of Rome respectfully requests favorable action by your subcommittee relative to the following river projects for the fiscal year 1981:

Project and Location	Amount Requested	Purpose
I. For Construction:		
A. Alabama-Coosa River (AL) Coosa River Navigation Project	$ 500,000	Advanced Engineering and Design.
Jones Bluff Reservoir	2,060,000	Recreation Facilities.
B. Mobile Harbor (AL)	17,800,000	Continue construction.
	$ 20,360,000	
II. For Operation and Maintenance:		
A. Alabama-Coosa Rivers (AL)	3,053,000	Operate and maintain.
B. Jones Bluff Lock and Dam (AL)	2,750,000	" "
C. Millers Ferry Lock and Dam (AL)	3,738,000	" "
D. Mobile Harbor	3,793,000	" "
E. Carters Lake, GA	3,203,000	" "
F. Allatoona Lake, GA	4,998,000	" "
	$ 21,535,000	

We are very interested in continuing the development of the Coosa-Alabama River System. Continued improvement of this entire system will attain maximum benefits from the investment already made and achieve the maximum potential of the river for this region and the nation.

Your favorable attention to this request will be greatly appreciated.

Sincerely,

ROME CITY COMMISSION

Harold F. Hunter, Jr.
Chairman

HFH,Jr.:fd

424 BROAD STREET • PHONE 291-7663 • ROME, GEORGIA 30161

ROME AREA CHAMBER OF COMMERCE

March 15, 1980

Honorable Tom Bevill, Chairman
House Subcommittee on Appropriations
for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Sir:

We enclose a resolution from the Rome Area Chamber of Commerce in the interest of the continuing development on the Coosa-Alabama River System.

We acknowledge, with sincere appreciation, the wholehearted support and appropriations that have made it possible to plan, begin, and continue construction on the following projects:

Alabama-Coosa Rivers
Allatoona Lake
Jones Bluff Lock and Dam
Carters Lake
Millers Ferry Lock and Dam
Mobile Harbor

We hold this program to be a splendid example of cooperation between the federal government and private power company development for the benefit of the entire Southeast.

Sincerely,

Carl T. Collins
Executive Vice President

jw

Enclosure

424 BROAD STREET • PHONE 291-7663 • ROME, GEORGIA 30161

ROME AREA CHAMBER OF COMMERCE

- RESOLUTION -

WHEREAS, those counties lying within the basin of the Alabama River are experiencing continuous economic growth due to the current development program now underway on the river; and,

WHEREAS, many of the counties in the area of the Coosa River have also begun experiencing economic growth because of the Alabama Power Company's development program, and this, too, will accelerate when the Alabama-Coosa waterway is fully navigable from Mobile to Rome, Georgia; and,

WHEREAS, unparalleled economic growth, recreation facilities, and a more productive way of life are but a few of the numerous benefits that will accrue when this great river system is developed; and,

WHEREAS, the potential exists.

THEREFORE BE IT RESOLVED, that the Rome Area Chamber of Commerce respectfully requests approval of the following appropriations:

For Construction:

Coosa River Navigation Project	$ 500,000
Jones Bluff Reservoir	2,060,000
Mobile Harbor	17,800,000

For Operation and Maintenance:

Alabama-Coosa Rivers	3,053,000
Jones Bluff Lock & Dam	2,750,000
Millers Ferry Lock & Dam	3,738,000
Mobile Harbor	3,793,000
Carters Lake	3,203,000
Allatoona Lake	4,998,000

We strongly urge the above appropriations representing the capability of the Corps of Engineers for Fiscal Year 1981.

Approved and adopted this 15th day of March, 1980.

Joel Sulzbacher, Chairman
WATERWAYS COMMITTEE

Rome & Floyd County, Georgia
Industrial Development Commission

March 11, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for
Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Sir:

The Rome-Floyd County, Georgia Industrial Development Commission is extremely interested in the continued development of the Coosa-Alabama River System. We consider this development necessary to realize the economic potential of the Rome, Georgia area.

We support the approval of the following appropriations for 1981:

For Construction	
Coosa River Navigation Project	$ 500,000
Jones Bluff Reservoir	2,060,000
Mobile Harbor	17,800,000
For Operation and Maintenance	
Alabama-Coosa Rivers	$ 3,053,000
Jones Bluff Lock & Dam	2,750,000
Millers Ferry Lock & Dam	3,738,000
Mobile Harbor	3,793,000
Carters Lake	3,203,000
Allatoona Lake	4,998,000

Thank you for your support and cooperation.

Sincerely,

M. Wayne Zeigler
Executive Director

MWZ/eh

Post Office Box 5591, Rome, Georgia 30161
Telephone (404) 234-8540

Willingham-Nelms Insurance Agency
428 BROAD STREET, P. O. BOX 164
ROME, GEORGIA 30161
291-6810 291-6490

March 15, 1980

Honorable Tom Bevill, Chairman
House, Sub-committee on Appropriations
for Public Works
House of Representatives
Washington, D. C. 20515

Dear Congressman Bevill:

The writer again appeals to your committee to look with favor on the appropriations being requested for the fiscal year of 1981 for the Alabama-Coosa River System. I have been interested in this project for a number of years, coming to Washington each year, at my own expense, to attend the hearings with the group representing Coosa-Alabama River Improvement Association, Inc. Your help in the past has always been appreciated and one of the main reasons for the project being completed to north of Montgomery and hope that before too many years pass, this will extend all the way to Rome, Georgia.

It is my opinion that the completion of this project all the way to Rome, Georgia would be a big influence on the growth of industries, business and agriculture for this area and a good investment for the country as a whole. The amount requested for 1981 budget totals $41,895,000. which for advance engineering, recreation facilities, construction and operation and maintenance is a small amount compared to what has been appropriated in the past and what the Alabama Power Company has spent so far, also barge transportation will aid greatly as far as energy conservation is concerned.

Thank you for your kind consideration and hope to see you again at the hearing on March 24.

Sincerely yours,

WILLINGHAM-NELMS INS. AGENCY

By: Sid Willingham

SW/ss

NATIONAL CITY BANK OF ROME

P. O. Box 1193 • Rome, Georgia 30161
(404) 291-9000

March 17, 1980

Honorable Tom Bevill, Chairman
House, Sub-Committee on Appropriations
for Energy and Water Development
House of Representatives
Washington DC 20515

Dear Senator Bevill:

I should like to request again that your Committee recognize the vital need in this growing area of our Country for completion of an Alabama-Coosa River Project, authorized in 1945, and in which we, as citizens, have already made a substantial investment.

The area of Alabama and Georgia served by the Coosa River thrives in industry and agriculture, which would be greatly stimulated by the development of the Coosa. I urge you and your Committee's approval of this most important project, and the appropriations attached.

Thank you for your consideration.

Sincerely,

Lloyd L. Summer, Jr.
President

LLS,Jr/jk

Eddie Rents

If you don't have it, we will.

207 W. 6th Street **ROME, GEORGIA 30161** Phone 291-0222

March 11, 1980

Honorable Tom Bevill, Chairman
House Subcommittee on Appropriations for Energy and Water Development
House of Representatives
Washington, DC 20515

Dear Mr. Bevill:

I am writing this letter in hopes that it might make some small contribution toward the eventual opening of the Coosa-Alabama Rivers to navigation for the entire length of the waterway, from Rome, Georgia to the Gulf of Mexico.

The complete opening of the rivers has long been a dream of many people in Alabama and northwest Georgia. It is my understanding that a steamboat actually made this trip at high water during the Civil War in an attempt to escape the Yankees.

There has already been much work done toward this end in the past, and the sound economics of completing this project is well documented. In order to protect the work and investments already completed I feel that the project must be continued, particularly since the fuel situation grows worse each month. Needless to say, barge traffic is probably the most fuel-efficient way to move bulky inland freight.

The many benefits to be derived from opening this water system are well documented by the very good work of the Coosa-Alabama River Improvement Association, Inc. Our region of the country is subject to rapid growth in the future; and manufacturing and mining industries would undoubtedly be greatly influenced to locate in the area served by this great, developed natural resource--the Coosa and Alabama Rivers.

Sincerely,

Ed Brock

Ed Brock, President
Eddie Rents, Inc.

TRI RIVERS WATERWAY DEVELOPMENT ASSOCIATION

POST OFFICE BOX 2232 DOTHAN, ALABAMA 36302 TELEPHONE 205/792-8611

March 14, 1980

The Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations
for Energy & Water Development
House of Representatives
Washington, D. C. 20515

Dear Representative Bevill:

This association would like to go on record in support of the budget items requested by the Coosa-Alabama River Improvement Association for the Corps of Engineers FY 1981 budget. This request, we understand, includes $500,000 for advanced engineering and design for the Coosa-River navigation project, $2,060,000 for recreation facilities on the Jones Bluff Reservoir, $17,800,000 for continued construction at Mobile Harbor, and $21,535,000 for operation and maintenance.

We are convinced that development of our navigable waterways for sufficient barge transportation offers the most logical means for longrange conservation of energy. As you probably know, the Mid-America Port Study predicts that shipping on the inland waterways of 17 states including Alabama must double by the year 2000. In Alabama, the study predicts barge transportation must increase from 27.9 million tons in 1976 to 80.3 million tons in 2000. It is important that we begin now preparing to meet that demand which is sure to involve all our waterways.

It is regretable that we could not be present to testify orally. Please accept this letter as our statement.

Sincerely yours,

Addie Summers

Addie Summers
Executive Director

AS:kc

THE MAY REALTY CO., INC.
POST OFFICE BOX 191
ROME, GEORGIA
30161

March 19, 1980

Honorable Tom Bevill, Chairman
House, Sub-Committee on Appropriations
for Energy & Water Development
House of Representatives
Washington, D.C. 20515

Dear Mr. Bevill:

Please do your utmost to see that the appropriations requested for the COOSA -ALABAMA RIVER SYSTEM during fiscal year 1981 are made available.

The amounts requested for the various locations are:

Project and Location	Amount Requested	Purpose
For Construction:		
Alabama-Coosa River (AL) Coosa River Navigation Project	$ 500,000	Advanced Engineering and Design
Jones Bluff Reservoir	2,060,000	Recreation Facilities
Mobile Harbor (AL)	17,800,000	Continue Construction
Total	$20,360,000	
For Operation and Maintenance:		
Alabama-Coosa Rivers (AL)	$3,053,000	Operate & Maintain
Jones Bluff Lock & Dam (AL)	2,750,000	" "
Millers Ferry Lock & Dam (AL)	3,738,000	" "
Mobile Harbor	3,793,000	" "
Carters Lake, Ga.	3,203,000	" "
Allatoona Lake, Ga.	4,998,000	" "
Total	$21,535,000	

Navigation from Rome to Mobile will greatly expand the industrial and commercial development of our area.

Sincerely,

Joel Sulzbacher,
President

Rome Manufacturing Company
P.O. Box 191 205 East Second Avenue Rome, Georgia 30161

March 19, 1980

Honorable Tom Bevill, Chairman
House, Sub-Committee on Appropriations
for Energy & Water Development
House of Representatives
Washington, DC 20515

Dear Mr. Bevill:

Please see that the funds requested for fiscal year 1981 for the development of the COOSA-ALABAMA RIVER SYSTEM are made available:

Project & Location	Amount Requested	Purpose
For Construction :		
Alabama-Coosa River (AL) Coosa River Navigation Project	$ 500,000	Advanced Engineering and Design
Jones Bluff Reservoir	2,060,000	Recreation Facilities
Mobile Harbor (AL)	17,800,000	
Total	$20,360,000	
For Operation and Maintenance:		
Alabama-Coosa Rivers (AL)	$ 3,053,000	Operate & Maintain
Jones Bluff Lock & Dam(AL)	2,750,000	" "
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Mobile Harbor	3,793,000	" "
Carters Lake, Ga.	3,203,000	" "
Allatoona Lake, Ga.	4,998,000	" "
Total	$21,535,000	

Navigation from Rome to Mobile will greatly expand the industrial and commercial development of our area.

Sincerely,

Joel Sulzbacher,
President

ETOWAH COUNTY COMMISSION
GADSDEN, ALABAMA 35901
TELEPHONE 205/546-2821

ROBERT (BOOLEY) HITT
CHAIRMAN
JESSE MARTIN
CHIEF CLERK

ASSOCIATE MEMBERS
WENDELL BRYANT — DIST. 1
CURTIS O'DELL — DIST. 2
LEE WOFFORD — DIST. 3
FLOYD STANLEY — DIST. 4

March 19, 1980

Congressman Tom Bevill
Chairman
Senate Subcomittee on Appropriation
for Energy and Water Resources
2305 Rayburn Building
Washington, D.C. 20515

Dear Congressman Bevill:

As Chairman of the Etowah County Commission, I would like to express my wholehearted support on the upcoming appropriations request for the Coosa Alabama River Project. I strongly urge and support the appropriation of $4,000,000 for the continued Advance Engineering and Design Studies for the development of a navigable Coosa River system; for the appropriation of$19,860,000 for recreational facilities at Jones Bluff Reservoir and continued construction of Mobile Harbor; and for the appropriation of $21,535,000 for the operation and maintenance of the Coosa Alabama River System.

It is my opinion that hundreds of Industries located along these waterways could benefit tremendously should this river become navigable.

I would like to commend the efforts of Congress to continue this development and further look forward to your approval of the requested appropriations.

ETOWAH COUNTY COMMISSION

Robert V. Hitt, Chairman

RVH:ab

the City of Gadsden
BOX 267/35902 ALABAMA

STEVE MEANS Mayor
GEORGE SIZEMORE Commissioner
TONY REYNOLDS Commissioner

March 19, 1980

Congressman Tom Bevill, Chairman
House Sub-Committee on Appropriations
for Energy and Water Resources
2305 Rayburn Building
Washington, D.C. 20515

Dear Congressman Bevill:

On behalf of the City of Gadsden, we would like to request your support of the upcoming appropriation hearings for the Coosa-Alabama river project. We feel that this will benefit all local industries and that it will encourage new industries to locate on the Coosa when it becomes navigable.

Thank you for your efforts in this most deserving project.

Sincerely,

Steve Means

Steve Means, Mayor

George Sizemore

George Sizemore, Commissioner

Tony Reynolds

Tony Reynolds, Commissioner

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GADSDEN Metro Chamber of Commerce GADSDEN Metro Chamber of Com
Commerce GADSDEN Metro Chamber of Commerce GADSDEN Metro Chan
hamber of Commerce GADSDEN Metro Chamber of Commerce GADSDEN M

March 18, 1980

Congressman Tom Bevill
Chairman
House Sub-Committee on Appropriations
For Energy and Water Resources
2305 Rayburn Building
Washington, D.C. 20515

Dear Congressman Bevill:

On behalf of over 900 business and industrial members of the Gadsden Metro Chamber of Commerce, we strongly urge and support the appropriation of $4,000,000 for the continued Advance Engineering and Design Studies for the development of a navigable Coosa River system; for the appropriation of $19,860,000 for recreational facilities at Jones Bluff Reservoir and continued construction of Mobile Harbor; and for the appropriation of $21,535,000 for the operation and maintenance of the Coosa-Alabama River system.

As you know, economic evaluations requested by the Congress and completed by the U.S. Army Corps of Engineers have justified the development of the Coosa River, and the requested appropriation is warranted. Under the Water Resources Act of 1976 and the criteria established, the Coosa River project is very feasible on the basis of the cost-benefit ratio, and the Chamber enthusiastically endorses that these advanced engineering and design studies be completed.

The Chamber applauds the desire of Congress to continue the developement of the economic potential of our waterways and endorse the use of strict criteria and a businesslike approach to justify the development of water resources. The Coosa River project meets the standards and criteria of all existing laws and regulations and we encourage its development.

On behalf of the Gadsden Metro Chamber of Commerce, we look forward to your approval of the requested appropriations.

With best regards, I am,

Sincerely,

Tommy Ford

Tommy Ford
Director of Development

TF:kg

400 Walnut Street / P.O. Box 185 / Gadsden, AL 35902 / (205) 543-3472

ETOWAH EXPANSION ASSOCIATION, INC.
P.O. Box 271 - 400 Walnut St. Gadsden, AL 35902 (205) 543-9423

March 18, 1980

Congressman Tom Bevill
Chairman
House Sub-Committee on Appropriations
for Energy and Water Resources
2305 Rayburn Building
Washington, D.C. 20515

Dear Congressman Bevill:

The Etowah Expansion Association, as this metropolitan area's economic development agency, wholeheartedly supports the upcoming appropriations request for the Coosa-Alabama river project.

It has already been determined that anticipated project benefits exceed total costs by a significant amount. Moreover, literally hundreds of industries proximate to the Coosa River could benefit from its navigability. Equally as important, new industrial development resulting from this project could have the effect of improving its cost/benefit ratio to an even greater extent.

In our estimation, it is imperative that the Coosa-Alabama river system be continually improved on a businesslike basis to obtain maximum benefits from the investment already made, and from investments to accrue in the future.

Very truly yours,

Michael B. McCain

Michael B. McCain
Executive Director

MBM:kg

OFFICIAL ORGAN OF FLOYD COUNTY AND CITY OF ROME

MORE THAN A CENTURY OF CONTINUOUS SERVICE

Rome News-Tribune

NEWS PUBLISHING COMPANY

THE ROME NEWS 1919—CONSOLIDATED 1923—THE TRIBUNE-HERALD 1843

ROME, GEORGIA 30161

March 20, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for Energy & Water Development
House of Representatives
Washington, D.C. 20515

Dear Sir:

Our newspaper has recognized for many years the vast potential that lies within the scope of the Coosa-Alabama River System. Completion of this system will directly enhance the economic well-being of countless thousands of citizens.

Your Sub-Committee has looked with favor upon this program in the past and all of us closely involved are grateful. We know that you are also aware that completion of the program as rapidly as possible is in the best interest of both the government and the people.

We earnestly solicit your continued support and urge that favorable consideration to be given to the total Fiscal Year 1981 request. You will note on the enclosed sheet that all funds requested are for continuation of projects already begun and that the work is well within the capability of the Corps. of Engineers for the 12 months period.

Sincerely,

B.H. Mooney, Jr.
Publisher

BHMjr:w
Encl. 1

OFFICIAL ORGAN OF FLOYD COUNTY AND CITY OF ROME

MORE THAN A CENTURY OF CONTINUOUS SERVICE

Rome News-Tribune

NEWS PUBLISHING COMPANY

THE ROME NEWS 1919—CONSOLIDATED 1923—THE TRIBUNE-HERALD 1843

ROME, GEORGIA 30161

APPROPRIATIONS REQUESTED FOR FISCAL YEAR 1981
FOR ALABAMA-COOSA RIVER SYSTEM.

Project and Location	Amount Requested	Purpose
For Construction:		
Alabama-Coosa River (AL)		
Coosa River Navigation Project	$ 500,000	Advanced Engineering and Design.
Jones Bluff Reservoir	2,060,000	Recreation facilities.
Mobile Harbor (AL)	17,800,000	Continue construction.
Total	$20,360,000	
For Operation and Maintenance:		
Alabama-Coosa Rivers (AL)	$ 3,053,000	Operate and Maintain.
Jones Bluff Lock & Dam (AL)	2,750,000	Operate and Maintain.
Millers Ferry Lock & Dam (AL)	3,738,000	Operate and Maintain.
Mobile Harbor	3,793,000	Operate and Maintain.
Carters Lake, GA	3,203,000	Operate and Maintain.
Allatoona Lake, GA	4,998,000	Operate and Maintain.
Total	$21,535,000	

WILCOX COUNTY COMMISSION

WILCOX COUNTY
CAMDEN, ALABAMA

March 20, 1980

F. R. ALBRITTON, JR.
J. C. MARTIN
ALVIN G. STONE
SAM C. HICKS
KENNON R. AGEE

HEROD C. RICHARDS, COUNTY ENGINEER

MISS GLADYS M. MASON, CLERK
ANDREW M. CROMER, JR.
COUNTY ATTORNEY

Honorable Tom Bevill, Chairman
House, Sub-Comm. on Approp. for Energy and Water Development
House of Representatives
Washington, D.C. 20515

Dear Representative Bevill,

The Wilcox County Commission of Wilcox County, Alabama hereby respectfully submits its request for approval of the appropriation for fiscal year 1981 for construction and operation and maintenance cost totaling $41,895,000 for the continuation of the Alabama-Coosa River System.

Continued improvement of this entire system will attain maximum benefits from the investment already made and achieve the maximum potential of the river for this region and the nation.

We respectfully request that the funds requested be approved for the Alabama-Coosa River System for the fiscal year 1981.

Sincerely,

E. R. Albritton, Jr.
Chairman
Wilcox County Commission

AUSTIN'S

Flowers

BETH W. AUSTIN, OWNER

FLOWERS
FOR ALL OCCASIONS
PHONE 567-6343 - NIGHT 567-5179
567-6487

124 COMPANY ST.

WETUMPKA, ALA.

March I7, I980

Honorable Tom Bevill, Chairman
House Sub-Committee
Energy & Water Development
Washington, D.C.

Dear Congressman Bevill:

As you know our association is scheduled to appear before you on March 24th. At this time we will present our request for fiscal year I98I. As you well know we have been working on this project since it was approved by Congress in I945. With navigation now available from the port of Mobile to Montgomery we feel that there should be no let up until until this project is completed to Rome, Georgia.

We feel that the bebefits have been clearly substantiated in the past and the sooner we start construction the sooner these benefits will be realized. With the energy crisis facing us today that river development is going to become more and more necesary. It will not only be a great Economic boost to our area but to the entire nation.

Yours truly,

Ellis Austin

Ellis Austin

EA/ba

AUSTIN'S

BETH W. AUSTIN, OWNER

Flowers

FLOWERS
FOR ALL OCCASIONS
PHONE 567-6343 - NIGHT 567-5179
567-6487

124 COMPANY ST.

WETUMPKA, ALA.

Appropriations Requested For Fiscal Year 1981
For Coosa-Alabama River System

I. For Construction

A. Alabama-Coosa River (AL) Coosa River Navigation Project	$500,000	Adv.Eng.
Jones Bluff Reservoir	$2,060,000	Rec.Fac.
B. Mobile Harbor (AL)	$17,800,000	Cont. Const.
TOTAL	$20,360,000	

II. For Operation and maintenance:

A.ALABAMA - COOSA RIVERS (AL)	$3053,000	Operate & Main.
B. JONES BLUFF LOCK & DAM (AL)	$2,750,000	" "
C. MILLERS FERRY LOCK & DAM (AL)	$3,738,000	" "
D.MOBILE HARBOR	$3,793,000	" "
E.CARTERS LAKE,GA.	$3,203,000	" "
F. ALLATOONA LAKE,GA.	$4,998,000	" "
TOTAL	$21,535,000	

Mr. BEVILL. The Chair recognizes Dr. Henry.

Dr. HENRY. Thank you, sir.

Well, the Coosa-Alabama River Improvement Association was formed 90 years ago, 90 years young and 25 years old.

We said that because we have been incorporated for 25 years.

Mr. BEVILL. I thought you were going to say "born again."

Dr. HENRY. That might fit sometimes.

None of us has been here 90 years, but some of us have been here 25 years. We have at our table here our Vice President for Alabama, and we would like to recognize her and have her speak a little bit to you, Mrs. Mary George Waite of Centre, Alabama.

Mr. BEVILL. We are pleased to have one of Alabama's most illustrious citizens testify.

STATEMENT OF MARY GEORGE WAITE

Mrs. WAITE. We want to thank you and the Members of your committee for allowing us to come here today. We realize that you have been trying to set priorities for the moneys of this land and we appreciate that fact in this economy in which we live.

I personally would have to be a little egotistical at this point, and as well as every person in the fourth Congressional District, because the Chairman of this particular committee belongs to us, and we are so proud of him, not only for what he is doing in this particular role but for what he does in his role in representing us here.

We feel strongly and unanimously, the 79 who came are expressing the views of all of them that we left at home in feeling that this should have priority on your list of priorities.

We certainly want to open from the Port of Mobile to the Port of Centre on down through Gadsden, on down to Mobile.

Mr. BEVILL. And the Port of Rome.

Mrs. WAITE. I am going to let my illustrious friend take care of Rome.

We do feel that this is an investment in the future and, of course, when we make investments we feel we should get benefits from them. We think that the benefits will directly and indirectly help our State, and we think we have a great State.

We feel that this will help supply energy, which is certainly a major problem today. We think it will open job opportunities for our young people on down through the years, and we feel like it might cut transportation costs some for our farmers and small business people up and down the river, so we do feel this is important.

We want to thank you for helping to make this possible to this point, because you certainly have, and we are grateful. We feel like Alabama has a decade of progress ahead, and it is exciting and we want this to be a part of the future.

Thank you so much.

Mr. BEVILL. Thank you.

It is a pretty hard act to follow.

Mr. Mooney?

STATEMENT OF BURGETT MOONEY

Mr. MOONEY. I want to tell you we are 100 percent behind this project, the people of Floyd County in Georgia. You furnish the money and we furnish the rivers, and we will all get along.

It is a pleasure being here, and we appreciate everything you have done for us in the past, and we know how hard you work on this committee.

Mr. BEVILL. Thank you very much.

Dr. HENRY. Gadsden and Etowah Counties are so essential to this river system, and we have with us today Mr. Hagedorn, who is President of the Gadsden Metropolitan Chamber of Commerce.

Mr. BEVILL. We would like to hear from Mr. Hagedorn. He is one of the executive group of the Chamber of Commerce, and they are a very outstanding group.

STATEMENT OF BUNNY HAGEDORN

Mr. HAGEDORN. It is a pleasure and indeed a privilege for us to be here.

I don't have to tell you that both sides of the delegation that we have here are as vitally interested as we are in this project.

It will have a tremendous economic impact on our area, and I assure you the benefits that will be derived from it will far exceed what is projected in your report.

I can only tell you this, having been born and raised in Gadsden, I know the people of this area have faith in the people of this area, and I will issue you a challenge:

You give us a navigable Coosa and we will show you what can be done.

Thank you.

[The statement follows:]

STATEMENT FROM THE GADSDEN METRO CHAMBER OF COMMERCE

Mr. Chairman: We appreciate this opportunity to appear before this distinguished committee of the Congress of the United States, representing the people of Gadsden and Etowah County, Alabama. Speaking on behalf of the mayor of the City of Gadsden, the Honorable Steve Means, on behalf of the chairman of the Etowah County Commission, the Honorable Robert V. Hitt, and on behalf of the over 900 business and industrial members of the Gadsden Metro Chamber of Commerce, we enthusiastically urge approval of the appropriation of $43,395,000.00 for construction, operation, and maintenance of the Alabama-Coosa River system.

We understand and appreciate the fact that there is not enough money to fund every project submitted; and as taxpayers, we appreciate the fact that before a water resource project can receive support, it must be declared feasible with a positive cost-benefit ratio and meet every standard established by the Congress.

Gentlemen, the Alabama-Coosa River project has passed these tests. We are proud of this fact. We have endured setbacks and time delays, yet our people come back each time with more enthusiasm and determination to see this most worthy project completed. The Coosa River project if feasible . . . The dams are already there thanks to private enterprise . . . And a developed Coosa River system would bring a tremendous amount of economic growth and stability to our area. The Coosa River project is important to our community's future.

Gadsden and Etowah County, as well as many communities along the Coosa River, have a great deal going for us. . . . All we need now is a navigable Coosa River system. We encourage your support and approval of the requested appropriation.

On behalf of the City of Gadsden, Etowah County, and the Gadsden Metro Chamber of Commerce, we would like to thank you very much for your consideration and leadership in helping us to develop the economic potential and quality of life of our community and our state. We will not let you down.

M. B. "BUNNY" HAGEDORN,
President.

TOMMY FORD,
Director of Development.

Mr. BEVILL. Fair enough. Very good.

Dr. HENRY. Mr. Chairman, fresh faces in our group today always make us feel real good because, as a matter of fact, we are working for them more than we are ourselves when we work for a long-term project of this type.

I wonder, sir, if you mind if the Dean of the Westminster Christian School of Gadsden could say a word?

Mr. BEVILL. Dean Parker, we would like to hear from you.

This is, as you know, this is the one place that the people can come in and express themselves on matters pending before Congress and how they feel for or against on whatever. The Members are the only ones that can do the talking on the Floor of the House, but here you can talk and we hear from you.

We are glad to have you and your group with us.

STATEMENT OF LEVAN PARKER

Mr. PARKER. Thank you very much. It is a privilege for our group to be here with such personalities in this room that mean so much to the history and vitality of our great Nation.

We feel like the young people that are here today represent much more than just the young people in this room, because we have had opportunities to talk with many other people and we had two young men in a congressional seminar last week and have been talking with young men and women across the Nation.

We are interested in local projects and in our country. We feel this is a vital interest for our section of the country, and in turn will greatly benefit not only our section but across our great Nation.

Our people come today to say that they represent the future and we feel this project represents the future, and we are in great support of that and the work you have done.

Thank you very much for your time and for your work and for your interest.

Dr. HENRY. Mr. Chairman, may I submit this statement as Chairman of the Coosa-Alabama River Improvement Association for the record so that in your leisure you may look it over?

We are supporting all of the sums in the budget, but in addition we are asking for some very needed supplementary funds, $2 million for this year and $4 million for next year, because of some engineering problems we have run into on the Coosa River.

There is a solid rock situation but there are pockets in that rock. It is limestone caverns that must be uncovered and filled to be made secure so that our investment will be really worthwhile.

I might add one more thing.

Mr. BEVILL. That statement will be a part of the record, Dr. Henry.

Dr. HENRY. Thank you, sir.

Speaking of the investment being worthwhile, that portion of the Coosa-Alabama River, the Alabama River itself from where it leaves the Warrior-Tombigbee System to Mobile, we did not anticipate the tonnage that we are having already, 3 million tons this year and next year 6 million tons, and we have provided the thing, and when your precedessors took the change, the benefit cost ratio was very close to one for one. It is now already 1.9 for 1, and returning substantial funds to the United States.

Thank you very much, sir.

BENEFIT-COST RATIO

Mr. BEVILL. Dr. Henry, that is a very important point that you have made. We had our committee staff go back and look at how well the U.S. Army Corps of Engineers was doing on those estimates for the benefit cost ratio.

These articles come out in the Reader's Digest. They will dust them off and change the date but it's the same old story. They usually criticize the benefit-cost ratio. To satisfy ourselves, this Committee had the staff go back and see what kind of a batting average the Army Corps of Engineers has had. We were amazed that they were being so conservative in the estimates on the benefits. Of course, we are glad they were conservative but they underestimated significantly on several projects. I remember that on the Lake Ponchartrain flood control project, in Mrs. Boggs' area, the original estimate was 1.3 to 1. Since 1956, the actual results have been over $140 in benefits for each dollar invested. I use that one as an example because it shows how conservative some of these estimates have been.

Those benefits are going to far exceed the estimates, I can guarantee you that, just by looking at the history and by the record. It shows it.

We appreciate your coming.

The Chair recognizes Mrs. Boggs.

Mrs. BOGGS. Mr. Chairman, I simply want to add my appreciation to all of you who have come here. I am particularly glad you brought these young people because it proves that you are 90 years young, and we certainly are very pleased that you are here.

I hope that all of the citizens who have accompanied you recognize the importance we attach to their interest and especially in taking the time to travel all the way here to Washington.

It makes a tremendous impression on us and on our colleagues. We do thank all of you for being here.

Dr. HENRY. Thank you, Ma'am.

Mr. BEVILL. Thank you for a very fine presentation. We will be looking forward to seeing you again next year.

Mrs. BOGGS. Mr. Chairman, may I just say that you have been saying nice things about the Members of the committee, and I am very proud to say, to verify what all of you know, how the Members of the committee feel about our Chairman.

He is one of the finest Members of the House of Representatives. He leads us with a firm but gentle hand. He is always fair, except he gives a little bit more to Alabama.

Mr. BEVILL. Thank you, Mrs. Boggs.

It is wonderful to have you good people up here. This means a lot. This is what makes it possible for the waterway to move on. We know that every person here has many other things they could have been doing, important things.

We realize it is not easy for you to take off from your businesses, work and school to come up here and appear before this committee, but it is important. Your presence is a great contribution to getting this waterway built on time and on schedule. It is on schedule, and we are going to keep it there.

We have about 2,000 people coming before our committee. When the hearings are completed, Congresswoman Boggs and I and our colleagues will sit down here at this table with the committee staff and we will write the bill. This is where the appropriation bill is written, and we expect it to have over $10 billion in it. It is a very small part of our whole appropriation process really. We have 13 annual appropriation bills, and this will be one of the 13. When the bill goes out that door, it will have some money in there for the Coosa-Alabama Project.

Don't think because of those vacant chairs that the other Members are not interested. The Committee will have the benefit of this record. We have Congressman Whitten, in addition to being Chairman of the House Appropriations Committee, he is Chairman of the Agriculture Appropriations Subcommittee. We call him the "Secretary of Agriculture" around the Capitol because he has more power than the Secretary of Agriculture. He and his Committee decide how much money is going into agriculture.

Next is Congressman Boland. He chairs the HUD-Independent Agencies Appropriations Subcommittee. He is one of our finest Members. He is also Chairman of the House Intelligence Committee. So I mention that because I don't want you to think that the entire committee is not interested in the Coosa-Alabama Project. They are all interested, and we are interested in developing the waterways throughout our Nation because we know it means a lot, especially during this time that we are striving to save energy. We know that these investments are going to play a bigger role in the future. Water development now is going to play a bigger role than ever before in the history of our country.

Congressman Buchanan is here and he has already submitted his statement. He is right out front pushing those projects.

Thank you very much.

WARRIOR-TOMBIGBEE WATERWAY

WITNESSES

HON. JOHN H. BUCHANAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

SHELDON L. MORGAN, PRESIDENT, WARRIOR-TOMBIGBEE DEVELOPMENT ASSOCIATION

Mr. BEVILL. Mr. Morgan, we are pleased to have you with us, and we are also pleased to have Congressman Buchanan here with us.

John, if you need to go, we will recognize you so that you may make your statement and then move on to your committee.

STATEMENT OF CONGRESSMAN BUCHANAN OF ALABAMA

Mr. BUCHANAN. Thank you, Mr. Chairman.

I join you in welcoming Sheldon Morgan, and we will make our case in just a moment.

I want to identify myself with what he will say and also I want to add a footnote.

As you know, the Warrior Tombigbee is a waterway that directly serves my City of Birmingham, and it is very important to us.

You and I are both aware that as it is true for our friends in Kentucky, it is true for Alabama and for your District in Alabama and mine, that coal is a great resource of our State.

Last week I, along with other Members of the President's Coal Commission, gave him our report after an 18-month study he asked us to make of the coal industry, and in our final report we sought to stress the need in this country for greater direct and indirect use of coal to meet our energy problems in order to reduce our reliance on imported oil.

Certainly transportation is one of the key and critical problems of the coal industry, and it is one of the things we have to have if we are going to do what our country needs in terms of using this marvelous wealth of coal we have in Alabama and the Nation and to meet our energy problems.

This waterway, along with the others you have been discussing this morning, has that importance. Along with the other waterways, it is important to Alabama and the Nation.

I wanted to add that footnote, because I know you are very much aware of the great resource we have in coal in our own State and how much our country needs to use that resource.

Mr. BEVILL. Congressman Buchanan, your full statement will be in the record at this point.

[The statement follows:]

WARRIOR-TOMBIGBEE RIVERS

Mr. Chairman: I am pleased to have this opportunity to appear today before the Subcommittee to express my support for the Warrior-Tombigbee Development Association and to request continued funding for the development of this river system which is very important to the economic well being of Alabama and the district which I have the honor to represent.

The Warrior-Tombigbee has been an important waterway for almost a century and continues to be an essential traffic artery for the State of Alabama. During the past thirty years, river traffic on this river system has grown by more than 600 per cent.

Of particular interest is the continuation of a study to determine the economic feasibility of the replacement of William Bacon Oliver Lock and the desireability of duplicating the Demopolis and Coffeeville Locks to accommodate the large volume of additional traffic expected to be generated by the completion of the Tennessee-Tombigbee System.

Currently, the Army Corps of Engineers' budget contains an allocation of $391,000 for General Investigations. This figure is inadequate to complete the study. A more realistic figure is $841,000 which would fund the corps to its maximum capability and insure the completion of the project in FY 1983 instead of FY 1984.

Early completion of the study could forestall the development of emergency situations resulting from anticipated growth of traffic on the Warrior-Tombigbee System and of any escalation of costs stemming from rising prices.

I, therefore, join the Warrior-Tombigbee Development Association in urging you to fund the General Investigations item at the $841,000 level.

In addition, I endorse the following allocations for the development of the Warrior-Tombigbee System:

Black Warrior and Tombigbee Rivers, Operations and maintenance	$7,272,000
Gulf Intracoastal Waterway, Operation and maintenance	2,048,000
Mobile Harbor (Theodore Ship Channel) Construction	17,800,000
Mobile Harbor, Alabama, Operation and maintenance	2,464,000

Mr. BEVILL. Thank you, Congressman Buchanan for a very fine statement, and we certainly respect your judgment on this project.

At least once, maybe twice a year, I fly over the water projects down in that area, and it is nice to look down and see the coal moving down the Tombigbee. You never fly over it without seeing some barges. It is playing such a big role in our balance of trade.

We have one-fourth of the world's supply of coal and it is estimated by the year 2030, the United States will become the "OPEC" of coal. This is one of the best things we can do to help ourselves on the trade imbalance that we have been facing for several years now. Coal plays such a big part in it so I certainly support everything you said about it.

Mr. Morgan?

STATEMENT OF SHELDON MORGAN

Mr. MORGAN. My name is Sheldon Morgan, and I serve as President of the Warrior-Tombigbee Development Association, and I appreciate the opportunity to appear before the committee.

I will be brief for we have already filed statements on behalf of the Association prior to coming here.

The Association is interested in the development of its waterway reaching from the Port of Mobile to the headquarters and to the Birmingham region.

Primarily, in our request that coincides with the Corps of Engineers' request for the 1981 budget, includes $7,275,000 for operation of this system, and $391,000 for general investigations.

Now, I would like to talk a moment about the general investigations. Now, the general investigations include economic studies, environmental investigations, and other factors related to further improvement of the headquarters to augment the flow during low rainfall times of the year and to provide water supply to cities in the upper regions of the waterway.

It also provides for the studies, for the replacement of the locks at the William Bacon Oliver Dam at Tuscaloosa.

I don't want to pass along without mentioning that for the record, the only lock on the entire system where the barge tows have to break up to transfer in the lock.

That is a very efficient operation on the investment the Federal Government has already made. We urge continued money to replace this old lock and dam at Tuscaloosa.

These are our concerns for the funding this year. We are advised that the full capability of the Corps in these investigations would be for $841,000.

The budget requires $300,000 and calls for a $391,000 request.

The full capability on this would provide for completion of those investigations in 1983 as opposed to 1984, and would hasten the completion and construction and improvements of this dam at Tuscaloosa, which is very important to the system, so we believe knowing full well that you have many priorities in this committee we leave it to your discretion, the evaluation as to whether the additional funding for the general investigations is warranted.

We just call this to your attention.

This completes my testimony on behalf of this system, but I would like to mention that all of the Alabama congressional delegation, in addition to Congressman Buchanan, have filed statements as well as our Governor. He has stated our interest and I would like to ask if you would let me make a statement in behalf of the port, the harbor projects in Mobile.

[The statement follows:]

Warrior-Tombigbee Development Association

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P. O. BOX 10127
Birmingham, Alabama 35202
Phone (205) 323-5461

Chairman-President
Sheldon L. Morgan
Senior Vice President
Industrial Development
The Merchants National Bank
Mobile, Alabama

Vice President
Tim Parker, Jr.
Vice President
Parker Towing Co.
Tuscaloosa, Alabama

Secretary-Treasurer
T. H. Findlay
President
Findlay Towing Co.
Tuscaloosa, Alabama

Executive Vice President
Clarence M. Kilian
Birmingham, Alabama

STATEMENT FOR
Subcommittees on Energy & Water Development
United States House of Representatives
United States Senate
March 24, 1980

My name is Sheldon L. Morgan. I am President of Warrior-Tombigbee Development Association. The membership of this Association consists of a cross-section of argicultural, commercial and industrial activities in the region comprising the Warrior-Tombigbee basin in Alabama. It was formed in 1952 to bring about the re-development of the Warrior-Tombigbee System, consisting at that time of fifteen locks and dams. Construction of that system (originally 17 locks and dams) began in the late 1870's and culminated with the seventeenth lock and dam in 1915. The navigation system provided by these locks and dams gradually was permitted to fall into disrepair as a result of insufficient funds for maintenance and repair. By the middle of 1950 the annual tonnage on the system had levelled off to about 2.5 million tons per year due to the limited capacity of the obsolete locks.

Warrior-Tombigbee Development Association's objectives since its formation has been not only the replacement of the outmoded locks and dams and improvements in the Mobile Bay area but also the appropriation of sufficient maintenance and operation funds to maintain the newer facilities in first class condition. Congress generally has appropriated the necessary funds to make this possible. As a consequence, there are now only six locks to traverse the 400 plus miles from the head of navigation to the Port of Mobile, one of the Nation's vital harbors.

River traffic on the Warrior-Tombigbee System has grown from approximately 2.5 million tons in 1952 to approximately 17 million tons in 1979 - a growth of 600 per cent. Only one of the older locks remains to be replaced - William Bacon Oliver Lock at Tuscaloosa. This lock with smaller dimensions than the other five locks is a bottleneck but is also sugject to frequent suspension of traffic to permit repairs. Because this structure is a bottleneck, it is not possible for the five newer locks, the dimensions of which are 110 feet x 600 feet against 95 feet x 460 feet for Oliver, to be used to their maximum capacity.

We realize, of course, that authorization for the replacement of this lock must come via another committee. However, we mention this need because among other items the proposed FY 1981 Civil Works Budget for Alabama includes an item of $391,000 for General Investigations to fund the continuation of a study to determine the economic feasibility of the replacement of William Bacon Oliver Lock as well as the desirability of

duplicating Demopolis and Coffeeville Locks to accommodate the large volume of additional traffic expected to be generated by the completion of the Tennessee-Tombigbee System. The study also embraces a review of potential additional sites for water supply for low flow augmentation, industrial and other uses and bringing up-to-date the economic profile of the area as reflected in an earlier study. The study also addresses the environmental quality needs in the Tombigbee River below Demopolis and will develop environmental impacts on Mobile Bay of any improvement plans developed by the study.

We invite your special attention to the item of $391,000 for General Investigations. This figure is inadequate to complete the study. The Corps of Engineers has a capability of $841,000. If instead of making only $391,000 available to the Corps of Engineers this Committee would approve $841,000 which is the Corps capability for conducting this study, it would be completed in FY 1983. Without the funding at full capability, the completion date would be delayed until FY 1984. The problems attending the current and anticipated growth of traffic on the Warrior-Tombigbee System become more acute as time passes. Early completion of the study could forestall the development of emergency situations and consequently escalation of costs.

We, therefore, urge funding of this item in the full amount of the Corps capability - namely, $841,000.

Included in the budget which this Committee is now considering are the following items bearing directly on the needs of the Warrior-Tombigbee System:

Black Warrior and Tombigbee Rivers	Operation and Maintenance	7,275,000
Warrior-Tombigbee Rivers, Alabama & Mississippi	General Investigations (See Above Paragraph)	391,000

Other needs allied to the Black Warrior-Tombigbee include:

Gulf Intracoastal Waterway, Alabama	Operation and Maintenance	2,048,000
Mobile Harbor (Theodore Ship Channel)	Construction	17,800,000
Mobile Harbor, Alabama	Operation and Maintenance	2,464,000

We fully endorse and seek the approval of these items. I as President of Warrior-Tombigbee Development Association; Mr. Clarence Kilian, our Executive Vice President and our other officers; our Board of Directors and membership generally appreciate the consideration the Chairmen of this Subcommittee and its predecessor and the members and staff have shown us in past years.

We value our relationship with the Committee. It is our policy to make no unreasonable requests and to avoid needlessly taking up the Committee's time. This we have practiced over the years.

Thank you for whatever consideration you can give the U. S. Army Corps of Engineers 1981 FY budget requests as they relate to Alabama.



The Merchants National Bank of Mobile

CAPITAL & SURPLUS $20,000,000.00

SHELDON L. MORGAN
SENIOR VICE PRESIDENT

Mobile, Alabama

P. O. DRAWER 2527
MOBILE, ALABAMA 36622

March 5, 1980

Honorable Tom Bevill, Chairman
House, Subcommittee on Appropriations for
Energy and Water Development
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

My name is Sheldon L. Morgan and I serve as Chairman of the Port and Waterways Committee of the Mobile Area Chamber of Commerce. Listed below are the items in the FY '81 budget for improvements in the Mobile, Alabama harbor. We solicit your continued support in seeing these projects through to completion and the funding requested in each case will keep us on schedule with the necessary navigational projects in the Mobile Harbor.

Mobile Harbor (Theodore Ship Channel)	Construction	$ 17,800,000
Mobile Harbor, Alabama	Operation and Maintenance	2,464,000
Gulf Intracoastal Waterway, Alabama	Operation and Maintenance	2,048,000
Perdido Pass, Alabama	Operation and Maintenance	122,000
Dauphin Island Bay, Alabama	Operation and Maintenance	80,000

We appreciate the support of the Committee as we come before you each year and value the fine cooperation which we have experienced, making possible the many benefits of Alabama's only seaport - Mobile.

Sincerely,

Sheldon L. Morgan

SLM/mal

Warrior-Tombigbee Development Association

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Phone (205) 323-5461

Chairman-President
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STATEMENT FOR
Subcommittees on Energy & Water Development
United States House of Representatives
United States Senate
March 24, 1980

My name is Sheldon L. Morgan. I am President of Warrior-Tombigbee Development Association. The membership of this Association consists of a cross-section of agricultural, commercial and industrial activities in the region comprising the Warrior-Tombigbee basin in Alabama. It was formed in 1952 to bring about the re-development of the Warrior-Tombigbee System, consisting at that time of 15 locks and dams. Construction of that system (originally 17 locks and dams) began in the late 1870's and culminated with the seventeenth lock and dam in 1915. The navigation system provided by these locks and dams gradually was permitted to fall into disrepair as a result of insufficient funds for maintenance and repair. By the middle of 1950, the annual tonnage on the system had levelled off to about 2.5 million tons per year due to the limited capacity of the obsolete locks.

Warrior-Tombigbee Development Association's objectives since its formation has been not only the replacement of the outmoded locks and dams and improvements in the Mobile Bay area, but also the appropriation of sufficient

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maintenance and operation funds to maintain the newer facilities in first-class condition. Congress generally has appropriated the necessary funds to make this possible. As a consequence, there are now only six locks to traverse the 400-plus miles from the head of navigation to the Port of Mobile, one of the Nation's vital harbors.

River traffic on the Warrior-Tombigbee System has grown from approximately 2.5 million tons in 1952 to approximately 17 million tons in 1979 - a growth of 600 percent. Only one of the older locks remains to be replaced - William Bacon Oliver Lock at Tuscaloosa. This lock with smaller dimensions than the other five locks is a bottleneck, but is also subject to frequent suspension of traffic to permit repairs. Because this structure is a bottleneck, it is not possible for the five newer locks, the dimensions of which are 110 feet x 600 feet against 95 feet x 460 feet for Oliver, to be used to their maximum capacity.

We realize, of course, that authorization for the replacement of this lock must come via another committee. However, we mention this need because among other items the proposed FY 1981 Civil Works Budget for Alabama includes an item of $391,000 for General Investigations to fund the continuation of a study to determine the economic feasibility of the replacement of William Bacon Oliver Lock as well as the desirability of duplicating Demopolis and Coffeeville Locks to accommodate the large volume of additional traffic expected to be generated by the completion of the Tennessee-Tombigbee System. The study also embraces a review of potential additional sites for water supply for low flow augmentation, industrial and other uses and bringing up-to-date the economic profile of the area as reflected in an earlier study. The study

also addresses the environmental quality needs in the Tombigbee River below Demopolis and will develop environmental impacts on Mobile Bay of any improvement plans developed by the study.

We invite your special attention to the item of $391,000 for General Investigations. This figure is inadequate to complete the study. The Corps of Engineers has a capability of $841,000. If, instead of making only $391,000 available to the Corps of Engineers, this Committee would approve $841,000, which is the Corps capability for conducting this study, it would be completed in FY 1983. Without the funding at full capability, the completion date would be delayed until FY 1984. The problems attending the current and anticipated growth of traffic on the Warrior-Tombigbee System become more acute as time passes. Early completion of the study could forestall the development of emergency situations and consequently escalation of costs.

We, therefore, urge funding of this item in the full amount of the Corps capability - namely, $841,000.

Included in the budget which this Committee is now considering are the following items bearing directly on the needs of the Warrior-Tombigbee System:

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Mobile Harbor, Alabama	Operation & Maintenance	2,464,000

We fully endorse and seek the approval of these items. I, as President of Warrior-Tombigbee Development Association; Mr. Clarence Kilian, our Executive

Vice President and our other officers; our Board of Directors and membership generally appreciate the consideration the Chairmen of this Subcommittee and its predecessor and the members and staff have shown us in past years. We value our relationship with the Committee. It is our policy to make no unreasonable requests and to avoid needlessly taking up the Committee's time. This we have practiced over the years.

Thank you for whatever consideration you can give the U. S. Army Corps of Engineers 1981 FY budget requests as they relate to Alabama.

WILLIAM L. DICKINSON
2ND DISTRICT, ALABAMA

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BARBOUR — CRENSHAW
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COFFEE — HENRY
CONECUH — HOUSTON
COVINGTON — MONTGOMERY
PIKE

Congress of the United States
House of Representatives
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WALTER J. BAMBERG
FIELD REPRESENTATIVE

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DOTHAN, ALABAMA 36303

COMMITTEES:
ARMED SERVICES
HOUSE ADMINISTRATION
JOINT COMMITTEE ON PRINTING

March 24, 1980

Honorable Tom Bevill
Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

Our mutual friend, Ms. Addie Summers, Executive Director of the Tri-Rivers Waterway Development Association, Dothan, has furnished us copies of the statement which she has submitted for the record for this year's Energy and Water Development hearings.

We wholeheartedly endorse the Tri-Rivers Waterway Development Association's request for funds for the Apalachicola-Chattahoochee-Flint rivers for fiscal year 1981, including the request for $50,000 to continue the Corps of Engineers' investigation of navigation problems on the rivers. As you know, the governors of Alabama, Georgia and Florida have been working to iron out several areas of concern and we feel it is important that this vital work continue. Therefore, we respectfully request that you and the other members of the Energy and Water Development Subcommittee give every possible consideration to the proposal from the Tri-Rivers Waterway Development Association.

Sincerely yours,

Wm L Dickinson

WM. L. DICKINSON, M.C.

BILL NICHOLS, M.C.

WLD/ls

TRI RIVERS WATERWAY DEVELOPMENT ASSOCIATION

POST OFFICE BOX 2232 DOTHAN, ALABAMA 36302 TELEPHONE 205/792-8611

STATEMENT ON THE CIVIL WORKS BUDGET
OF THE U. S. ARMY CORPS OF ENGINEERS
Before the House Subcommittee on Appropriations
for Energy and Water Development

March 24, 1980

Tri-Rivers Waterway Development Association is a non-profit organization of Georgia, Florida and Alabama local governments, individuals and businesses dedicated to the orderly development of the Apalachicola-Chattahoochee-Flint Waterway in three states.

We respectfully request the subcommittee to add to the President's proposed budget a $50,000 item for "general investigations (navigation)" for the Apalachicola-Chattahoochee-Flint Waterway. This money would allow the Corps to participate in a new three-state effort to resolve conflicts over use of the waterway.

The Corps Mobile District did not request study money because at the time the FY 1981 budget was being planned, the three states appeared hopelessly deadlocked over use of the waterway. The Corps, unable to maintain the authorized channel in the Florida portion of the waterway, had studied the problem intermittently since 1971 and suggested many alternatives, only to have them rejected. (Congress appropriated $100,000 for the investigations in FY 1980.) Further study appeared futile. However on August 2, 1979, the governors of the three states met and appointed a task force to resolve waterway problems. The task force has met several times and reached some specific agreements. The task force is now planning a broad, "Level - B" or "Special" study, for which funding will be sought under the Water Resources Council. Since the states do not have the technical staffs required, the Corps is being called on to do most of the detailed design work for the study and will, of course, participate along with other federal and state agencies once the study is underway.

For operation and maintenance of the system, we support the President's proposed budget.

SUMMARY OF TRI-RIVERS REQUEST

ALABAMA	
Walter F. George Lock and Dam (Multi-purpose)	
Operation and maintenance	$ 5,709,000
FLORIDA	
Apalachicola, Chattahoochee and Flint Rivers	
General Investigations (Navigation)	50,000
Operation and maintenance	3,138,000
Jim Woodruff Lock and Dam - Lake Seminole (Multi-purpose)	
Operation and maintenance	4,404,000
GEORGIA	
Buford Dam - Lake Sidney Lanier (Multi-purpose)	
Operation and maintenance	5,891,000
West Point Lake (Multi-purpose)	3,422,000
TOTAL, APALACHICOLA-CHATTAHOOCHEE-FLINT SYSTEM	$22,614,000

DEVELOPMENT OF THE

APALACHICOLA - CHATTAHOOCHEE - FLINT RIVERS

Mr. BEVILL. Sure; go right ahead.

Mr. MORGAN. I serve as chairman of the Port and Waterways Committee of the Mobile Chamber of Commerce. We have a broad committee representing all the maritime interests and general business interests there in the port city, and we have in the budget this year continuation of the Theodore Project, with $17,800,000 construction funds which will keep that project on schedule, and there is operation and maintenance funds for the harbor, the main ship channel, the intercoastal waterway, Perdido Pass, and Dauphin Island Bay, which suffered considerable silting from the hurricane. These are our requests enumerated in a separate statement I would like to leave for the record.

I appreciate the opportunity.

Mr. BEVILL. It will be a part of the record, and thank you so much for your fine statement.

WILLIAM BACON OLIVER PROJECT

Mr. Morgan, has the study been completed on the William Bacon Oliver project?

Mr. MORGAN. No, sir; they put it in the overall study. William Bacon Oliver is in the overall study that is being made on the entire statement for environmental studies, the headwater study, the lower river study for the Tenn-Tom, all those things, all wrapped in one study. And I think it would be best to keep it in that overall study.

Mr. BEVILL. That is good. The Chair recognizes Mrs. Boggs.

Mrs. BOGGS. Thank you, Mr. Chairman. I wanted to address myself to that, also. I think you are correct in saying it should stay in the overall study, because I do believe that we have to start paying attention to the regional benefits of all of these expenditures. I think this lock that needs to be replaced, and other locks that need to be enlarged within the context of the whole program is a very salutary way of solving the problems of how one condition in one part of the program impacts upon other parts. I was amazed to see an increase of 600 percent since 1952 in the river traffic in the Florida Tombigbee system. Surely the William Bacon Oliver Lock at Tuscaloosa can't compare to that kind of increase, particularly with the types of vessels it now has to handle.

We are pleased you were here, and I want to tell you that you are extremely fortunate with your congressional representation, not only the Chairman but also John Buchanan. I have never known anything that happens in that area of the country where these two men haven't been in the forefront of the leadership.

Mr. MORGAN. We agree with you, too. Thank you very much.

Mr. BUCHANAN. Mr. Chairman, could I briefly say I would feel that if we did not have any representation in the Congress from Birmingham or such fine representation from Alabama, we would have a very fine representative in the gentlewoman from Louisiana, who does really look after our whole country and particularly our State of Alabama as well as her own, and we appreciate it very much.

Mr. BEVILL. She is a tremendous part of this committee. She does a great job.

Thank you so much for a fine presentation, Mr. Morgan, and Congressman Buchanan.

Congressmen Dickinson and Nichols have previously submitted statements on behalf of the Tri-River Waterway Development Association that are a part of the record.

TALLAHALA CREEK, MISS.

WITNESSES

HERLON PIERCE, ACTING EXECUTIVE DIRECTOR, PAT HARRISON WATERWAY DISTRICT, AN AGENCY OF THE STATE OF MISSISSIPPI
ISSAC THOMAS, MEMBER, BOARD OF DIRECTORS
ROBERT L. ABNEY, JR., MEMBER, BOARD OF DIRECTORS GEORGE GUNTER, LEGAL COUNSEL

Mr. BEVILL. The Chair will recognize Mr. Pierce from the Pat Harrison Waterway District.

I know Chairman Whitten and Congressman Trent Lott are both very interested in this project. We are pleased to have each of you with us, Mr. Pierce, and the other members of your delegation.

Mr. PIERCE. Thank you, Mr. Chairman. I have with me two members of the Board of Directors of the Pat Harrison Waterway District, Mr. Thomas and Mr. Abney, who are representatives of the affected county of the Tallahala Creek Reservoir Projects, and Mr. George Gunter, who is Legal Counsel for the district.

Mr. BEVILL. We are pleased to have each of you with us today.

Mr. PIERCE. I am Herlon Pierce, Acting Executive Director of the Pat Harrison Waterway District, an agency of the State of Mississippi.

The District is made up of the Pascagoula River Drainage Basin in the southern part of the State, and the District was formed and is funded by the local people to act as local sponsors to needed federally-funded water resource projects within the basin.

This means that our agency sponsors Corps of Engineers, Soil Conservation Service, Bureau of Outdoor Recreation, Department of Energy, Economic Development Administration, and Environmental Protection Agency, and other Federal agency projects.

Because of the many water resources needs in the country in the Pascagoula River Basin, the Waterway District believes it is vital that the Congress provide the maximum possible fund for these agencies for the earliest possible completion of much needed projects, not only in our area and State, but throughout the U.S.

The Tallahala Creek Lake Reservoir Project to be constructed by the Corps of Engineers does not have a construction fund request in the recommended fiscal year 1981 budget.

PROJECT DELAYS

This project has encountered unwarranted and unusual delays since authorization in 1968, and we believe that it is possible that existing studies being conducted by the Corps could be completed prior to the

end of fiscal year 1981, causing a need for funds for the beginning of land acquisition. In the last nine years alone, the City of Laurel, Mississippi, has experienced numerous floods which have caused more than 25,000 homeless days for its people and more than $10 million in damages to private and public properties. These losses would have been averted had the Tallahala Creek Reservoir Project been in operation.

Every year, for example, that the project is delayed, average annual benefits equaling more than $3 million are delayed. Flooding continues on more than 31,000 acres of agricultural land. Three hundred acres of residential land and 900 acres of commercial land affecting more than 600 homes, 30 businesses, and several industrial sites, schools, and the City of Laurel sewer system. As can be understood, loss of life and health hazards are of deep concern during these floods.

The District also supports an increase in funding to the Department of Agriculture Soil Conservation Service Watershed Program. These projects are very important in our area, reducing flooding in rural areas, causing many acres of nonproductive but rich farm and timber lands to be reclaimed.

We, therefore, respectfully request that your committee provide $1 million in appropriations to the Tallahala Creek Reservoir Project, and that you give every consideration for increased funding to the Department of Agriculture's Soil Conservation Service Watershed Program and support budget recommendation amounts to those other agencies that are important in developing and utilizing the water resources of this nation, our State, and our area.

Mr. Chairman, I have presented written statements for the record that include other statements from community leaders within the affected areas of the Tallahala Creek Reservoir Project, which demonstrates the intent, need and support of this much needed project. Other statements will be submitted, if permissible, for the record, and we thank you for this time, Mr. Chairman.

[The statements follow:]

PAT HARRISON WATERWAY DISTRICT,
Hattiesburg, Miss., March 24, 1980.

Mr. Chairman and Distinguished Members of this Committee: My name is Herlon D. Pierce, Acting Executive Director of the Pat Harrison Waterway District, an Agency of the State of Mississippi.

The Pat Harrison Waterway District is made up of the Pascagoula River Basin in the southeastern part of the State. In addition, the District acts as local sponsoring agency for all Federally funded water resource projects within the Pascagoula River Basin. This means that our agency sponsors Corps of Engineers, Soil Conservation Service, Bureau of Outdoor Recreation, Department of Energy, Economic Development Administration and Environmental Protection Agency projects. Because of the many water resources needs in the Pascagoula River Basin, the Pat Harrison Waterway District is very much interested in providing the maximum possible funds to those agencies we deal with and for projects in our area.

The Tallahala Creek Reservoir Projects, to be constructed by the Corps of Engineers, does not have a construction fund request in the Fiscal Year 1981 budget. We respectively request that at least $1 million dollars be provided for advanced land acquisition in the FY 1981 budget even though the Corps of Engineers has indicated a lack of capability on this project for FY 1981.

We believe that this project has encountered unusual delays since authorization in 1968 and, further believe, that it is possible that existing studies, being conducted by the Corps of Engineers, could be completed prior to the end of FY 1981 causing a need for funds for the beginning of land acquisition.

In the last nine years, the City of Laurel, Mississippi, has experienced numerous floods which have caused more than 25,000 homeless days for its people; private property damage amounting to more than $5 million dollars, public property damage amounting to more than $2 million dollars. These losses could have been averted had the Tallahala Creek Reservior Project been in operation.

Every year the project is delayed, average annual benefits equalling more than $3 billion dollars are delayed. Flooding continues on more than 31,000 acres of agricultural land, 300 acres of residential land, and 900 acres of commercial land. Within this area, there are more than 600 homes, more than 30 businesses. and several industrial sites, two schools and the City of Laurel's sewer system. As can be understood, loss of life is of deep concern as well as the concern as well as the concern for serious health hazards during each flood.

The Pat Harrison Waterway District supports an increase in funds for the Department of Agriculture's Soil Conservation Service Watershed Program. These projects are very important in our area reducing flooding rural areas, causing many acres of productive farm and timber lands to be reclaimed, increased funding would speed up this development program causing earlier benefits to lands that are rich and could be extremely productive.

In a general nature, the Pat Harrison Waterway District also wishes to support budget recommendations for all those remaining Federal agencies which were mentioned earlier.

We, therefore, respectively request that you provide the $1 million dollars in appropriations to the Tallahala Creek Reservoir Project and that you give every consideration for the Department of Agriculture's Soil Conservation Service Watershed Program, and support budget recommendations to those other agencies that are important in developing and utilizing the water resources of this nation and of the Pascagoula River Basin.

Mr. Chairman, I would like to present a written statement for the record that includes other statements from community leaders within the affected areas of the Tallahala Creek Reservoir Project.

Thank you.

Attachments.

LAUREL CHAMBER OF COMMERCE,
Laurel, Miss.

STATEMENT OF THE LAUREL CHAMBER OF COMMERCE

The Tallahala Creek starts in Jasper County approximately twenty-five (25) miles north of Laurel, Mississippi and drains a good portion of Jasper County. The Creek flows near and through the eastern part of Laurel, continues on entirely through Jones County and the northern portion of Perry County before it flows into the Leaf River.

For more than twenty (20) years the Laurel Chamber of Commerce has worked to provide some way to control the water in this Creek which has a long history of flash flooding in time of heavy rains.

According to documented evidence presented by the U.S. Army Corps of Engineers the Tallahala Creek has produced flooding conditions seventy-one (71) times in the twenty-five (25) year period from 1939 to 1964. Flooding conditions have not been noticeable less frequent since 1964 and it is a reasonable estimate that this area has suffered from floods over 100 times in the past forty (40) years.

The U.S. Army Corps of Engineers have studied all alternative plans and have recommended that a dam be built about seven miles north of Laurel to create a reservoir that could hold back surplus waters during rainy periods and release this water to stabilize the flow of the Creek at other times.

The two important questions to be considered are: Is the dam needed, and is it economically feasible to build and maintain?

As to its need let us state that these frequent floods have cost the people of this area and the Federal Government, in disaster assistance and loans, millions of dollars. Unlike mighty rivers like the Mississippi River where people who are to be flooded, in most cases, have days to plan and carry out evacuation, the people in this area only receive a few hours notice which means they do not have time to save their furniture and other belongings. Most of the people that are affected are those in the lower economic strata and can least afford these frequent losses.

The most recent flooding occurred on March 3, 1979 when, in one day, seven inches of rain fell throughout the day. The local drainage sewers were taxed to capacity but little damage was recorded that day. The next day was sunny but the Tallahala Creek was rising steadily and was four feet above flood stage by midnight. A crest of six feet of flood level was predicted for Tuesday. By Sunday night 250 people were evacuated from their homes.

Drainage ditches that drained the area on Saturday were now filling up with water from the Tallahala Creek. Considerable damage was done to drainage facilities and sewage treating lagoons creating a health hazard.

On Monday and Tuesday, County Schools throughout Jones County were closed because of the many roads used by schools buses were flooded.

One industry, Wayne Poultry Company, was closed because of the flooding causing 300 employees to lose working time and much needed pay checks. Several other industries were apprehensive that they, too, would be inundated. Fortunately the rain lasted but one day.

The Reservoir, when completed, will also provide the City of Laurel with a needed additional source of drinking water. At present Laurel secures all its water from 13 wells from 318 to 530 feet deep. With expended demand for water, and especially in dry seasons, the water level has been dropping. The experience of many parts of the country provide concrete evidence that the amount of water that can be taken from the ground is not unlimited. Laurel needs this additional source of water.

There is little doubt that the Tallahala Dam and Reservoir is needed—and as soon as possible.

As to the feasibility. The U.S. Army Corps of Engineers have made repeated studies that show this project is economically feasible even with the solution to a new problem—protecting the present and proposed oil wells in the area. Their benefit costs are not permitted to include the savings of millions of dollars from frequent floods but this will be a major benefit to the people throughout Jones county.

The Laurel Chamber of Commerce respectfully urges the members of Congress to provide the funding that will make this much needed and feasible project a reality and put an end to the constant fear of flooding and the tragic situations that happen when flooding occurs.

Yours very truly,

OWEN L. NEATHERY,
Executive Secretary.

SPECIAL RESOLUTION OF SUPPORT OF THE PROPOSED TALLAHALA CREEK INLET

Whereas, it has come to the attention of this Board through reports in the public media that funds for construction of the Tallahala Creek Inlet may be jeopardized by the failure of a presidential budget request; and

Whereas, the citizens of Jones County have related to this Board many examples of personal suffering, misery, and hardship as a result of flooding of Tallahala Creek; and

Whereas, the continued agricultural and industrial development of Jones County and other South Mississippi counties mandates the construction of the Tallahala Creek Inlet; and

Whereas, thousands of acres of farmland are unnecessarily inundated along Tallahala Creek; and

Whereas, hundreds of thousands of public and private dollars have already been spent to develop roads, bridges, and lots in the Tallahala Flood Plain as a result of congressional authorization for construction of the Tallahala Creek Inlet; and

Whereas, adequate flood control along Tallahala Creek is fundamental to the orderly growth of our country:

Therefore, Be It *Resolved* that the Jones County Board of Supervisors hereby reaffirms its endorsement of the proposed Tallahala Creek Inlet and does urgently requests the President of the United States to immediately reconsider any decision to withhold funding for the Tallahala Creek Inlet.

Be it further *Resolved* that the Jones County Board of Supervisors strongly urges the members of the Mississippi Congressional Delegation to support legislation appropriating funds for the construction of the Tallahala Creek Inlet.

So *Resolved* and unanimously passed by this Board, on this the 17th day of March, 1980.

JAMES RASBERRY, *President.*

MORNING STAR BAPTIST CHURCH,
Laurel, Miss., March 18, 1980.

Dr. I. L. THOMAS,
Jones County Director,
Pat Harrison Waterway,
Laurel, Miss.

DEAR SIR: As Pastor of one of the larger churchs in the City of Laurel, I am the Counselor of over 400 parishioners whose concerns, problems and fears; are mine to minister to. My Congregation; for the most part, are elderly and hypertensive. Their economic status is very low to low income levels with a few moderate level interspersed.

Our church is located in the flood plain area of the Tallahala Creek, as is the homes of a majority of my members. Our people live in constant fear of rising waters every time it rains. There is a continuous vigil, sometimes all nite; to prepare to evacuate. The tension and worry created by this flooding and the physical activity necessary to prepare for leaving one's home; is taking it's toll on many of my people who are chronically ill.

The completion of the Tallahala Dam project would be a God send for us in respect to flood control because it would alleviate these problems that we have been faced with for many years. My people need relief from these miseries and it seems that the dam is the only solution.

As a minister, I believe in being involved so that I might be informed to better serve the community. In regards to this; I've been informed that the dam would also insure a limitless supply of pure drinking water for both Jasper and Jones County.

This is very significant because I understand our water table has been dropping for quite sometime. It would be tragic to leave our children a legacy of limited and impure drinking water.

Since coming to Laurel, I have watched with pride, the rapid growth of the City and feel strongly that the City is at it's greatest growth potential. If this is to continue, the need for ample industrial water use becomes paramount.

My Congregation and I will continue to pray for legislation; and its implementation, to alleviate this suffering now and it's potential harm in the ensuing years.

May God bless you in your endeavours.

Yours in Christ.

Rev. ARTHUR R. BRIDGES, *Pastor.*

SENATOR VINCENT SCOPER, JR.,
Laurel, Miss., March 14, 1980.

Mr. I. L. THOMAS,
Thomas Pharmacy,
Laurel, Miss.

DEAR MR. THOMAS: Please accept this letter as my endorsement and full support for the Tallahala Creek Reservoir Project. I am well aware of the benefits to be derived in the form of flood control, future water supply and recreational facilities. Since these benefits have been presented many times, I will not attempt to elaborate upon them in this letter.

The project is vital to our area and I'm very hopeful that it can be completed as soon as possible.

Very truly yours,

VINCENT SCOPER, Jr.

ST. PAUL UNITED METHODIST CHURCH,
Laurel, Miss., March 19, 1980.

Dr. I. L. THOMAS,
Jones County Director,
Pat Harrison Waterway,
Laurel, Miss.

DEAR DR. THOMAS: For several years we have suffered from the flooding of Tallahala Creek. This condition has created an undue hardship upon all families involved, especially the poor and elderly in this area.

This church has provided food and shelter for these evacuees at the church's expense. We are appealing for aid in alleviating this hazardous condition for these people.

We do need the Tallahala Creek Reservior for the above reason and other good causes, namely:

1. Flood control in this area
2. Pure drinking water in Jones and Jasper Counties
3. Industrial use to improve the city's economy

Any aid given to remedy the above problems would be greatly appreciated.

Yours sincerely,

HAROLD LEVERETTE, *Pastor.*
PLEASANT VALLEY BAPTIST CHURCH,
Laurel, Miss., March 16, 1980.

Mr. I. L. THOMAS,
Director, Pat Harrison Waterway District,
Hattiesburg, Miss.

DEAR MR. THOMAS: The members of Pleasant Valley Baptist Church are seriously affected by the flooding in this area from the Tallahala Creek and deem it a health hazard to all involved.

Families have suffered great losses in one way or another. The citizens live in fear, yearly of unexpected flooding.

Also, the reservoir is needed to increase the water supply. Many homes have been badly damaged or completely destroyed because of the low water supply.

We endorse the efforts of this committee in seeking funding for the project.

Submitted With Deep Religious Convictions,

J. N. ARMSTRONG, *Pastor.*

CIVIL DEFENSE COUNCIL,
Laurel, Miss., March 21, 1980.

TO WHOM IT MAY CONCERN: In the ten years that I have been Civil Defense Director of Jones County, the Tallahalla Creek has flooded to the extent that it has affected people's lives and property on the average of 3 times per year.

These floods have inflicted multi-millions of dollars worth of damage and untold human suffering upon the residents of Jones County. I strongly believe a reservoir located in the headwaters of the Tallahalla Creek would alleviate the suffering that our citizens are now subjected to.

CARL C. CARLOS, *Director.*

CITY OF LAUREL, MISSISSIPPI,
OFFICE OF THE MAYOR,
March 20, 1980.

Chairman, Committee on Appropriations,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: I am taking the liberty of contacting you with regard to the need for the resumption of the Tallahala Creek Reservoir Project. As you know, this project has been in the planning stage for years, in fact for most of my adult life. We are requesting that construction funding in the amount of $1 million be provided the Corps of Engineers for FY 1981.

Please allow me this opportunity to reiterate the need for the completion of this project. Flood control is the most pressing need in the City of Laurel which is located along the Tallahala Creek and is immediately downstream of the reservoir's planned location. Only last year, flooding of the Tallahala Creek caused damages of over $1 million to private and public property. In the last eight years it could be said that $10 million has gone down the creek along with a lot of human suffering with the only relief in sight being the Tallahala Creek Reservoir Project.

There is, however, a second area that is also very important to the citizens of Laurel and especially to the future economic growth of our city, the water supply. At the present time, approximately 12MGD is being drawn from ground water aquifers in the Laurel area for the supply of its municipal and industrial water needs. The water table is, and has for the last several years, dropped on an average of one foot per year. Recent studies have shown by the year 2015 Laurel will require a 45MGD source and ground aquifers will be unable to supply that need. These facts are brought out to show that without the Tallahala Creek Reservoir Project Laurel will soon face a very serious water shortage problem or the possibility of restricting industrial growth.

I strongly urge that you provide construction funding for this long delayed project in the amount of $1 million for FY 1981. Completion of the Tallahala Creek Reservoir will save millions of dollars and prevent much suffering from flood damages and also provide water for the future growth of this area.

With best wishes, I am

Sincerely yours,

W. L. PATRICK, Jr., *Mayor.*

Mr. BEVILL. Thank you for a very fine presentation. The Chair recognizes Mrs. Boggs.

Mrs. BOGGS. Thank you, Mr. Chairman.

I was very pleased to see that you are performing a comprehensive overview not only with the Corps of Engineers, but also Soil Conservation Service, Bureau of Outdoor Recreation, Department of Energy, Economic Development Administration, and the Environmental Protection Agency as well.

I was noticing in the statement from the Laurel Chamber of Commerce that one of the new aspects of the economic feasibility study was pointed out. A new problem, protecting the present and proposed oil wells in the area, is also being addressed.

Thank you very much.

Mr. PIERCE. Thank you.

Mr. BEVILL. Thank you very much, This committee will now stand adjourned until two o'clock, and then we will meet in our regular committee room, number 2362.

MONDAY, MARCH 24, 1980.
AFTERNOON SESSION.

GAS-COOLED REACTOR AND MAGNETIC FUSION PROGRAMS

WITNESSES

DR. HAROLD M. AGNEW, PRESIDENT, GENERAL ATOMIC COMPANY
N. E. CAREY, GENERAL ATOMIC COMPANY
CORWIN L. RICKARD, EXECUTIVE VICE PRESIDENT

Mr. BEVILL. The committee will come to order. First we have Dr. Agnew, President of General Atomic Company. Dr. Agnew, we have you scheduled for five minutes. We will be glad to hear from you at this time.

Mr. BURGENER. I wonder if I might ask where this company is located, Mr. Chairman?

Mr. BEVILL. I believe it must be California.

Dr. AGNEW. I think it may be in the District of a distinguished Congressman from La Jolla.

STATEMENT OF HAROLD AGNEW

Mr. Chairman, members of the subcommittee, I am Harold Agnew, President of the General Atomic Company, and with me are N. E. Carey, Corwin L. Rickard, and several other members of our firm. I wish to thank you for this opportunity to appear before you in connection with the Department of Energy request for the gas-cooled

thermal reactor program, the gas-cooled Fast Breeder Program and the Magnetic Confinement Fusion Program.

Mr. BEVILL. Doctor, your entire statement will be in the record, and any way you want to proceed will be all right. We will be glad for you to do it any way you wish.

Dr. AGNEW. With that in mind, and viewing the press for time under which you gentlemen and ladies are operating. I would like to emphasize a few points.

One has to do with we believe the high temperature gas-cooled reactor program should continue to be supported. Over the past years, almost $1.3 billion has been spent on this program, and more than 70 percent of that has been private funds from the utilities and from the industry, itself. The technology has distinct advantages. It uses very high utilization of our uranium resources. It has much more thermal dynamic diversification because of the high temperature and has the opportunity of being used for process heat. It has unique safety features, and I think in this particular day the public is very much concerned about safety, not only from the standpoint of their own personal safety in the community, but I think they are concerned about the safety of this investment in their equity of the plants in the private utilities.

That is a particular aspect of this technology which we have to offer, and I think the country well deserves it.

I think you are aware we have successfully run the Peach Bottom prototype HTGR at 40MW(e) and the Fort St. Vrain has been run successfully at 70 percent of its rated power, but at the full amount which it is licensed today.

I think you are aware this program has the full support of the electrical utility industry, as well as the process heat industries. These are people in the steel, glass, people who will use high temperature in the future.

I should say around the world the people are looking at nuclear energy, especially the high temperature gas for processing, the Germans and Japanese.

This year, the emphasis has been to decide on a program to go ahead, and that is the reason that we are suggesting that this year, although the program last year was $36 million, we think in order to get ahead, the committee should appropriate $55 million for the project so it can get off the ground and get going and start something in about three years' time.

I think you are aware there is a large international HTGR program with the Germans, and a closeout of the U.S. program would not be supportive of our obligations in the agreements we signed last November and, I think, would cast some doubts on our intentions down the road with regard to technology and cooperative programs.

The Japanese are also very much interested in joining the program with us, and they are going ahead with a 50 megawatt thermal process heat reactor. It is a very ambitious project.

Mr. BEVILL. Why did the President leave this program out of his budget?

Dr. AGNEW. I have no idea, really. The DOE had it in their program. It was in the gas thermal line. The OMB took it out, and in

the reclaimer, according to Secretary Deutch, they lost that along with their waste disposal plant.

There are questions as to how well they really support nuclear power in general. I really wonder if they really are committed to trying to make our country independent as much as possible.

Mr. BEVILL. I know Congressman Burgener has been very interested in this program and is our leader on it. Congressman Burgener, I know you want to make a statement on this matter.

Mr. BURGENER. Only to strongly support the excellent statement made by Dr. Agnew, and I hope I can rise above the parochialism and local pride which I feel very deeply. This is a program the country cannot afford to be without. It offers safety, economy, all of the good things that we are striving for. I just strongly support your statement, Harold, and appreciate your leadership in the field.

(The statement follows:)

STATEMENT BEFORE THE
ENERGY AND WATER APPROPRIATIONS SUBCOMMITTEE
HOUSE APPROPRIATIONS COMMITTEE
U. S. HOUSE OF REPRESENTATIVES

FY'81 ENERGY AND WATER DEVELOPMENT APPROPRIATIONS

HIGH TEMPERATURE GAS COOLED REACTOR
GAS COOLED FAST REACTOR
MAGNETIC FUSION PROGRAM

MARCH 24, 1980

HAROLD M. AGNEW, PRESIDENT
GENERAL ATOMIC COMPANY

60-588 O - 80 - 11 (pt. 9)

SUMMARY - BUDGET RECOMMENDATIONS

Department of Energy

	FY'81 Recommendation
High Temperature Gas Cooled Reactor	$55M
HTGR Fuel Recycle	5M
Gas Cooled Fast Breeder Reactor	26M
Doublet III	15.1M

Nuclear Regulatory Commission

	FY'81 Recommendation
Gas Reactor Pre-application Review	$ 1M
Gas Reactor Safety Research	3.9M

Mr. Chairman and Members of the Subcommittee, I am Harold M. Agnew, President of General Atomic Company. With me today are N. E. Carey and other senior members of the General Atomic staff. I thank you for this opportunity to testify before you in connection with the Department of Energy FY 1981 budget request for the Gas-Cooled Thermal Reactor Program, the Gas-Cooled Fast Breeder Program, and the Magnetic Confinement Fusion Program.

Both gas-cooled reactor programs are being terminated in the Administration's FY 1981 budget. I believe it essential to our national energy efforts that these programs be restored. The recent events in Iran should serve to heighten the importance of expanding rather than curtailing our domestic energy options. The gas-cooled reactor funding level in the current fiscal year represents only a small portion of the total U.S. nuclear budget, but yet these programs offer the potential to make a significant and timely contribution to our future energy requirements.

We continue to support the development of the High Temperature Gas-Cooled Reactor (HTGR) for several reasons. First, the HTGR is a high efficiency advanced converter reactor which gets much better energy utilization per pound of uranium than the current generation reactors. We view it as a reactor which has the inherent capability to provide a very high level of public safety, as well as a low risk of loss of the plant owner's investment in the event of plant malfunctions. The HTGR can provide siting flexibility through its dry cooling capability, which will be of great significance in water-limited areas of the country. And, the HTGR is unique among nuclear systems in having the potential to provide the high temperatures required for important industrial process heat requirements.

General Atomic has been the leader in the worldwide development of HTGRs since 1957. We have built the 40 MW(e) Peach Bottom prototype HTGR and the 300 MW(e) Fort St. Vrain demonstration HTGR. The total U.S.

investment to date in thermal gas reactors is about $1.3 billion, of which about 70% has come from the private sector.

The HTGR program is supported by both the electric utility industry and the process industries, which represent the ultimate users of the technology. This support is directed through two industry groups. Gas Cooled Reactor Associates (GCRA), which represents utilities with about 25% of the U.S. generating capacity, and the HTGR Process Heat Users Group, which represents eleven major companies in the steel, coal, chemical, gas and glass industries.

The Congress has provided excellent support and leadership for these programs in the past. As recently as last November, a House Subcommittee informed the Department of Energy of its intention to review FY 1981 funding to accelerate development of an advanced HTGR demonstration plant.

During FY 1980, the major emphasis is on developing and assessing the project alternatives requested by the House Science and Technology Subcommittee on Energy Research and Production. We believe that the program currently under way will permit a recommendation on a near term project to be made at the end of FY 1980. The next step would be to initiate a conceptual design and licensing activity in FY 1981. These milestones could lead to project authorization in FY 1982 and 1983.

The FY 1980 budget outlay for the HTGR is $36 million. This includes the $25 million appropriated by the Congress last year together with additional carryover funding to accomplish closeout of steam cycle program activities. We believe it essential that the FY 1981 HTGR appropriation be increased to $55 million in order to provide a reasonable basis for near-term project authorization.

There is a large international HTGR program in Europe which is closely linked to the U.S. program through government and industrial agreements. The German HTGR program is funded at about $220 million this year,

and their total investment to date in HTGR development has been over $1.3 billion. A closeout of the U.S. program would not be supportive of our intentions in these agreements. There is also a rapidly growing HTGR program in Japan, where there is great interest in cooperation with the U.S.

In the area of HTGR spent fuel treatment, General Atomic believes that the program must be maintained at least at the current level of capability since this technology is essential to the full application of a low-enriched uranium-thorium fuel cycle. We are continuing to work with Oak Ridge National Laboratory, and to cooperate closely with the strong German program. Regrettably, the Administration has also proposed termination of this program in FY 1981. We urge the Congress to restore funding to a $5.0 million level in FY 1981. This is essentially the same level as in FY 1980, although it is still only 60% of the FY 1979 level.

General Atomic continues to support the Gas Cooled Fast Breeder Reactor (GCFR) despite the Administration's recommendation to terminate the program in FY 1981. The GCFR program has been supported by the U.S. Government, a major segment of the U.S. utility industry through Helium Breeder Associates (HBA), and several European governments for over 15 years. We wish to thank the Congress for their support over this time.

The broad support for the GCFR derives from the potential technical advantages of this unique breeder concept. First is its high breeding performance which significantly exceeds that of other breeder types. Second is its promise for low capital cost. Third are the inherent and engineered safety features, which provide a level of safety more than adequate for the protection of the public. Finally, there are operational advantages.

General Atomic recommends that the funding level for GCFR development be maintained at $26 million in the FY 1981 budget. This level will stretch out the current development phase, but will continue to provide the important technological output required for a future decision on proceeding

to a demonstration project. This level would also sustain interest by the utility industry and encourage continued collaboration by the international community.

We believe that breeders will one day play a key role in the energy picture in the United States. The funding required to maintain the GCFR as a viable breeder option is relatively inexpensive since the program builds on technology already developed or under development in the LMFBR and HTGR programs. We believe that when the time for significant breeder deployment arrives, the U.S. will profit greatly from having breeder options available and leaving the choice to the marketplace. We are confident that the GCFR, given your continued support, will be a desirable option at that time.

I would now like to comment briefly on General Atomic's fusion program, which includes the highly successful Doublet III experiment. Several important developments have occurred in the past year. Doublet III, the largest operating tokamak in the world, represents a new level of sophistication in fusion devices. It has demonstrated currents as high as 2.2 million amps, a new record for tokamaks, and it routinely generates both dee and doublet shaped plasmas with good confinement properties.

In August of 1979 an agreement establishing a five-year cooperative research program between the Japanese Atomic Energy Research Institute and the U. S. Department of Energy was signed as part of the U.S.-Japan international cooperative agreement on energy. The joint effort will result in expenditures of $60 million by JAERI to upgrade the Doublet III machine, with Japanese scientists participating in fusion experiments. Today the physicists of the two nations are working together in San Diego to enhance the capabilities and progress of both nations.

Recognizing the Energy and Water Development Appropriations also provides funding for the Nuclear Regulatory Commission, I would like to briefly outline General Atomic Company's recommended funding levels to

maintain critical gas reactor safety research and pre-application review work within the Commission. The FY'81 NRC budget request for gas reactor pre-application review and safety research is zero. This Committee has seen fit in the past two fiscal appropriations to provide limited NRC funding to continue critical gas reactor licensing related activities. Important work has proceeded as a result of this funding. As NRC Commissioner Joseph Hendrie stated before the House Interior Committee earlier this month, funding for gas reactor technology pre-application review and safety research would be a prudent use of Federal funds. Consequently, in agreement with staff level NRC recommendations made prior to formal budget preparations, we recommend $3.9 million be provided for gas reactor safety research, and $1 million be provided for gas reactor pre-application review within the NRC appropriations.

Mr. Chairman, in closing, I believe that with the changes which have taken place in the United States during the past few years in the energy supply situation, the vital and unique role which can be fulfilled by gas-cooled reactors has never been more clearly defined. It is with this in mind that I urge you to adopt our recommendations of $55 million for the HTGR program, $5 million for HTGR spent fuel treatment, and $26 million for the GCFR program.

That concludes my prepared statement and I would now welcome any questions.

DR. HAROLD M. AGNEW

Dr. Harold M. Agnew, President of General Atomic Company, has been in the forefront of nuclear energy development since the early 1940s. He joined General Atomic in 1979 after more than eight years as Director of the Los Alamos Scientific Laboratory in New Mexico.

Dr. Agnew was in the small group that worked with Enrico Fermi on the first nuclear fission chain reaction at the University of Chicago, and was present there on December 2, 1942, when man first initiated a self-sustaining nuclear chain reaction, and controlled it.

On April 1, 1943, he joined the Los Alamos laboratory and worked on the development of the atomic bomb. Dr. Agnew flew with the 509th Bombardment Group as a member of the scientific team on the first nuclear weapon strike against Hiroshima, Japan.

In 1946, Dr. Agnew left Los Alamos to earn his doctorate with Enrico Fermi at the University of Chicago. He returned to Los Alamos in 1949, and left the Laboratory on a leave of absence in 1961 to serve as Scientific Advisor to the Supreme Allied Commander in Europe at NATO headquarters in Paris. Upon his return to LASL in 1964 he was named head of the Weapons Physics Division. On September 1, 1970, he became Director of the Laboratory.

Dr. Agnew was a 1978 recipient of the Fermi Award, the highest scientific award of the Department of Energy, in recognition of his "...many contributions to nuclear physics and nuclear weaponry, his dynamic leadership of the Los Alamos Scientific Laboratory, and his forthright counsel to the government in the field of national security." Other major recognition includes the Atomic Energy Commission's E. O. Lawrence Award in 1966 and the NASA Public Service Award in 1971 for his service on the Aerospace Safety Advisory Panel, which contributed to the success of the Apollo Program.

Dr. Agnew is a member of the National Academy of Sciences and the National Academy of Engineering.

In addition to his technical achievements, Dr. Agnew has served two terms as a member of the New Mexico State Senate, 1955-61. A native of Denver, Colo., (March 28, 1921) Dr. Agnew graduated from South High School in Denver in 1938. He received his A. B. in chemistry from the University of Denver and attended the University of Chicago on a National Academy of Science Fellowship from 1946-48, receiving an M. A. in physics. In 1949 he received his Ph. D. in physics from the University of Chicago.

Dr. AGNEW. Thank you, Mr. Congressman.

Mr. BEVILL. Thank you.

Dr. AGNEW. If I could mention, we also are supporting the gas-cooled fast breeder program, the fushion program, at General Atomic Company, which is the world's largest operating Tokamak, over 2½ million amps, and we would like to make a plug for the funding level to the Nuclear Regulatory Commission, which is something for funds this year to continue the licensing and analysis of the gas-cooled reactor program.

Mr. BEVILL. Thank you very much.

GAS-COOLED REACTOR PROGRAM

WITNESS

R. F. WALKER, CHAIRMAN, BOARD OF DIRECTORS, GAS-COOLED REACTOR ASSOCIATES

Mr. BEVILL. The Chair recognizes Mr. Walker, Chairman of the Board of Directors, Gas-Cooled Reactor Associates. We are pleased to have you. Your statement will be in the record, and you may summarize it. You are allotted five minutes.

STATEMENT OF RICHARD WALKER

Mr. Walker. Thank you, Mr. Chairman. I am Chairman of Gas-Cooled Reactor Associates, a group of utilities representing 25 percent of the nation's electric generating capacity, and we feel strongly that the High Temperature Gas-Cooled Reactor should be maintained as a commercially viable option.

The role of GCRA is to be responsive to the institutional need for front-end participation by those of us that are going to use it, and we feel that this investment can be properly applied and make a good balance between what needs to be put in by the different factions.

We have been working through fiscal 1980 and will be to identify a lead project. We have good support. Dr. Agnew, you heard from The General Electric Company, the HTGR process heat users group, represented by Don Blickwede, of Bethlehem Steel, is interested in the heat aspect of the project. As I indicated, we need to identify a lead program this year, and that is our primary emphasis. That is the reason for the request for the $55 million so we can go forward as Dr. Agnew has testified.

We also recommend that the spent fuel treatment program, which was in last year be continued at $5 million, and that will tie into the program with the Federal Republic of Germany. We think this is commensurate with the total cooperative effort we need with the foreign governments. I would reinforce what Dr. Agnew said on putting the funding in for the NRC to continue the HTGR safety-related research work at $3.9 million and a million for some pre-application review program.

We are enthused about the gas-cooled concept because of its flexibility and options. You can have the direct cycle, the steel cycle with cogeneration, and you can have the process heat. So we think we

have all the options that are very necessary as this country faces a very severe energy problem, and we feel this program must be continued, and it would be a shame to have it dropped when so much money has been spent.

We appreciate your time restraints, and I just want to add my affirmation to this program. Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT SUBMITTED FOR THE RECORD

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

FY'81 BUDGET FOR THE HIGH TEMPERATURE GAS-COOLED REACTOR PROGRAM

RICHARD F. WALKER

PRESIDENT OF PUBLIC SERVICE COMPANY OF COLORADO

AND

CHAIRMAN OF GAS-COOLED REACTOR ASSOCIATES

MARCH 24, 1980

Summary

Gas-Cooled Reactor Associates (GCRA) is a utility/user organization consisting of 29 utilities (approximately 25% of this nation's generating capacity) who believe that the United States should have the High Temperature Gas-Cooled Reactor (HTGR) as a commercially available option. The role of GCRA is responsive to the institutional need for front-end participation in technology development by the end-user of the technology. This role ensures that the investment of government and private sector resources will result in HTGR systems that will most favorably impact the U.S. energy economy.

GCRA has initiated a comprehensive effort to identify an HTGR Lead Project by the end of FY 1980 that will be supported by all Program participants. Key factors in selecting the Lead Project will include the level of participation by potential utility owner/operators, compatibility with long-term objectives, technical and licensing issues, and projected economics. The approach to the Lead Project is based on the establishment of an equitable basis for sharing the costs and risks among the government, the utility/user industry, and the supplier industry. Critical in this regard is to assure an incentive-based arrangement whereby each party has a vested interest in assuring success.

The identification of a Lead HTGR Project that is supported by all Program participants is vital to the establishment of a National HTGR Program. The FY 1980 Program provides a basis for that achievement. Accordingly, GCRA requests that Congress take the following action for FY 1981.

First and foremost, it is critical that the Program be directed in support of a focused Lead Project. This aspect is crucial for strong utility/user support as well as stable government support. Accordingly, it is recommended that Congress direct the FY 1981 effort to proceed on a Lead Plant conceptual design and Project Plan needed to support Title I authorization for a Lead Project. With regard to the FY 1981 budget requirements, a funding level of $55 million is requested to support the initiative on a Lead Project. This estimate has been developed by Program participants over the past several months. Detailed work plans and resources are prepared to pursue this course and produce cost-effective results. Further, it is recommended that the HTGR Spent Fuel Treatment Program be continued at a funding level of $5.0M. It is noteworthy that one of the most cost-effective cooperative programs under way with the Federal Republic of Germany is in the area of spent fuel treatment. The recommended budget level is commensurate with maintaining such cooperation.

An additional element to be considered in the HTGR Program is the NRC's budget for HTGR-related activities. GCRA concurs with the NRC staff recommendations for continuing the HTGR safety-related research at a level of $3.9M and conducting a pre-application review program at a level of $1.0M.

The utilities of Gas-Cooled Reactor Associates believe that the HTGR offers significant advantages to the utility/user industry and the Nation as a whole. The high temperature characteristics of the HTGR provide unique nuclear applications that address the national energy problems of power plant siting and portable fuel supply. Accordingly, we urge that an aggressive HTGR Program be established.

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The utilities' interest in the HTGR spans a period of more than 20 years. This interest has led to major design and development contributions from the utility industry to the HTGR Program. These contributions include activities that have led to the Peach Bottom prototype plant, which was operated successfully for seven years by the Philadelphia Electric Company, and the Fort St. Vrain demonstration plant, which is in service on the Public Service Company of Colorado's system.

Since 1978, Fort St. Vrain has generated over 1.2 billion KWhs. With a design rating of 330 MWe, the plant has successfully operated up to 70% power, with higher level operations restricted by the Nuclear Regulatory Commission until further testing and review are completed. While Fort St. Vrain has experienced some difficulties in its rise to power, it has provided critical confirmation and demonstration of many key HTGR concepts. Significant is the HTGR's excellent fuel performance and the resulting low radiation exposure to plant personnel documented during the refueling outage in 1979. There has been excellent correlation between predicted fuel performance and observed data. Radiation dose rates on primary system components have been and continue to be low enough to warrant substantial direct contact maintenance. Other major contributions of Fort St. Vrain have been in the areas of core physics confirmation, plant control and response, and plant performance at high temperatures. Plant operating experience to date has demonstrated predictable, easily managed performance even during extreme modes of operation including temporary loss of forced cooling. The high core heat capacity has shown temperature transients to be slow, predictable, and easily controlled. Fort St. Vrain has also demonstrated high performance and high temperature capabilities. Operation to date has achieved 1400°F primary loop and 1000°F steam temperatures--the highest of any nuclear plant in the U.S. Public Service Company of Colorado is pleased to be playing a key role in the development and demonstration of the HTGR concept.

In spite of the tumultuous climate within the nuclear power industry, 1979 has been a year of significant institutional progress for the HTGR Program. The following examples are noted:

1. The utility/user support of and participation in GCRA have increased significantly. At the present time, 29 utilities representing approximately 25% of the U.S. generating capacity are involved in GCRA.

2. The formation of the HTGR Process Heat Users Group, which is chaired by Don Blickwede of Bethlehem Steel. The primary interest of this Group is to focus the interest of the process user industry in the development of the HTGR and to provide technical and programmatic guidance to the organizations participating in the development of Process Heat applications.

3. The added corporate support of the General Electric Company which is a key step toward broadening the industrial supply base in the HTGR Program.

4. The DOE's initialing of the "Implementing Agreement" with the Federal Republic of Germany and Switzerland. This agreement defines the intent and structure for international cooperation in HTGR development.

The primary bases for this progress are associated with the unique attributes of HTGR technology which are responsive to current national energy problems of power plant siting and portable fuel supply. These attributes are manifested in two application categories--Closed Cycle Gas Turbine and Process Heat.

In the former application, the reactor heat energizes a closed cycle gas turbine to generate electricity. In addition to the basic simplicity and high efficiency offered by this concept, the gas turbine is characterized by a high heat reject temperature, typically 300°F or higher. This latter characteristic leads to economic application of dry cooling in contrast to steam cycle systems which are dependent upon low heat reject temperatures, typically less than 100°F to maintain efficiency. As water becomes increasingly scarce in many areas of the country, priorities for municipal systems, agriculture, and industry will increasingly limit water available for power generation. Thus, water conservation through dry cooling provides a major incentive for the HTGR-Gas Turbine. Alternatively, the high temperature reject heat may be used for various bottoming power cycles and/or cogeneration applications to further increase the overall efficiency of the system. At the present time, the primary design effort is directed at the Gas Turbine.

In the various Process Heat applications, part of the reactor heat is used to produce a portable energy source in conjunction with electricity generation. This energy source can be in the form of process steam, synthesis gas (which is a mixture of hydrogen and carbon monoxide), hydrogen, or a combination of these forms. In process steam and cogeneration applications, the HTGR provides high temperature, high pressure process steam which is currently available only through fossil resources. In advanced applications, the HTGR produces synthesis gas, which has applications for peaking generation, synfuels production, direct iron ore reduction in steelmaking and transportation of energy to remote industrial users through the thermochemical heat pipe concept. In more advanced applications, the HTGR can be used as the heat source for the direct production of hydrogen, through the thermochemical splitting of water. Of all reactor systems, either current or under development, the HTGR alone holds the promise for major displacement of fossil fuels (notably oil and gas) through Process Heat applications.

Further, the different safety characteristics of the HTGR may allow for improved siting flexibility, opening sites otherwise unavailable for nuclear power facilities. The large heat capacity of the HTGR core, the high-temperature characteristics of the ceramic fuel components, the single-phase helium coolant and the massive prestressed concrete vessel all lend characteristics to the HTGR that make it inherently safe and very forgiving with regard to transients and operational upsets. These characteristics provide inherent protection to the facility as well as inherent protection to the public health and safety.

In addition, the HTGR provides important advantages associated with (1) unique flexibility for adopting fuel design changes due to national policy changes or technology advances, (2) low fuel consumption associated with the high conversion ratio and high thermal efficiencies, and (3) low occupational radiation exposure and environmental impact associated with the high retention fuel design and inert helium coolant.

Recognizing the incentives of the HTGR technology and the institutional progress gained over the past year, it is particularly frustrating that the

Administration submitted a budget that terminates the HTGR Program in FY 1981. In spite of that frustration, we are here today to submit our recommendations for not only restoring the HTGR Program but establishing an initiative toward a Lead Project.

While incentives for HTGR development have been consistently identified in recent studies, a number of barriers prevent unassisted deployment of HTGR technology on a warranted commercial basis. Although technical issues remain to be resolved, institutional barriers comprise a more difficult challenge. Included in these institutional issues are the following:

- Commercial deployment of a new reactor technology involves a significant investment on the part of both the government and the industry.
- National energy policy, particularly with regard to nuclear energy, has been inconsistent, unstable, and to a large extent hostile.
- The regulatory environment pertaining to energy in general and to nuclear energy in particular has become increasingly onerous during the past decade.
- The flexibility provided electric utilities to assume major development risks has been increasingly diminished by the inability to obtain adequate rate relief from commissions having jurisdiction over utility rates.
- The licensing basis for gas-cooled reactors is yet to be developed in the context of current requirements. The most recent exposure of the HTGR to the detailed scrutiny of the licensing process now dates to the mid-1970's.

In view of the above, the risk relative to deployment of any HTGR application could only be evaluated as open-ended and unacceptable by any prudent business analyses at the present time.

The conclusion is that the only feasible path to HTGR deployment on a commercial basis is demonstration through a federally assisted Lead Project. Further, the Lead Project must fulfill some very specific requirements in order to overcome the institutional barriers described above:

- The Lead Project must be subjected to the full scrutiny of the licensing process.
- The Lead Project must provide a basis for developing normal user/supplier business relationships.
- The Lead Project must provide a basis for utility experience in plant ownership/operation.

While the significance of a Lead Project is paramount, the exact configuration to be demonstrated is of lesser importance in addressing institutional issues. In support of this point, it should be recognized that fundamental design and fabrication technologies are essentially the same for components

and structures comprising more than eighty percent of the nuclear island facility in any of the HTGR concepts being considered.

GCRA has initiated a comprehensive effort to identify an HTGR Lead Project. A detailed Program Plan, prepared in cooperation with General Atomic, General Electric, and Oak Ridge National Laboratory, has been prepared that describes the evaluation and selection process. Major elements of the Plan include investigation of specific candidate Lead Project options through specific site-related application studies, and a formal evaluation process involving all major Program participants. The intent is the identification of an HTGR Lead Project by the end of FY 1980 that is supported by all Program participants. Accordingly, GCRA requests that Congress take the following action for FY 1981.

First and foremost, it is critical that the Program be directed in support of a focused Lead Project as opposed to another year of base technology development and market studies. This aspect is considered crucial for strong utility/user support and participation as well as stable government support. Accordingly, it is recommended that Congress direct the FY 1981 effort to proceed on a Lead Plant conceptual design and project plan needed to support Title I authorization for a Lead Project. With regard to the FY 1981 budget requirements, a funding level of $55 million is requested to support the initiative on a Lead Project. This estimate has been developed by Program participants over the past several months. Detailed work plans and resources are prepared to pursue this course and produce cost-effective results.

The HTGR Program at DOE also contains the Spent Fuel Treatment Program, which includes all spent fuel management activities. Funding for such work, which was included in the Consolidated Fuel Cycle Program, has also been zeroed in the Administration's budget. It is recommended that a Program be maintained at a funding level of $5.0M. It is noteworthy that one of the most cost-effective cooperative programs under way with the Federal Republic of Germany is in the area of spent fuel treatment. The recommended budget level is commensurate with maintaining such cooperation. Effective international cooperation in this area is most important since the total cost for closing a nuclear fuel cycle is high and there is a desire to promote uniform proliferation resistant fuel cycles on an international basis.

An additional element to be considered in the HTGR Program is the NRC's budget for HTGR-related activities, which has also been zeroed in the Administration's budget. GCRA concurs with the NRC staff recommendations for continuing the HTGR safety-related research at a level of $3.9M and conducting a pre-application review program at a level of $1.0M. This latter area is crucial in order to establish appropriate licensing ground rules for the HTGR.

The utilities of Gas-Cooled Reactor Associates believe that the HTGR offers significant advantages to the utility industry and the Nation as a whole. The high temperature characteristics of the HTGR provide unique nuclear applications that address the national energy problems of power plant siting and portable fuel supply. Further, the recommended initiative on the HTGR Program will add materially to the restoration of confidence in the overall nuclear option. Accordingly, we urge that an aggressive HTGR Program be established.

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STATEMENT SUBMITTED FOR THE RECORD

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

FY'81 BUDGET FOR THE HIGH TEMPERATURE GAS-COOLED REACTOR PROGRAM

DONALD J. BLICKWEDE

VICE PRESIDENT OF BETHLEHEM STEEL CORPORATION

AND

CHAIRMAN OF HTGR PROCESS HEAT USERS GROUP

MARCH 24, 1980

60-588 O - 80 - 12 (pt. 9)

STATEMENT SUBMITTED FOR THE RECORD

Mr. Chairman, my name is Donald J. Blickwede. I am Vice President and Director of Research for Bethlehem Steel Corporation and Chairman of a recently formed HTGR Process Heat Users Group. I am pleased to have the opportunity to be here today to express support for the HTGR Program.

The HTGR as an optional energy source was initiated by the American Iron and Steel Institute in 1974. An AISI study group found that a process employing the HTGR to produce a synthesis gas from coal, which could be used to reduce iron ore to iron, was technically and economically feasible. Accordingly, in 1976 we recommended to ERDA that development of the very high temperature gas cooled reactor (VHTGR) be included in their program.

The new Process Heat Users Group was organized about a year ago. Representatives from steel and gas utility companies are on it as well as glass chemical and oil companies. The primary interest of our Group is to identify the end requirements for the HTGR Process Heat plant in order to better guide the design and development activities.

With the depletion of domestic oil and gas resources and the increasing threat to U.S. security and economic well-being

imposed by reliance on foreign energy imports, new energy resources based on coal and nuclear energy will be needed for industrial applications in the future. The HTGR is the only nuclear concept with the high temperature capabilities necessary for many industrial applications. In this regard, I would like to add user prespective to the need for the HTGR as an option.

To illustrate the incentives for industrial interest in the HTGR, let me first summarize the international activities and some specific process heat applications.

International Activities

The use of an HTGR as a process heat source has received considerably more emphasis abroad than it has to date in the U.S. This is possibly because of the more urgent needs heavily industralized countries like the Federal Republic of Germany and Japan have for non-fossil heat sources. The most substantive foreign HTGR process heat program exists in the FRG. In the FRG, coal is the only fossil energy resource available within the country, and the generation of synthetic natural gas (SNG) from coal by utilization of heat from HTGR's is the primary goal of their nuclear process heat program. The Federal Republic of Germany has invested approximately $1.4 billion in development of high temperature gas-cooled reactor technology since the inception of the program and spent $250 million during 1979, with about the same level of effort expected during 1980.

Japan's HTGR process heat effort has just completed its initial phase, which was a seven-year program begun in 1973 to develop the technology for steelmaking embodying an HTGR. The Japanese efforts have included the design and development of a 50 MWt prototype Very High Temperature Reactor (VHTR) as well as heat exchangers and a high pressure direct reduction process. The Japanese have invested about $100 million to date on HTGR development.

Many major industrial processes require large amounts of heat at high temperatures. One class of such processes utilize steam. Examples are chemical plants, paper plants and petroleum refineries. Another important high temperature heat process is reforming, by which water is reduced to hydrogen.

Process Steam/Cogeneration

The HTGR for Process Steam/Cogeneration applications is based upon steam cycle technology and, hence, may be considered current state of the art. Principal barriers to deployment are institutional (commercial risk, regulatory issues, siting, utility/user contract, etc.) rather than technical in nature. Since process steam can be economically transported only over short distances (approximately 10-20 miles), the reactor plant must be located near to the point of use. Hence, the Process Steam/Cogeneration Plant is best utilized in areas where large chemical or industrial facilities are located. A specific example recently studied by

ORNL is the Gulf Coast industrial area within which major petrochemical facilities are located. In the ORNL investigation, various means of replacing existing oil and gas fired capacity were studied, with process steam and cogenerated electricity being the products of interest. A significant savings was projected for the HTGR relative to repowering with coal.

Reforming

While Process Steam/Cogeneration can replace small amounts of current gas and oil fired capacity, the key to large scale industrial replacement of fossil energy resources by nuclear power is development of HTGR systems in which reactor thermal energy is used to produce a gaseous mixture of carbon monoxide and hydrogen from water and a hydrocarbon (e.g., coal). In effect, this process creates a storable, transportable, gaseous chemical which has a multitude of uses in the industrial sector. As a feedstock it can be used for synthetic fuels production, fertilizer production, methanol production and as a reductant for iron ore. Use of nuclear heat for reforming can reduce coal requirements from 20 percent to 40 percent.

When used as a substitute fuel, the synthesis gas may be transported to a remote location and the reactor heat recovered through the reverse chemical reaction (methanation). The resulting thermal energy may be used directly or may be used to generate steam for industrial processes, electricity generation, or a combination of the two (cogeneration). In open cycle systems, the methane resulting from the reverse chemical reaction is

locally utilized as substitute natural gas (SNG). In closed cycle systems (thermochemical pipeline), the methane and water returned to the reactor for reuse in the reforming process.

From the industrial viewpoint, the implications of reactor heat stored in a transportable form are very significant. When used as a storable/transportable fuel substitute, the synthesis gas can be transported great distances and can be stored for long periods, thus overcoming the principal difficulties associated with Process Steam/Cogeneration technology. Further, in the long term, distribution can be made to smaller industrial users as well as large.

Recommendations

Reflecting our conviction that HTGR development is vital to U.S. industry, and believing that a Lead Project is the most acceptable path to development, the Process Heat Users Group offers the following recommendations for FY 1981:

1. We endorse the establishment of an aggressive Lead Project targeted for operation by the mid-1990's.

2. The present Base Technology program should be continued.

3. The long-term HTGR Program should include development of Process Heat applications.

4. Maximum benefit should be derived from the aggressive Process Heat programs in Europe and Japan; however, the U.S. program should be capable of self-sufficiency.

Mr. BEVILL. Thank you.

Mr. Burgener?

Mr. BURGENER. Thank you. It was excellent testimony, and we appreciate it very much.

NUCLEAR ENERGY PROGRAMS

WITNESS

JACK KEARNEY, SENIOR VICE PRESIDENT, EDISON ELECTRIC INSTITUTE

Mr. BEVILL. Mr. Kearney from the Edison Electric Institute is here and we would be pleased to hear from you at this time.

Mr. KEARNEY. Thank you. In conformity with the 5-minute rule, I am going to make a brief statement and request that it and two other longer statements having to do with the budget be included in the record of the proceedings.

STATEMENT OF JACK KEARNEY

Mr. BEVILL. Permission is granted. Your entire statement will be in the record, and the two you have mentioned.

[The information follows:]

Statement on the FY 1981 Nuclear Budget

of the

U.S. Department of Energy

Before the Subcommittee on Energy and Water Development

Committee on Appropriations

United States House of Representatives

March 24, 1980

My name is John J. Kearney. I am a Senior Vice President of the Edison Electric Institute, the Association of America's investor-owned electric utilities. Its members provide about 78 percent of the nation's electricity serving over 99 percent of all ultimate customers of the investor-owned sector of the industry.

I appear before you today on behalf of the Edison Electric Institute. In addition, the American Nuclear Energy Council, a nuclear trade association supported by nuclear steam supply vendors, architects/engineers, public and private utilities, and nuclear fuel and equipment suppliers endorses our statement. We appreciate this opportunity to present our views.

The use of nuclear power for the production of electricity is of significant importance to the economic well-being and security of the United States. The Department of Energy budget

proposal for nuclear power, which you have before you, has a crucial bearing on the viability of the nuclear option. I would like to briefly address the need for nuclear power, and ask that the Subcommittee accept the more extensive remarks contained in the two attached papers for the record.

We foresee growth in electric power requirements at an average annual rate, allowing for regional differences, of nearly 4-1/2 percent to the end of this century. I am pleased to note that the Department of Energy generally concurs in this growth projection, in fact, Assistant Secretary Cunningham recently testified before this Subcommittee to the fact that a 4 percent figure was at best a conservative estimate. By 1985, about 35 percent of all the energy used in the U.S. will be devoted to the generation of electricity, compared to some 30 percent in 1979. By the year 2000, this figure will reach almost 50 percent. In that year, electricity requirements are expected to be about 2-1/2 times the 2.3 trillion kilowatt-hours used last year.

Up to 1985, it appears feasible on the basis of available fuel resources to meet the estimated national requirements for that year of nearly 3 trillion kilowatt-hours---although there could be regional shortages of electricity if we are unable to bring into operation scheduled generating capacity because of regulatory delays. For the years beyond, however, expansion of electricity production will have to rely on the greatly enhanced development of coal and nuclear power.

The Edison Electric Institute is now completing an update of the 1976 EEI study on economic growth in the future. The preliminary forecast shows that coal will continue to represent the largest source of primary energy for making electricity until well into the next century. However, generation by nuclear, about 12 percent of the total last year, is expected to reach 20 percent in 1985 and over 30 percent in the year 2000, provided, of course, that regulatory uncertainties are reduced and affirmative government actions on both the policy and technical support levels are forthcoming.

In order to meet projected requirements for electric energy in the next two decades, both new coal and nuclear generating units are essential. Neither alone can do the job!

Of prime importance to our nation's consumers of electric energy are the DOE programs which will enhance the continued development and use of light water reactors. In our judgment, several of the programs in the DOE budget must be more adequately funded and aggresively pursued.

The present and future importance of these light water reactors can be attested to by the fact that some 70 nuclear power reactors presently licensed to operate are supplying the nation with electricity that otherwise could require burning nearly 1-1/2 million barrels of oil per day. Each new, large reactor which goes into commercial service will additionally offset the equivalent of 30,000 barrels of oil per day. When

the nuclear power plants currently under construction or on order are completed, these plants, together with the plants in operation, can provide the energy equivalent of more than 4.5 million barrels of oil per day.

We further note, with disappointment, that no funds are provided for the Clinch River Breeder Reactor project and that a significant decrease in funding is proposed for the base breeder technology program. We do not believe the budget proposals in these areas match our country's needs and priorities even in an austere budgetary climate.

Before concluding, I would like to comment on the current activities of the Nuclear Regulatory Commission and certain programs in the NRC budget. The nuclear industry was heartened by the recent issuance of a limited power license to the Tennessee Valley Authority's Sequoyah unit. Notwithstanding this small step forward, we believe, however, that the Congress and the NRC should now take the initiative to form explicit policies and guidance that recognize:

-- The high level of safety already achieved and the remedial actions now underway to reinforce what is now in place;

-- The importance of setting priorities on requirements so that industry and NRC resources can be used more effectively;

-- The impacts on consumers of extended operating reactor outages;

-- The importance of concentrating NRC and staff resources on the granting of near-term operating licenses;

-- The tremendous cost of construction schedule delays, ultimately paid by the consumer, due to implementation of potentially unnecessary requirements;

-- The importance of concentrating NRC and staff resources on the granting of near-term construction permits;

-- The importance of a balanced regulatory policy on safety goals and backfitting.

It is our strong contention that the continued safety record of the nuclear industry, enhanced by the post-TMI establishment of the Institute of Nuclear Power Operations (INPO) and the Nuclear Safety Analysis Center (NSAC), clearly calls for an end to the "licensing pause" and an expeditious resumption of the licensing process. A clear and unambiguous statement by the Congress on the continued need for nuclear power is now essential if nuclear is to regain its position as one of our primary energy resources.

In this regard, it is my understanding that this Committee has recently stated its opinion that the NRC move ahead with licensing activities at the earliest possible moment. On behalf of the utility industry, I would like to take this opportunity to thank you for your strong support, which is certainly in concert with the observations I have just made.

Lastly, there are two budget considerations I would like to bring to the attention of this Committee. The first is intervenor funding. The NRC has proposed funding in the amount of $500,000 for fiscal year 1981 to establish a pilot program. As the industry has stated on numerous occasions in the past, we strongly oppose such a program as being unnecessary, wasteful and time consuming with negligible positive impact. We commend the Committee's opposition to this pilot program. The second deals with the assumption that the NRC has adequate funds for continuing safety research programs on Fast Breeders and Convertor Reactors. In order that our country can be in a position to use advanced reactors in the future, we must be certain that safety research does not lag behind reactor development.

The events of the past year, as well as the results of several major studies, including the Administration's Non-Proliferation Alternatives System Assessment Program (NASAP), the International Nuclear Fuel Cycle Evaluation (INFCE), and the National Academy of Sciences Committee on Nuclear Alternative Energy Systems (CONAES) report, have reinforced our long-standing

position on the role of nuclear power -- a position which we have given before the Congress on many occasions over many years. Furthermore, when President Carter released his statement on the Kemeny Commission report in December, he said: "We cannot shut the door on nuclear energy. The recent events in Iran have shown us the clear, stark dangers that excessive dependence on imported oil holds for our nation.... We do not have the luxury of abandoning nuclear power or imposing a lengthy moratorium on its further use." In our judgment, however, the nuclear budget which has been proposed by the Administration does not adequately reflect the urgency in moving forward with nuclear power and assuring the viability of the option well into the next century.

Statement of

The Edison Electric Institute

and

The American Nuclear Energy Council

on the

FY 1981 Nuclear Budget
of the U.S. Department of Energy

Before the

Subcommittee on Energy and Water Development
House Appropriations Committee

March 24, 1980

This statement is submitted on behalf of the Edison Electric Institute and the American Nuclear Energy Council.

The Edison Electric Institute is the association of America's investor-owned electric utilities. Its members provide about 77.5 percent of the nation's electricity serving over 67 million customers. The American Nuclear Energy Council is a trade association representing the nuclear industry and is supported by more than 100 organizations including manufacturers of nuclear steam supply systems, nuclear fuel and equipment suppliers, architect-engineers and public power, rural electric and investor-owned utilities.

The past year has been an extraordinarily difficult period for electric utility companies and the nuclear industry. The accident at Three Mile Island was the most serious in the history of the U.S. commercial nuclear industry and has focused critical attention on nuclear power as never before. But even before that accident, the commercial nuclear program was showing signs of retreat. In 1978 and 1979, eighteen planned nuclear plants totaling almost 20,000 MWe were cancelled. Only last month, five more units representing 5500 MWe were terminated. The reasons are many, but in large part are the unavoidable result of government policies, policies, both at the state and federal levels. These include escalating licensing and regulatory uncertainties, anti-nuclear animus on the part of some states, inadequate rate relief, and lack of progress in implementing a waste management program. Load forecast reductions and cost increases have also played major roles.

Ironically, at the same time that these forces have been buffeting the nuclear option, nuclear power continues to provide the lowest cost, most reliable and environmentally acceptable source of base load electric energy. In 1979, seventy-two nuclear power plants, representing 9.6 percent of the nation's total installed generating capacity, supplied approximately 12 percent of our total output of electricity. An additional ninety-two nuclear plants are under construction with twenty-three on order. By 1985, the share of electricity produced by nuclear energy will increase to approximately 20 percent as plants under construction are completed. The reliance on nuclear energy is even more pronounced in certain regions of the country.

In view of these factors, the question which must be answered is whether the nuclear option is to be preserved and strengthened or whether it is to disappear. Our answer is to call for a strong endorsement of the need for increased nuclear generation. This endorsement should not be given at the expense of other energy sources. The nation clearly needs a balanced combination of coal and nuclear generation, a fact recognized in the recent exhaustive report by the National Academy of Sciences Committee on Nuclear Alternative Energy Systems (CONAES) as well as many other thorough, unbiased studies. So too we as a nation must vigorously pursue the energy savings which can be accomplished through conservation. All domestic energy sources must be utilized if we are to reduce our dangerous dependence on foreign fuels.

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Clearly, if nuclear and coal are the only near-term options for increasing our electric generating capacity, the programs which are covered by the Department of Energy's FY 1981 budget will have an important bearing on the strength of the commercial nuclear program in the near-term. This is not the time to cut back on nuclear fission research and development. Instead, there must be an even stronger commitment to this research and development if today's bleak picture is to be changed.

The EEI and ANEC do not wish to comment on all the programs which the industry supports. We would, however, like to focus on those areas of the Fiscal Year 1981 budget which we believe should be upgraded. More funding must be provided for the breeder reactor program, which offers one of the most promising source of energy production with domestically available resources in the decades following the 1980's. The most advanced radioactive waste demonstration program - the Waste Isolation Pilot Program - should be continued. The ongoing program for identifying and evaluating this country's total uranium resources ought to be completed on schedule. Additionally, the gas cooled reactor programs and the research and development program at the Barnwell Nuclear Fuel Plant should be continued. Once again, we turn to the Congress to provide the national leadership and to issue a mandate to the Department of Energy to continue development of nuclear technologies if they are to be part of our energy future.

THE BREEDER REACTOR PROGRAM

Last month, DOE representatives testified that it was one of their objectives "to conduct the necessary research and development activities to ensure that the breeder reactor is a viable option for the supply of future energy requirements." The DOE Assistant Secretary for Nuclear Energy's recommendation for FY 1981 for the breeder base program was $356 million. We believe that this funding level, rather than the $226 million requested by the Administration, should be provided in order to preserve the breeder option. Additionally, funding for fuel cycle research and development supportive of the breeder programs should be restored to at least the FY 1980 level. We believe that funding of the breeder program at the FY 1980 level and continued funding of the Clinch River Breeder Reactor project are essential.

Congress authorized the Clinch River breeder program in 1972 as a joint Government-industry effort. Over 750 electric utilities, representing all sectors of the utility industry, pledged $257 million towards the Clinch River project. This was, and still is, the largest contribution ever made by the utility industry to a single development project.

Early construction of Clinch River will provide the experience with engineering, licensing and operations which is essential to restore U.S. leadership in breeder technology. It represents an up-to-date, technically sound design and has been

continually upgraded to reflect the extensive research and development and proof-test programs. Clinch River is the appropriate scale-up from the Fast Flux Test Facility (FFTF) to confirm the materials compatibility, fabrication techniques and fuels behavior while remaining within the levels of extrapolation prudent under current technology.

Continuation of Clinch River is also needed if the breeder option is to be available in any reasonable timeframe. Further delay will in turn delay subsequent demonstration plants. With the lead times inherent in the process, commercial breeders are, on the most optimistic schedule, at least two decades away. When we consider the magnitude of the fuel resource available with the breeder--a sixty-fold increase in the uranium utilization efficiency over current reactors with once-through fueling--further delay in the breeder program is clearly not in the national interest.

Nor do non-proliferation concerns justify the delay. Recently two major studies relating to non-proliferation and the breeder program have emerged. The DOE's Nonproliferation Alternative Systems Assessment Program (NASAP) study concludes that the liquid metal fast breeder reactor does not present proliferation problems which differ in degree or kind from any other breeder system. Moreover, the recently completed International Nuclear Fuel Cycle Evaluation (INFCE) study has concluded that breeder reactors using plutonium could offer substantial economic advantages to many countries and that the

breeder reactor design does not pose any greater risk of diversion of material for nuclear weapons than the existing power plants now in use in the United States and in other countries. Deceleration of the U.S. program and our foreign policy initiatives appear to have had little or no effect on foreign programs. The proposed budget, which signals a virtual halt to the U.S. program, is no more likely to slow the pace and direction of foreign programs. To the contrary, it may well force foreign nations to develop their own technology. Any justification for termination of breeder reactor programs based on non-proliferation concerns is simply invalid.

The recent successful initial criticality and operation of the Fast Flux Test Facility (FFTF) test reactor should provide increased optimism for the eventual commercialization of the breeder technology. This successful research program should receive more funding. Clinch River is the logical follow-on to the FFTF and would provide that research reactor with a technological mission which can lead to the eventual deployment of commercial breeder reactors.

GAS REACTOR PROGRAMS

The high temperature gas cooled reactor (HTGR) offers the advantage of greater operating efficiencies (in the range of 50%), greater flexibility in reactor siting, and application for many industrial process heat requirements. Recently, the United States signed an Umbrella Agreement for Cooperation with

the Federal Republic of Germany and Switzerland to share technology development of the HTGR. Development of the HTGR continues to be supported both financially and with managerial experience through the utility supported Gas Cooled Reactor Associates.

We also support continued development of the gas cooled fast breeder reactor which, due to its unique design features utilizing technology developed for the HTGR and liquid metal fast breeder programs, offers the potential for a very high breeding ratio (greater fuel production), low capital costs and extremely low development costs. This program is supported by a group of utilities known as Helium Breeder Associates. We believe the Administration's proposal to terminate this program is short-sighted and support efforts to restore funds for it.

BARNWELL NUCLEAR FUEL PLANT PROGRAM

During fiscal years 1978-1980 Congress appropriated funds for research and development programs at the Barnwell Nuclear Fuel Plant in South Carolina. Direct Congressional support for the Barnwell programs developed following President Carter's April, 1977 decision to indefinitely defer commercial reprocessing, the purpose for which Barnwell was originally designed and built. During the past three years the programs at Barnwell have preserved the nucleus of its unique technical staff, produced valuable research results on the nuclear fuel cycle and maintained the option of using the Barnwell facility

in the future. During this time Barnwell has developed what many believe to be the most sophisticated nuclear safeguard system in the world. This work has provided valuable contributions to the International Nuclear Fuel Cycle Evaluation (INFCE).

It is now clear from the recently released results of the INFCE study that breeder reactors and reprocessing are part of the world's energy future. It would be folly for this nation to abdicate its technological leadership in this area by not continuing basic research and technical developments in reprocessing. It is inconsistent with a continuation of the breeder reactor program at any level not to develop the reprocessing capability needed to fuel the advanced breeder design. We recommend the addition of approximately $12 million to the DOE Authorization for the Barnwell Nuclear Fuel Plant to continue research and development activities.

Additionally, Barnwell provides one of only three spent fuel pools available to implement DOE's program of away-from-reactor (AFR) spent fuel storage. DOE should purchase or lease Barnwell to provide AFR spent fuel storage, and should continue the valuable fuel cycle research and development at that facility.

URANIUM RESOURCE ASSESSMENT

The National Academy of Sciences Committee on Nuclear Alternative Energy Systems (CONAES) in addressing the role of

nuclear energy stressed the need for "a more complete assessment of domestic and world uranium resources, and of the rate they can be produced at various costs." The Administration's response is to cut in half DOE's own recommendation as to the required level of funding for the National Uranium Resource Evaluation (NURE) Program, and to extend the completion date for NURE until the late 1980's. This cut in the NURE Program is inconsistent with planning needs for the mining industry to explore, develop and produce our domestic uranium resources. While the NURE Program does not produce more uranium, it does serve to encourage aggressive, private exploration. The future of nuclear fission in this country is tied to the availability and the perceptions of availability of domestic uranium resources. While we believe there are sufficient uranium resources to provide fuel for present and future nuclear reactors, this perceived uncertainty should be resolved. We urge the Congress to restore full funding for completion of the uranium resource assessment program in FY 1981. Additionally NURE should thoroughly address the question of uranium reserves on public lands or lands which may be designated as Wilderness areas in the future.

URANIUM ENRICHMENT

We urge the Congress to continue support of the development of gas centrifuge technology for uranium enrichment. The three DOE gaseous diffusion plants have served the U.S.

military and domestic and foreign commercial nuclear power programs well. However, the diffusion plants themselves are highly dependent on large quantities of electric energy. Fifty percent of the cost of present uranium enrichment services is the cost of electricity to run the diffusion plants. A gas centrifuge machine would use only 4 to 5 percent of the electricity used by a diffusion machine to produce the same unit of separative work (SWU). The gas centrifuge program offers obvious benefits both in conservation of energy resources and in reducing the cost to consumers. It is also an important aspect of maintaining our position in the international community as a reliable and competitive supplier of uranium enrichment services.

We encourage the development of the advanced isotope separation technology which may one day provide an even more efficient and less energy dependent form of uranium enrichment. We only caution that research on the advanced isotope separation process should not detract from the efforts to build the gas centrifuge plant on its present schedule to complete the initial 2.2 million SWU capacity increment at Portsmouth, Ohio by 1988.

COMMERCIAL NUCLEAR WASTE AND SPENT NUCLEAR FUEL

The industry generally supports the President's recently announced program on nuclear waste management and the Administration's program on spent fuel storage first offered in

October of 1977. A step-by-step approach has finally been developed which will result in siting, construction and operation of a geologic repository. The schedule for this approach is, however, unnecessarily relaxed. During the last four years, the time-table for operation of the first geologic repository has slipped a full decade from 1985 to the mid-1990's. Furthermore, we believe that the Waste Isolation Pilot Program (WIPP) proposed for termination by the President should be carried out as a military R&D program to gain valuable experience in disposing radioactive wastes in salt. Salt is considered one of the principal candidate media for a geologic repository and the most research to date has been conducted in salt. We note with some satisfaction that one of the conclusions of the INFCE study group was that radioactive waste disposal can be carried out without undue risk to man or the environment. We urge the Congress to authorize DOE to expedite a program for development of mined geologic repositories that will command the confidence of the American people that radioactive waste disposal is indeed a soluble problem.

We also support the Administration's program, and the initiatives in the Congress, for the acquisition of facilities for away-from-reactor (AFR) storage of spent fuel. AFR storage availability is required by 1983 or essential nuclear generating capacity could be in danger of shutting down due to the unavailability of spent fuel storage capacity. The

Congress should provide DOE with the authority to acquire the necessary AFR facilities and should establish a funding mechanism so that DOE can operate its spent fuel storage program in a businesslike manner. I should emphasize that the cost of programs for commercial nuclear waste management and for storage and ultimate disposal of spent fuel are not borne by the taxpayers. The utilities will pay to the Government the cost of providing spent fuel storage and the cost of ultimate disposal of radioactive wastes. These costs in turn are reflected in the costs of providing electricity generated by nuclear power and are ultimately borne by the utilities' customers.

* * * * * *

The electric utility industry is making its own major contributions towards research and development of technologies to improve our ability to supply electricity to our customers. The budget for 1980 for research programs of the Electric Power Research Institute (EPRI) is $262 million -- an increase of 30 percent from last year. Of that total amount, $69 million will be spent by the nuclear power division on programs involving reactor systems, uranium fuels, nuclear wastes, environmental impacts, and developing technologies. Furthermore, to improve the safety of nuclear power plants -- through improved safety analysis, plant design, operating procedures, and personnel training -- the utility industry has established the Nuclear Safety Analysis Center (NSAC) and the Institute of Nuclear

Power Operations (INPO). The Nuclear Safety Analysis Center's immediate task is to obtain the best possible understanding of the accident at Three Mile Island and to determine what responses the nuclear utilities should make. The Institute of Nuclear Power Operations has been established to ensure the highest quality of safe operations in nuclear power plants. Headed by retired Admiral Eugene P. Wilkinson, INPO is charged with the task of assuring that all electric utilities meet benchmarks of excellence in nuclear safety.

The electric utility industry is assuming a fair share of the burden of research and development and improvement of safety in nuclear plants. We do this because of our belief that nuclear energy continues to be an essential ingredient in our energy future. It takes very little imagination to foresee an even greater role in this country for electricity generated from coal and nuclear power. For example, electric mass transportation systems and electric cars would certainly put much greater demand on the electric utility industry and at the same time would offer significant benefits to our overall energy picture by reducing reliance on petroleum products. An aggresive research and development effort by both the private sector and the Department of Energy cannot be overemphasized. We commend the leadership of this Subcommittee and urge the Congress to pursue relentlessly the advancements in technology that will improve both our near-term and long-term energy picture. Advancements in technology continues to hold the key to our future.

Statement of

The Edison Electric Institute

and

The American Nuclear Energy Council

on the

FY 1981 Nuclear Budget
(Fast Breeder Reactor Technology)
of the U.S. Department of Energy

Before the

Subcommittee on Energy and Water Development
House Appropriations Committee

March 24, 1980

This statement on liquid metal fast breeder reactor technology is submitted on behalf of the Edison Electric Institute and the American Nuclear Energy Council.

The Edison Electric Institute is the association of America's investor-owned electric utilities. Its members provide about 78 percent of the nation's electricity serving over 67 million customers. The American Nuclear Energy Council is a trade association representing the nuclear industry and is supported by more than 100 organizations including manufacturers of nuclear steam supply systems, nuclear fuel and equipment suppliers, architect/engineers and public power, rural electric and investor-owned utilities.

During the last several years, panels of witnesses have appeared before the Congress to present industry testimony on the liquid metal fast breeder reactor (LMFBR) base program and the Clinch River Breeder Reactor Plant (CRBRP) Project. The panels have consisted of representatives from the Edison Electric Institute, the American Nuclear Energy Council, the National Rural Electric Cooperative Association, the American Public Power Association, and some of the principal vendors and engineering firms associated with the breeder program. The panels have thoroughly laid out the arguments in favor of a strong breeder base program, including the Clinch River Project. During this

three-year period, they have effectively responded to all of the issues raised by the Administration as grounds for its opposition to the Clinch River Project.

The Administration's proposed 1981 budget calls for a forty percent cut in funding for the LMFBR base program and the termination of the Clinch River Breeder Reactor Plant Project altogether. The stated basis for the latest change in the Administration's breeder strategy is that the date when the breeder will be needed can be extended to the year 2020, and consequently there is no need to proceed rapidly with breeder development and demonstration. Thus, the Administration has again ignored the significance of the inter-related national and international energy events of the past year, the significant progress in the breeder R&D programs here and abroad, as well as the results of the extensive analytical and review efforts pertaining to energy trends and options. The Administration has provided in their place proposed actions that appear to be more directed to further undercutting, rather than enhancing, nuclear power as a domestic energy option. This is despite the Administration's frequent announcements to the contrary and the conclusions and other findings of even its own most recently released energy study.

Clearly, this latest proposed breeder strategy also represents a major change from what was proposed to this Congress and to the industry as recently as last year. The proposed budgetary actions also appear to make a mockery of the Administration's own recent position on the critical nature of nuclear

power as well as the finding in a recently concluded international study that the LMFBR is the most significant nuclear power system under development in the industrialized world, because it is seen as the best option to alleviate doubts about resource availability and the security of domestic energy supplies. Consistent with this finding, the demonstration of the LMFBR should proceed without delay so that the breeder option will be available when needed to support continuing growth in nuclear power to meet our electrical energy needs. The prompt pursuit of CRBRP makes sense in today's stringent budgetary and inflationary climate. The technical and organizational readiness to proceed with the plant has been repeatedly reviewed and confirmed. The continuing delays have added significantly to the costs and schedules of the project, and to the breeder base program.

On this basis, we firmly believe that the proposed cuts and other negative programmatic actions are ill-conceived and contrary to the President's own stated determination to "not shut the door on nuclear energy," and accept the reality of the fact that "every domestic energy source, including nuclear power, is critical if we are to free our country from its over-dependence on unstable sources of high-priced foreign oil." Therefore, we strongly urge the Congress to restore full funding for both the LMFBR base program and the CRBRP Project.

The recent turmoil in the Middle East and other international events dramatically illustrate the precarious nature

of our continuing dependence on foreign oil to meet our future energy needs. Moreover, several recent realistic reappraisals of the availability of other alternative energy sources to meet these needs confirm the fact that now, more than ever, the United States is critically dependent upon a viable nuclear power program, including a timely breeder demonstration plant program in order to insure a secure energy future. All of these developments underscore the wisdom of the Congress over the past several years in keeping the breeder option alive and call into question more than ever before the soundness of the Administration's repeated attempts to scuttle the CRBRP Project. The most recent proposal to emasculate the LMFBR base program can only be interpreted as a phase-out of the long term viability of nuclear power.

As we approach the end of the twentieth century, there is a consensus that coal and nuclear power must shoulder the burden of meeting our expanding electrical generating supply needs. In fact, study after study has concluded that, in order to meet electricity demands over the next thirty years, the only economic alternative availability to the United States is the installation and operation of a large number of additional coal-fired and nuclear-powered generating facilities. Conservation measures alone cannot do the job, and the contribution from other alternative energy forms (e.g., solar, biomass, geothermal, fusion) is expected to be marginal at best. Further, in order

to insure that the United States will be able to meet its electricity demands beyond that period, these studies have recommended that the development and demonstration of breeder reactor technology should proceed without delay so that the option to deploy breeders can be available early in the next century, if necessary.

In order to have the option to deploy breeders early in the next century, the United States must proceed with the development of the industrial base for such an endeavor as well as with a high priority effort to construct and operate a demonstration plant utilizing the breeder technology. This position has been supported by a number of recently completed studies, such as that of the National Academy of Sciences Committee on Nuclear and Alternative Energy Systems (CONAES), which concluded that the LMFBR offers the best long term technological prospect for insuring an adequate lifetime fuel supply for the nuclear power plants which will be needed in the next century. Deployment of the LMFBR will extend our uranium resources by a factor of about 60 and enable us to productively utilize the tremendous energy potential of the uranium tails presently stockpiled at the various enrichment plants. This energy potential is roughly equal to our total unmined coal resources or at least three times the total OPEC oil resources. The Administration's own analyses are consistent with the view that the LMFBR constitutes our best "insurance policy" for meeting future electrical demand and stretching out existing nuclear fuel supplies. In fact, the

Administration at this time anticipates the development of a commercial breeder reactor by the year 2020. The issue before this Congress is whether the proposed budget matches our country's projected needs and priorities even in an austere budgetary climate. In our view, it does not.

The Administration's opposition to the breeder program and, more specifically the CRBRP Project, was originally predicated upon setting an example on international non-proliferation grounds. Two recent major studies specifically address the relationship between nuclear non-proliferation and the development of breeder reactors. These studies were the Administration's own Non-Proliferation Alternatives Systems Assessment Program (NASAP) study and the International Nuclear Fuel Cycle Evaluation (INFCE) report. These studies vindicate industry, Congress and labor on their persistence in keeping reprocessing and the breeder option viable.

Included among the findings in these studies are:

- Proliferation is primarily a political and not a technical matter.
- There is no single technological "fix" which will insure achievement of non-proliferation goals and objectives.
- Misuse of the fuel cycle is not the easiest nor the most efficient route to nuclear weapons.

- International safeguards are an essential feature of the nuclear power industry.
- For future fuel cycle facilities, including reprocessing, mixed oxide fuel fabrication plants and reactor plants, international safeguards criteria should be applied from the inception of plant design.
- Institutional arrangements will contribute to minimizing proliferation risks and to assurance of supply.

The simple fact of the matter is that all other major industrialized nations (i.e., France, Japan, the United Kingdom, West Germany, and the USSR) were moving ahead with their liquid metal fast breeder development programs while INFCE was pending. The Administration's deferral of the U.S. liquid metal fast breeder program, ostensibly to await the outcome of INFCE, has had little or no adverse effect on these foreign programs.

As recently reported in the two attachments to this testimony, breeder reactors will be a key to the energy future of all industiralized nations.

While the Administration's positions on the breeder progam have been discouraging, we are all proud of the important progress which has been made during the past year. The Project Management Corporation Annual Report summarizes the accomplishments which have occurred on the CRBRP Project in the past year

relating to the fabrication and testing of major system components and design completion. The recent successful initial criticality of the Fast Flux Test Facility (FFTF) and other important component and system test results at Hanford, Idaho, Oak Ridge, Argonne and the Liquid Metal Engineering Center have also been encouraging.

Despite the important progress that has been made, it is becoming more and more apparent that these foreign breeder programs are now outstripping the U.S. program. Heretofore, we have taken some comfort in the fact that the superior breadth and depth of the U.S. base program with its diverse and extensive test facilities could at some point compensate for the ever-increasing foreign lead in the pivotal demonstration plant project area. Further, curtailment of the breeder program could eventually result in an insurmountable foreign lead in the development of nuclear power.

Significantly, by falling behind in the development of breeder technology the U.S. would also run the risk of losing whatever modicum of influence and control it now has over the international exchange of breeder technology. A budget proposal which undercuts our technical leadership in this area, as the Administration's proposal most assuredly does, thus appears to be ill-suited towards achieving the United States' repeatedly expressed international non-proliferation goals.

In any event, the breeder option is the only viable insurance policy which the United States now has to meet its future energy needs. The U.S. simply cannot afford to mortgage its energy future by failing to pay the premiums on this policy when they become due. At this juncture, a fully funded base program is imperative. No less significantly, the program must include a viable demonstration plant project. We believe that the Clinch River Project is the right design, at the right place, and at the right time. The 350 MWe size of the reactor represents a prudent extrapolation from the FFTF which is consistent with our own Light Water Reactor (LWR) experience and sound engineering judgment, as well as being comparable to the intermediate size demonstration plants developed in foreign breeder programs. The advanced heterogeneous core design, the key systems design review, and the steam generators and sodium pumps are among the better examples of how the Clinch River design reflects the most advanced state of the art in LMFBR technology. For example, the heterogeneous core, which provides for more efficient use of fuel and a better breeding ratio, was added to the design in January 1979. Study after study has shown that the CRBRP design is still current and even contains a number of advanced design features not yet incorporated into foreign breeder designs. The assertions concerning the "technological obsolescence" of the CRBRP design which the Administration paraded out in its White Paper on CRBRP during the hearings on the FY '80 budget proposal

have not been supported. A May 7, 1979 GAO report concluded that the CRBRP was the logical next step in the orderly development of a major energy technology and recommended continued funding of the Project. Before the Administration unilaterally suspended the licensing proceeding in April 1977, the NRC Staff had determined that the Clinch River site was suitable from the standpoint of protection of public health, safety and the environment.

It must also be remembered that the Clinch River Project does not represent an irrevocable commitment to the deployment of commercial breeder reactors; it represents a necessary step towards acquiring the operating experience and data base upon which intelligent decisions on further scale-ups, and perhaps commercialization, can later be made in a time frame consistent with our national energy needs.

In summary, we find the proposed budget completely inconsistent with the national interest. The need for a vigorous breeder program is clear. Non-proliferation problems must be taken seriously, but the solutions lie in the institutional, and not the technical, arena. A U.S. decision to proceed on a vigorous breeder demonstration program is logically separable from the institutional solutions. More significantly, the Administration's proposal would destroy the breeder program by eliminating more than 6,000 jobs around the country and foreclose the breeder as a viable energy option. A vigorous program must be pursued; it must include the Clinch River Breeder Reactor Plant; and we

must not rely on an expensive and risky hope of catching up later. Moreover, the time has now come to go beyond merely keeping the breeder option alive. The United States must re-emphasize its commitment to the development of breeder technology and undertake a high priority effort to construct and operate a demonstration plant utilizing that technology in a timely manner. The schedule for completing the CRBRP must not be permitted to slip any further.

For all these reasons, we strongly urge the Congress to restore all prior budget cuts and, consistent with the level of projected expenditures in prior years, authorize full funding for the LMFBR base program, including the Clinch River Breeder Reactor Project.

[From the Washington Post, Tuesday, Feb. 26, 1980]

66-Nation Group Rebuffs Carter, Backs Breeder Reactors

(By Milton R. Benjamin)

VIENNA, Feb. 25—A 66-nation nuclear conference today rebuffed President Carter's appeal to curb international use of fast-breeder nuclear reactors. The conference instead adopted a technical report strongly supporting rapid development of breeder technology.

The report adopted today would appear to vindicate foreign countries that have forged ahead with breeder programs. With several Republican presidential candidates clearly on record as favoring development of an American breeder, the new report could make the advanced reactor an election-year issue.

The study, carried out as part of the International Nuclear Fuel Cycle Evaluation, which opened its final session here today, concludes that fast-breeder reactors would release less ratioactivity into the air than existing atomic plants and would also expose the operators of nuclear power plants to smaller radiation doses.

The report cited a number of other ecological and environmental advantages for fast-breeder reactors as well. In the climate of concern over nuclear safety that has existed since the Three Mile Island accident, it seems likely to reopen the debate over the fast-breeder reactor program in the United States:

President Carter, in organizing the international body's study in 1977, sought to kill construction of a U.S. demonstration fast-breeder reactor at Clinch River, Tenn., and tried to persuade other countries to slow up their breeder programs as well.

The president argued against the spread of fast-breeders—so called because they breed more plutonium fuel than they use—out of concern that a sharp increase in the worldwide availability of plutonium, which can be used to fabricate atomic bombs, would add to the problem of curbing nuclear proliferation.

But France, Britain, the Soviet Union, Japan and other countries have pressed on with their fast-breeder programs, and Carter has been unable to kill the Clinch River project. Backers of the breeder have each year pushed funding to keep Clinch River alive through Congress, voting an additional $172 million for the project in September by tacking a rider on a federal payroll bill.

Among the advantages cited for the fast breeder in the report:

Radioactive releases. "During the normal operation of a power reactor, there are minor releases of radioactivity into the environment in the form of both gaseous and liquid effluents, there is some evidence to suggest that there may be a difference between the two systems, with the fast reactor appearing to demonstrate a clear advantage."

Radiation exposure. "Occupational exposure should be lower for fast-breeder reactors than for [existing] reactors. Some European utilities are relying on the future fast breeder to decrease the annual dose per operator to well below the figure of the [existing] stations."

Thermal pollution. "The thermal efficiency of the fast-breeder reactor is higher than that of the [existing] reactor because the fast breeder operates at higher temperatures; the problems of thermal pollution are therefore reduced."

Nuclear waste disposal. "More waste would be expected to arise from the [existing] power cycle than from the fast-breeder cycle . . . This decrease would require fewer waste handling requirements and, consequently, less permanent storage capacity."

[From the Washington Post, Tuesday, Feb. 26, 1980]

Even members of the U.S. delegation taking part in the fuel cycle talks here concede that the breeder reactor probably would reduce the number of occupational deaths associated with the nuclear industry, since it largely operates on plutonium and thus would reduce the need for the uranium that fuels existing atomic power plants.

A U.S. official said uranium mining is the primary cause of fatalities in the nuclear energy industry.

U.S. officials decided not to dissent formally from the study's general endorsement of breeders for countries with large electricity requirements. They made it clear, however, that they feel the report is too one-sided.

"The need and prospects for breeders understandably are given considerable attention in the light of their promise and the interest that some nations have in this technology," U.S. Ambassador-at-Large Gerard Smith said in addressing the session today.

"But the breeder is not without its costs, risks, and uncertainties," Smith added. "That report focuses much more on the positive features of the technology."

The United States did express satisfaction—from a nonproliferation viewpoint—that the report states that "breeder development and deployment is not likely to be economically attractive to countries with a small number of nuclear power plants, or just embarking on such a program."

In an earlier development, the conference delegates, in a last-minute compromise, elected Y. Yatabe, Japan's chief delegate to the talks, to be president of the group's final session.

Sir Hermann Bondi of Britain had been tapped informally to be president, but the group of 77—representing 117 Third World nations—over this weekend objected to selection of a delegate from a nuclear weapons country to chair the gathering.

[From the Wall Street Journal, Feb. 29, 1980]

Atomic Speed

FRANCE PURSUES DRIVE TO REPLACE OIL IMPORTS WITH NUCLEAR ENERGY

POWER POLICIES OF THE WEST COULD DEPEND ON RESULTS OF PARIS'S COMMITMENT

HOW SERIOUS ARE THE CRACKS?

(By Jonathan Spivak)

LOYETTES, France—Along the lovely Rhone River here in Southern France—an area known locally as "nuclear valley"—the huge cooling towers of the Bugey Central Nuclear Station drape cottony puffs of white fog around Western Europe's largest nuclear complex.

Bugey's five government-built and government-operated reactors already produce over half of France's nuclear energy and one-tenth of all its electrical power. But in a determined drive to reduce dependence on foreign oil. France will soon start installing nuclear plants almost half again as large and put into operation a long-awaited breeder reactor that produces more nuclear fuel than it consumes.

By 1985, if all goes as planned, France will be far and away the Western world's leading nuclear power, producing 55% of the nation's electricity from the atom, more than three times the present proportion. The banks of the Rhone River from the Swiss border to Marseilles will then be dotted with 40 reactors, helping France surpass the combined nuclear-power production of Japan and West Germany, its closest nuclear competitors.

"For us, nuclear power isn't a matter of prestige—it's a necessity," says Maurice Barberger, the man in charge of building France's pioneering but controversial fast-breeder reactor, the Super Phoenix. On a recent nationwide radio broadcast, President Valery Giscard d'Estaing boasted that the French nuclear program "places us in a position of great security" in energy supplies.

$8 BILLION A YEAR

France's all-out nuclear commitment, currently costing $8 billion a year, makes it a fascinating economic and technological proving ground for nuclear energy. The results could not only be critical to France but also determine energy policy throughout the Western industrial world.

Set in motion chiefly as a matter of national prestige more than two decades ago. France's nuclear power program is the heart of a government drive to achieve faster industrialization and rising consumer living standards. Official plans for a 5% to 6% annual inrease in electricity consumption and a real decline in electricity prices depend entirely on nuclear power.

Despite recent discovery of a flaw in the construction of reactor vessels—the program's first potentially serious safety problem—the French nuclear-power effort is also providing support for wavering nuclear plans in other Western European countries. The political pendulum in Europe seems to be swinging back toward nuclear power after a series of setbacks over the past two years.

Popular referendums had blocked operation of an Austrian nuclear plant and tied tight safety requirements to the Swiss nuclear program. The German pro-

gram was bogged down in arguments over reactor safety and waste disposal. The British Labor government was hostile to nuclear power. And then the Three Mile Island episode in the U.S. caused the Netherlands and several other European countries to consider abandoning nuclear power altogether.

Plans Reaffirmed

Recently, however, Germany, Spain and Italy have either reaffirmed previous nuclear plans or even accelerated them. The British government has just announced its intention to start construction in 1982 of a series of plants similar to the French ones. And nuclear-power advocates are suddenly more hopeful about the likely results of a March 23 referendum in Sweden to determine whether that country builds six more nuclear plants or phases out the six it already operates.

(In the U.S., the Nuclear Regulatory Commission yesterday ended a year-long moratorium on new nuclear-plant operations. The agency voted to let the Tennessee Valley Authority start up, with limitations, its Sequoyah Unit No. 1 near Chattanooga. See story on page 4).

Certainly, precarious world oil supplies and the sharp rise in oil prices have helped to swing European sentiment back toward nuclear power. "Iran made a number of countries realize there isn't any attractive option to energy problems —and perhaps the least attractive one is nuclear," says William Hannum, deputy director general of the Nuclear Energy Agency, a unit of the Organization for Economic Cooperation and Development in Paris.

But certainly, too, the determination and progress of the French effort have also helped change the European climate for nuclear energy. Almost alone in Western Europe, the French government has steadily pushed aside political, economic and technical obstacles. Within days of the Three Mile Island accident, it confidently confirmed its nuclear construction plans and asserted that safety modifications wouldn't be needed in the French reactors.

Pro-nuclear forces in West Germany now argue that one reason to accelerate the German program is to meet the threat of French industries fueled by cheap nuclear power. Firsthand inspection of the French program helped firm up Prime Minister Margaret Thatcher in committing Britain to an expanded nuclear effort. Even U.S. reactor maufacturers, such as Westinghouse Electic Corp. and General Electric Co., are seeking technical information on the Super Phoenix fast-breeder design, in case it proves commercially competitive.

The magnitude of the French undertaking emerges clearly in a visit to "nuclear valley." Here at Loyetttes is the Bugey station, the prototype for all future French nuclear parks. To the south, near Pierrelatte, is Eurodif, a huge uranium-enrichment plant. And Creys-Malville, just to the east, is the site of France's greatest nuclear gamble, the Super Phoenix breeder.

The $2.5 billion Super Phoenix is twice as costly as conventional reactors but is designed to manufacture 10% to 20% more nuclear fuel than it consumes in making electricity. Three years ago, technical uncertainties and safety worries forced the U.S. to abandon its fast-breeder project at Clinch River, S.C., and no Western nation other than France has had a fast-breeder commitment since then.

At the moment, France's breeder project is merely a giant concrete shell towering 222 feet above the Rhone. Below, workmen struggle in the bitter cold to fabricate its stainless-steel reactor parts. By the end of 1982, French atomic officials say, the Super Phoenix will begin paving the way to French nuclear independence by extending the use of scarce fuel 50-fold.

"The fast breeder will make our uranium reserves equivalent to two to three times Saudi Arabia's oil," says Jean Pellerin, an offiical of the French Atomic Energy Commission. "We don't believe in exchanging oil dependence for uranium dependence." France not only has sizable uranium resources of its own; it also buys additional supplies from former French colonies in Africa, such as Gabon.

Reaffirming France's faith in the gamble it is taking on nuclear power in general and fast breeders in particular. Electricite de France (EDF), the state-owned utility that owns and operates all the nuclear plants, earlier this week announced it had decided to build two more fast-breeder reactors at a cost of almost $4 billion. Construction would start by 1985.

France's nuclear pride and confidence can be easily observed at all the nuclear valley installations. "There's no way radiation could escape the three barriers around Bugey," declares Pierre Carlier, the plant's assistant chief. "The problem is that people don't know what to think—they have been given too much information."

Like most French technological undertakings, the nuclear effort is strongly characterzied by aggressive nationalism. It is premised on a grand strategy of complete nuclear self-sufficiency—and has involved the development of uranium mining and facilities for fuel enrichment, reactor manufacturing, fuel reprocessing and nuclear-waste disposal. The entire program takes a major share of the government's civilian construction spending. "All for the grandeur of France," complains Louis Puiseux, a well-known nuclear critic and former EDF employee.

From a technical point of view, the French program receives praise even from its critics. Most of its achievements are commonly attributed to the industry's monolithic organization. As the sole national utility, EDF can order just one type of nuclear plant from a single manufacturer, Framatome, which itself is partly owned by the government. This permits rigid standardization, economies of scale, and rapid construction and installation. "The managers of EDF resist the engineers' temptations to be perfectionists," says Jacques Faure, an EDF official.

While environmental opposition to nuclear power is probably as strong in France as elsewhere in Europe—most polls show a 40–40 divsion, with the remaining 20% undecided—it has had little political effect. France's highly centralized government structure leaves important nuclear decisions securely in the hands of national officials, who can readily ignore local sentiment. (Even so, several weeks ago, while reaffirming French nuclear-power goals, President Giscard also announced a reduction in electricity rates for residents near nuclear plants—an obvious move to minimize any local opposition.)

There are few legal restraints on the government's nuclear program. Environmental-impact statements began only in 1977 and are far less detailed and burdensome than those in the U.S. France is also the only major Western nation without a nuclear-safety law or an independent nuclear-safety agency.

What legal attacks have been made on the nuclear program have generally failed. Challenges brought on ground of fundamental policy are rejected by the French courts, which consider these matters the province of the executive branch. Thus, legal action is possible only on narrow procedural grounds, and EDF scrupulously guards against such vulnerability. "If the system were the same as the U.S.," complains Philippe Galliard, a leading anti-nuclear attorney, "probably one-third of the reactors would be shut down." He adds that weakness of the French consumer-protection movement and lack of money also contribute to the difficulties of anti-nuclear efforts.

Perhaps the strongest reason for the unchallenged progress of the French nuclear program is the lack of an effective political opposition. The program enjoys near-unanimous support from the parliamentary parties; even the Communist Party is a strong nuclear advocate on nationalistic grounds. Nuclear power budgets are routinely approved, and there hasn't been any parliamentary debate on the matter for years.

Besides national security and national prestige, economic realities have provided support for nuclear power, politicians agree: The program has spurred the modernization of an important segment of French industry, stimulated development of government science and engineering, and furnished jobs for about 100,000 workers.

Fragmented and doctrinaire, French environmentalists have failed to win representation in parliament and have abandoned efforts to mount public anti-nuclear protests out of fear that the demonstrations would be taken over by violence-prone radicals.

Recently, however, a major safety problem apears to be stimulating significant public concern. Late last year the Confederation Francaise Democratique du Travail, an umbrella union group that includes the atomic workers' union, revealed the existence of tiny fissures in the steel layers of two nuclear reactors about to be put into operation.

As a result, the Ministry of Industry called a delay of several weeks in the start of the two new plants so as to develop testing equipment for determining whether the cracks are enlarging. Now the go-ahead has been given, but EDF will be required to observe costly 17-week shutdowns at other operating nuclear plants to check their safety.

French atomic officials still remain firmly convinced that the cracks are only a minor technical flaw that poses no serious operating problem. The officials say the program will go forward as planned after careful study. Nonetheless, crows one anti-nuclear scientist, "we demolished the myth of EDF's infallibility."

Mr. BEVILL. We also have a letter and a statement from Mr. Cantor that will be inserted at this point.

[The information follows:]

EDISON ELECTRIC INSTITUTE The association of electric companies

1111 19th Street, N.W.
Washington, D.C. 20036
Tel: (202) 828-7400

March 7, 1980

The Honorable
Thomas Bevill
Chairman, Subcommittee on
Energy and Water Development
Room 2362, RHOB
Washington, D.C. 20515

Dear Mr. Chairman:

The Edison Electric Institute would like to take this opportunity to offer a brief statement on the non-nuclear sections of the Department of Energy FY 1981 Authorization Bill.

The Edison Electric Institute is the principal trade association of the investor-owned electric utilities. Its members provide approximately 78% of the nation's electricity needs serving over 99% of all ultimate customers of the investor-owned sector of the industry.

Should you desire amplification of these specific remarks or any additional information please do not hesitate to call me.

Sincerely,

David L. Cantor

David L. Cantor
Vice-President for
Legislative Affairs

Enclosure

DLC:krs

STATEMENT
OF
EDISON ELECTRIC INSTITUTE
ON THE DEPARTMENT OF ENERGY'S BUDGET REQUEST
FOR FISCAL YEAR 1981

The Edison Electric Institute generally supports the non-nuclear portions of the DOE budget request for FY1981. The programs which would be funded by this portion of the budget represent essential building blocks in the maturation of an integrated national energy policy.

Important as the nuclear energy program is, it must be complemented by the vigorous development of a comprehensive program for non-nuclear energy resources. In this connection, we look with favor upon the increases in budget authority in many areas of research, development and applications.

Particularly welcome is the increase in budget authority for fossil energy and especially coal. We were pleased with Secretary Duncan's recent statement that "coal will play a central role in the nations' fossil energy programs." Along with nuclear energy, coal must be the dominant energy source for the production of electricity for the rest of this century and the early years of the 21st century.

The increase in budget authority for solar and other renewables is also welcome. In the longer run, solar energy holds the promise of a significant contribution to the nations' energy supply. While the goal of obtaining as much as 20 percent of the nations' energy needs from solar energy by the turn of the century may not be attainable, it is important that that goal be pursued so that solar energy may be pursued as soon as practicable.

The slight increase in budget authority for electric energy systems and storage should be augmented. Research and development in this area is fundamental to the solution of many of the obstacles to a sound energy policy. Efficient energy storage systems have broad ramifications for maintaining the economics and reliability of electric energy supply.

The FY1981 budget request continues funding of a first geothermal demonstration incorporating the flash conversion of technology. This is a positive step, but should be reinforced by a second demonstration to be a commercial-scale powerplant utilizing a binary conversion technology. Funding for this second demonstration should be provided.

We strongly endorse the increase in funding for DOE's environmental programs. The incorporation of the evaluation of environmental impacts in energy technology development and deployment activities is essential. Early integration of environmental and energy considerations can lead to the balance which is necessary to the development and operation of additional energy sources.

Basic energy research is the foundation of energy development and demonstration. It should be adequately funded. The increase in budget authority to $297 million for FY1981 appears to be a satisfactory level of support at this time.

With regard to oil supply, it has been suggested that there be authorized the research and development of innovative technology for economic production of oil from deep, low permeability source

bed shales. The goal would be the demonstration that unconventional petroleum reservoirs, such as the Marine Tuscaloosa formation, can be commercially produced by means of innovative formation fracturing and stimulation techniques. Successful production of petroleum bearing fractured shale reservoirs could add billions of barrels of national recoverable resources. In the Louisiana-Mississippi Tuscaloosa formation alone, it is estimated that from 1.2 to 3 billion barrels of oil appear to be recoverable.

In conclusion, the Edison Electric Institute believes that, with some exceptions, the FY1981 budget request of DOE for non-nuclear programs is a reasonable one which adequately funds the spectrum of energy sources which must be pursued in the interest of a balanced national energy policy. Two areas in which funding should certainly be increased are geothermal energy and energy storage.

STATEMENT SUMMARY

Mr. KEARNEY. Thank you, sir.

As I indicated, I appear before you today on behalf of the Edison Electric Institute. In addition, the American Nuclear Energy Council, an association of people interested in nuclear power, also endorses our views.

In our statement, what we try to do is point out the significance of nuclear power to the U.S. in view of the load growth which we believe will be somewhere in the neighborhood of nearly 4½ percent from now to the end of the century, and also because of the importance of trying to back out away from the use of oil, to the generation of nuclear power in this country. And the Department of Energy budget which you have before you has a crucial bearing on the viability of this nuclear option.

Up until 1985, we think it is feasible on the basis of the available resources to meet the expected load growth. But beyond those years, we are going to have to depend more and more on nuclear power and coal.

The primary importance to our nation's consumers of electric power are the DOE programs which will enhance the continued development and use of nuclear power.

In our judgment several of the programs that are in the DOE budget and some that are not in the DOE budget must be more adequately funded and aggressively pursued.

We further note with disappointment that there are no funds provided for the Clinch River Breeder Reactor, and that a significant decrease in funding for the base breeder technology program has been included. We do not believe that the budget proposal in these areas match our country's needs and priorities even in this time of budget restraint.

NUCLEAR REGULATORY COMMISSION

Before concluding, I would also like to comment briefly on the current activities of the Nuclear Regulatory Commission and certain programs in the budget. We in our industry are heartened by the recent issuance of a limited power operation license to the Tennessee Valley Authority's Sequoyah unit, but, notwithstanding this forward step, we believe that the Congress and the NRC should take more initiative to form explicit policies in this area, and my paper demonstrates why this is necessary at this particular point in time.

As for the NRC budget, we would like to call to your attention two things: One is intervenor funding. The NRC has proposed funding in the amount of $500,000 for fiscal year 1978 to establish a pilot program. And, as we have stated on numerous occasions in the past, we strongly oppose such a program as unnecessary, wasteful, and time-consuming with negligible positive impacts.

The second thing I would like to point out deals with, as Mr. Walker has already pointed out, making certain that the NRC has adequate funds for continuing safety research programs on fast breeders and advanced reactors. In order that our country may be in a position to use advance reactors in the future, we must be certain that safety research does not lag behind reactor development.

In the final analysis in our judgment, the nuclear budget which has been proposed by the administration does not adequately reflect the urgency in moving forward with nuclear power and assuring the viability of this option well into the next century.

As I pointed out, our detailed statement has detailed comments in this area.

Mr. BEVILL. Thank you very much.

GAS-COOLED REACTOR PROGRAM

WITNESS

RALPH M. DAVIS, CHAIRMAN, HELIUM BREEDER ASSOCIATES

Mr. BEVILL. We will now hear from Mr. Ralph Davis from the Helium Breeder Associates.

Mr. DAVIS. Thank you, Mr. Chairman. I also have filed a more complete statement, Mr. Chairman, and I will just summarize.

STATEMENT OF RALPH DAVIS

Mr. BEVILL. Your formal statement will be made a part of the record. You may summarize or proceed as you wish.

[The information follows:]

STATEMENT BEFORE THE
ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE
HOUSE APPROPRIATIONS COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

FY 81 ENERGY AND WATER DEVELOPMENT APPROPRIATIONS

Gas-Cooled Fast Reactor (GCFR)

March 24, 1980

Ralph M. Davis, Chairman
HELIUM BREEDER ASSOCIATES

WITNESS LIST
ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE
HOUSE APPROPRIATIONS COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

FY 81 ENERGY AND WATER DEVELOPMENT APPROPRIATIONS

Gas-Cooled Fast Reactor (GCFR)

March 24, 1980

Ralph M. Davis, Chairman
HELIUM BREEDER ASSOCIATES

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to present testimony to your committee today. I am Ralph M. Davis, Chairman of the Board of Helium Breeder Associates (HBA), and I am speaking to you today on behalf of the 77 utilities and industrial participants who are members of the HBA company, and financial supporters of the development of the gas-cooled fast breeder reactor technology. The Gas-Cooled Fast Reactor (GCFR) program has not been included in the Administration's proposed 1981 budget, and I am here to urge you to reinstate it and provide funds for its continuence.

Helium Breeder Associates also supports a strong and vigorous LMFBR development program at a much higher funding level than that provided in the Administration's proposed budget. We believe that a strong and diversified breeder program is imperative if this country is to meet its energy needs in the future. As an indication of the broad and vigorous support from the GCFR, the HBA members, the European supported GCFR programs, and GA have provided funding support of $92M in parallel with the U.S. government support of $79M through 1979.

The GCFR program has for many years been considered an alternative development effort which is incremental in nature to the LMFBR mainline program. The GCFR program draws both on the technology being developed by the participants of the LMFBR program and on that technology now being demonstrated in the Fort St. Vrain gas cooled reactor. The program is designed to be incremental and therefore cost effective.

The GCFR is currently in the Program Definition and Licensing Phase or PDLP, which has as its end goals the completion of approximately 70 percent of the engineering design, a demonstration of licensability and a detailed cost estimate for a demonstration-sized gas-cooled fast breeder reactor. We think the goals of the current phase of the program can be met at a funding level less than 10 percent of a reasonable LMFBR program. For this relatively small increment we believe that this alternative technology which offers the possibility of lower capital cost, higher breeding performance, and advantages in operability and maintainability should be pursued to a point where a more quantitative assessment can be made.

The perceived capital cost advantage of the GCFR cannot be quantitatively assessed until further design work is completed and licensing demonstrated. However, a current assessment of the state of the technology leads us and other independent investigators both in the U.S. and abroad to believe that significant cost advantages may result. The promise of higher breeding performance from a GCFR relative to an LMFBR is quite well accepted by scientists due simply to the fact that helium, which is used as the coolant, allows the operation of the reactor core in an energy range which results in greater nuclear fuel breeding. The value of having a higher breeding ratio is simply that in the future use of breeders fewer plants would be required. With the difficulties perceived

in the future siting of breeder power plants, possibly to the extent that they may be contained in high security energy parks, the need for fewer breeders might well be significant. Further, because helium is noncorrosive, chemically inert and does not become radioactive, operation and maintenance appears to be simpler. The very fact that the GCFR does not require an intermediate heat transfer loop, provides not only a part of the capital cost savings, but allows simpler operation of the nuclear system as well.

The segment of the utility industry supporting HBA and the development of the GCFR, which constitutes about thirty percent (30%) of the electric generating capacity in the United States, was surprised and deeply concerned to find that the Administration did not provide funds for its continuance. The program has evolved over a number of years as a joint industry/government effort. Assurances provided by the Administration and the Department of Energy led us to believe that the alternative breeder technology development program was still a part of the overall Administration's nuclear policy. We are not aware of any stated policy change.

The recent history of the GCFR has been one of partnership; HBA representing the utility industry and the federal government. That history should be reviewed briefly to put into context the feeling of betrayal by this budgetary action. The utility industry began supporting research in the GCFR during 1965. This informal utility group provided program direction with ad hoc committees until 1976. These utilities then incorporated the nonprofit HBA at the urging of the government to provide an entity for contracting purposes. Immediately, ERDA awarded a contract to perform a study on the commercialization of the GCFR. HBA subcontracted with independent subcontractors to perform the study. This study has been the basis which HBA has used to formulate its program direction.

When President Carter made his Energy Policy Statement in April 1977, HBA sought assurance that the government policy would continue to support both HBA and the GCFR. ERDA did provide such assurance in the most positive way in a letter to HBA management.

Later in 1977, HBA's response to ERDA's request for a GCFR program manager was accepted. A sole-source justification followed allowing the then DOE to contract with HBA noncompetitively. The sole-source justification was doubly important because it also indicated the government's acceptance of the multi-year program definition and licensing phase (PDLP). HBA placed great confidence in this document due to its final approval by the Under Secretary of the DOE.

In 1978 HBA, at the request of DOE, prepared a report entitled, "Alternative GCFR Roles and Development Strategies." This report provided justification for DOE's fiscal year 1980 budget submission and was cited by the Administration in its fiscal year 1980 budget submittal to the Congress.

HBA and DOE executed a contract in 1979 again signifying a mutual commitment to the GCFR program. President Carter specifically endorsed the continuation of the GCFR in a letter to Speaker of the House O'Neill. Also, the government published two reports further expressing endorsement of the HBA partnership in the GCFR program. The "Fission Energy Program of the U.S. Department of Energy" was prepared by the Office of the Program Director for Nuclear Energy, DOE, for

the House Committee on Science and Technology. The Administration's National Energy Plan II is the second statement expressing support for a "Hedged Breeder Strategy" which is completely consistent with the GCFR program's PDLP.

Due in part to such assurances by the government HBA has been able to increase its membership during 1979 -- a year not noted for increasing support for nuclear activity. Seven new utility members and the first two industrial members have agreed to support HBA and the GCFR with both financial and technical manpower.

Thus the unilateral withdrawal of the federal partner without explanation has taken HBA and its members by surprise. This leaves one and all with an uncertain view of the reliability of further industry-government cooperation in long term projects.

The contractors involved in this program include General Atomic as the prime contractor dealing with the nuclear steam supply system for the gas-cooled fast reactor, General Electric Company's Nuclear Division, and Westinghouse's Advanced Reactor Development Division. In addition, portions of the program are being carried out by a number of engineering firms around the country including Bechtel, Stone and Webster, Gilbert Commonwealth, Brown and Root, Parsons and others. Much of the research and development effort is being done at Oak Ridge National Laboratory, Argonne National Laboratory, Pacific Northwest Laboratory, EG&G at the Idaho National Engineering Laboratory, Los Alamos Scientific Laboratory, and Brookhaven National Laboratory. We also have member utilities from foreign countries and through cooperative arrangements work on the GCFR program is being performed in Switzerland, Germany and Belgium. The technology is also enhanced by some work being done in France as a part of their national breeder effort. We believe that if the U.S. took a more aggressive posture with respect to the GCFR, even more significant cooperative arrangements could be made with foreign countries in support of the overall breeder program. Many countries who participate along with the U.S., on the GCFR Coordinating Committee of the Organization for Economic Cooperation and Development, look to this country for leadership in the GCFR development.

The growing support of the GCFR program over the last several years coupled with the increased industry participation has provided us with a significant momentum which can pursue the development of the GCFR technology in an aggressive, well managed way. Several important programmatic milestones have been achieved during FY 79 and 80. A reexamination of design alternatives was concluded with a joint effort undertaken on the part of American and German engineer designers The design was revised in such a way that it incorporates the best thinking of both countries and emphasizes additional safety features. The program has adopted design changes which allow reactor core cooling capability through natural convection processes in the event of the highly unlikely loss of capability in several other redundant cooling systems. This design achievement which results in a significant contribution to even greater safety consideration stands as a tribute to the cooperative arrangements that we have enjoyed with our foreign counterparts. These new features and concepts are now being embodied in the design effort and a complete conceptual design package will be documented and published at the end of FY 80.

When we at HBA began to hear rumors that the GCFR would not be included in the Administration's FY 81 budget request, we sought and received a meeting

with the then Under Secretary of the Department of Energy. In that meeting the Under Secretary assured us that there was no expressed policy change regarding support for the GCFR as an alternate breeder technology, and indicated he would reinstate some support for the program in the budget request; but it appears that his efforts were unsuccessful. If this joint industry/government partnership effort is to be dissolved unilaterally by the government, it will stand as yet another example of this governments inability to work cooperatively with industry. In addition, it is likely that we will never regain the position of leadership that we now enjoy worldwide with respect to gas-cooled fast reactor technology. This technology will likely be lost and its promises of lower costs to the customers of electric energy in future generations will not have been given proper investigation. I therefore urge your support of our request for reinstated funding for the GCFR program. Our program plan would have called for funding at a level in excess of $40M for FY 81. However, the program can be pursued and advanced, and our utility membership maintained if funding is restored at least at the $26M level of the current year, plus some allowances for inflation.

Finally, I would like to mention the more subtle implications for the nuclear industry, the utility industry and for the public if well established R&D programs such as this are abruptly dropped for reasons not related to their prospects for success. I have already alluded to the problems which perceived bad faith might cause in future industry/government cooperatives efforts. Any cooperative program with the government dependent as it is on future appropriations is difficult for industry at best. Any additional negative elements will make it even more difficult to attract private sector support for these programs.

When the utilities embarked on the nuclear age almost thirty years ago, it was generally assumed that the nuclear fuel cycle would be completed as a matter of high national priority. It was expected that reactors would improve with research and experience and that waste management, fuel breeding and reprocessing were problems awaiting only development of the best technical and safety approach. In short it was generally accepted that the political and technical uncertainties would be resolved readily.

How wrong we were. Today the greatest uncertainty of all is that of public confidence. No matter how good the technology may be or how good the safety record of the industry or how promising the prospects for meeting our future energy requirements, the nuclear industry and the utilities building or operating nuclear plants frequently wind up being damned as proponents of some sinister self-serving technology that is almost certain to injure or damage the public. The risk that a small minority will be able to mobilize resistence capable of shuting down either the construction or operation of such plant is very high. The extremely high financial risk to companies undertaking nuclear projects is due much more to this uncertainty than technological difficulties. These uncertainties have already led to dramatic reductions in orders of light water reactors and will almost certainly lead to the demise of the nuclear industry if the trend is not reversed. Without vigorous government leadership, this trend will not be turned around and the loss to the country would be critical.

In my part of the country waste management seems to be the matter of greatest concern to the public. This issue is more of a political problem than a technical one, but to the companies entering upon nuclear projects, the fuel cycle is also

of critical importance. The large investment in nuclear plants must be amortized over a long period of reliable power production to be economically feasible. Mere speculations that enough natural uranium will be found is not sufficient assurance to justify the tremendous investment necessary to construct and operate those plants. The availability of a safe reliable breeder is of vital importance to the country's energy future. The U.S. has already lost the lead in developing LMFBR technology; let us not loose our present leadership in the gas cooled breeder technology as well. If the time comes when this country has critical need to breed nuclear fuel for power generation, as we sincerely believe it will, let us know that our own technology will be sufficiently developed to meet that need. If the GCFR and the HTGR programs remain unfunded in this budget, the U.S. will probably never regain the position of world-wide leadership we now enjoy with respect to gas cooled reactor technology. That technology and our substantial investment in it would be lost and its possible benefits in terms of lower cost to customers and more efficient use of resources in future generations would not have been given proper investigation.

I urge you to support our request for reinstatement of funding for this program. The project licensing and definition phase which I previously mentioned would have called for funding at a level slightly in excess of $40M for fiscal year 81, but it can be pursued and advanced on a stretched out basis and our utility membership maintained if funding is restored to at least the $26M level of FY 80 with some allowance for inflation.

Thank you very much for the opportunity to present this testimony. I request that my complete statement be included in the record along with the attachments.

TABLE 1

BOARD OF DIRECTORS

Ralph M. Davis
Chairman
Puget Sound Power
& Light Company

Keith W. Amish
Rochester Gas & Electric

William H. Dickhoner
Cincinnati Gas & Electric Co.

Ed Fischer
Pub. Util. Dist. No. 1, Clark Co.

Robert F. Gilkeson
Philadelphia Electric Co.

L.E. Gross, Jr.
Medina Electric Coop., Inc.

Arthur Hauspurg
Consolidated Edison Co. of N.Y., Inc.

Richard O. Newman
Pub. Serv. Co. of Oklahoma

Robert T. Person
P.S. Co. of Colorado

William S. Robson
So. Tex.Elec. Coop., Inc.

Lelan F. Sillin, Jr.
Northeast Utilities

Robert I. Smith
P.S. Electric & Gas

W.S. White, Jr.
American Electric Power Serv. Corp.

Harold L. Williams
Cleveland Electric Illuminating Co.

OFFICERS

Robert S. Hunter
President

John J. Scoville
Vice President &
General Manager

Frank E. Dotson
Treasurer

Wayne C. Booth, Jr.
Secretary

James M. Kruthers
Assistant Secretary

TABLE 2

HELIUM BREEDER ASSOCIATES
1979 Membership and Support

COOPERATIVES (CLASS I)

Bandera Electric Coop., Inc.
Cherokee County Electric Coop. Assoc.
Guadalupe Valley Electric Coop. Assoc.
Medina Electric Coop., Inc.
South Texas Electric Coop., Inc.
- Jackson Electric Coop., Inc.
- Karnes Electric Coop., Inc.
- Nueces Electric
- San Patricio Electric Coop., Inc.
- Victoria County Electric
- Wharton County Electric Coop.

Surprise Valley Electrification Corp.
Tri-County Electric Coop., Inc.

GOVERNMENTAL (CLASS II)

Public Utility District No. 1
- of Clark County

INVESTOR OWNED (CLASS III)

Arizona Public Service Company
Cincinnati Gas & Electric
Delmarva Power & Light Company
East Central Nuclear Group (ECNG)
- American Electric Power
  - Appalachian Power Company
  - Indiana & Michigan Electric Co.
  - Ohio Power Company
- Allegheny Power System
  - Monogahela Power Company
  - Potomac Edison Company
  - West Penn Power Company
- Ohio Edison Company
  - Pennsylvania Power Company
- Columbus & Southern Ohio Electric Co.
- Southern Indiana Gas & Electric Co.
- Cleveland Electric Illuminating Co.
- Louisville Gas & Electric Co.

Central and South West
- Central Power and Light
- Public Service Co. of Oklahoma
- Southwestern Electric Power Co.
- West Texas Utilities

El Paso Electric
Empire State Electric Energy Research
- Central Hudson Gas & Electric Co.
- Consolidated Edison of New York, Inc.
- Long Island Lighting Co.
- New York State Electric & Gas Corp.
- Niagara Mohawk Power Corp.
- Orange & Rockland Utilities, Inc.
- Rochester Gas & Electric Corp.

Gulf States Utilities
Indianapolis Power & Light

INVESTOR OWNED (Continued)

Northeast Utilities
- The Connecticut Light & Power Co.
- The Hartford Electric Light Co.
- Holyoke Water Power Company
- Western Massachusetts Electric Co.

Philadelphia Electric Company
Public Service Company of Colorado
Public Service Electric & Gas
Public Service of New Mexico
Puget Sound Power & Light Company
Southwestern Public Service Co.
Union Electric Company
Washington Water Power Company

FOREIGN (CLASS IV)

ELSAM - Denmark
AB Kaernkraft, AKK - Sweden
- AB Bergslagens Gemensamma Kraftforvaltning
- Balforsens Kraft AB
- Gullspangs Kraft AB
- Krangede AB
- Stora Kopparbergs Bergslags AB
- AB Svarthalsforsen
- Sydkraft AB
- Voxnans Kraft AB
- Varmlands Kraft - OKG delagarna AB

INDUSTRIAL (CLASS V)

Brown & Root
Gilbert Commonwealth

SUMMARY

Mr. DAVIS. I will briefly summarize. I am speaking on behalf of Helium Breeder Associates, which is a nonprofit corporation made up of 77 companies—75 in the utilities; two industrial—who are the corporate financial supporters of the gas-cooled fast breeder program. This program has been going since 1965 as a joint industry/government effort, and the support group represents about 30 percent of the utility generating capacity of the country.

I want to comment in passing that our group also supports a strong LMFBR program at a higher funding level than that proposed in the administration budget as has been commented on by Mr. Kearney. The GCFR program has long been considered an alternative development effort incremental to the LMFBR program, and it draws on both LMFBR technology, and on HTGR technology, and, therefore, it is a very cost-effective program.

The current phase of this program could be met at a very low funding level, and we think that it ought to be pursued because this technology offers the possibility of lower capital cost, higher breeder performance and advantages in operability and maintainability of these advance type reactors. We think the program should be pursued to a point where a meaningful assessment of these possibilities can be made.

It can't be made until further design work is completed.

With respect to the possibility of higher breeding performance, the advantage there is simply that in the future use of breeders, when and if, and we believe it will become necessary in this country, fewer plants would be required to meet the country's nuclear fuel requirements.

Also, because of the characteristics of helium which is used as a coolant, we believe that the operation and maintenance of these plants might be simpler, and since it requires simpler forms of heat transfer, there should be both capital cost savings as well as the simpler operations.

Let me comment briefly on some recent history. Some recent assurances provided by the administration and DOE lead us to think that this alternate breeder technology was still a part of the overall administration's nuclear program, and we were totally unaware of any policy change in that respect until we began to hear rumors that this program was being zeroed out of the fiscal year 1981 budget request.

After the President's energy policy statement in April of 1977, we had checked with the administration to find out whether this program was still compatible with the administration policy, and we were given assurance that it was in a letter to our HBA organization.

Later in 1979, our organization and DOE entered into a mutual contractual commitment to carry on this program. The President specifically endorses the continuation of it as recently as last April in a letter to the Speaker of the House, and following after that, the government published two other reports which apparently further endorsed the program.

Last year, our organization was continuing to build up its support membership, and we did add a number of new members, seven new utilities and a couple of new industrial members, and we thought that was a pretty good performance in view of the fact that last year,

1979, was certainly not noted as one that would be remembered for increasing support for nuclear activity.

The withdrawal of the Federal partner has taken our members quite by surprise, and it leaves us with a very uncomfortable feeling about the reliability of the future industry/government cooperation in such programs.

There are also a number of utilities from foreign countries working on this program. Some of them are members of our group and some are not. And we believe that if the U.S. took a more aggressive posture with respect to international efforts like this, even more significant cooperative arrangements would be made with foreign countries in support of an overall breeder program.

Mr. BEVILL. Thank you, Mr. Davis, for your very fine statement. As I say, the whole statement will be in the record. We appreciate your appearance today.

Mr. DAVIS. Thank you, Mr. Chairman.

WIND ENERGY PROGRAM

WITNESS

BEN WOLFF, EXECUTIVE DIRECTOR, AMERICAN WIND ENERGY ASSOCIATION

Mr. BEVILL. The Chair recognizes Mr. Ben Wolff from the American Wind Energy Association. You may proceed.

Mr. WOLFF. I would just as soon have staff people read the testimony as I have it entered into the record.

My name is Ben Wolff, Executive Director of the American Wind Energy Association. I am sure members of this committee must get fed up with having special interest groups troop through this hearing room asking for more and more money, particulary out of a smaller Federal pie. I am not sure if these hearings represent the success of the system or the failure of the system—the success, because everyone gets to be heard; or the failure, because if DOE programs were progressing the way those of us involved think they should, presumably we wouldn't be here.

My objective——

Mr. BEVILL. We are pleased to have you here and pleased to hear from you. We appreciate your contribution.

Mr. WOLFF. The objective in appearing here this afternoon is really to get an appropriation in the DOE fiscal year 1981 appropriation bill that matches legislation passed by the House in H.R. 5892 and the Senate in title VIII of S. 932.

As you may know, that would require an appropriation of $100 million, an increment of $20 million above the administration's request. I am not going to go into the need for it because there have been extensive hearings held on both sides of the Hill, but I think I will deviate from probably most of the people you hear testifying today and try to suggest places where this incremental $20 million might come from.

I prepared a chart that is attached to my testimony, that shows the ratio of quad impact from various solar technologies, against fiscal year 1981 funding. The ratio comes out to a million per quad. I added that for conservation taken from the recent CONAES study for 1990.

The three very high ratio programs are all solar electrics. Photovoltaics represents an investment of $17 million per quad. Earlier in the testimony, I discussed briefly the comparative economics. I would only add in a report DOE sent to Congress required under FPUP, they indicated $1.5 million in FPUP is insufficient to meet DPR goals and achieving the price goals would cost $2.4 billion. Achieving the cumulative production capacity would carry a price tag of $5 billion.

The solar thermal program represents an investment of $294 million per quad. In addition to the cost growth presently being experienced at the Barstow plant, called the Golden Turkey by some, the 1990 cost goal for this technology is 17-to-18 cents a kilowatt hour, more than wind energy costs today.

Also, I was talking with someone out there last week, and they said you can stand behind the mirrors and see sunlight through them. This is one year before the plant is to go into operation.

The OTEC, or ocean systems, represents an investment of $390 million per quad in that DOE failed to estimate what the Federal involvement would be to bring this technology to commercialization. It is difficult to compare economics the way you can compare the others. I would point out, however, that design is being undertaken for OTEC–10 or a pilot plant even before testing is completed in OTEC–1.

The committee will note that the high ratio programs are all solar electrics, and they all require technology we don't have in hand today, Wind, on the other hand, most near-term of the solar electrics, represents a current budget commitment of $47 million per quad. It is our feeling that this is grossly the inverse of what the national energy policy would dictate.

DOE, in the past, has focused on developing a range of supply technologies options, but they seem incapable of exercising any of those options: That is where the legislation in H.R. 5891 comes along. It is not so much a pat on the back, as saying, all right, boys, let's get moving. I think most of the program managers at DO Ehave a plan, a budget and a schedule under their control, but if you look at the programs, they reach out into increasingly exotic permutations of research and hardware nad never market-focus.

Since the formation of ERDA in 1975, over $2,356,000,000 have been spent on solar programs, and not one single technology has been commercialized. I think that is a very expensive lesson.

I urge the committee to appropriate funds consistent with the legislation, H.R. 5892, that you may know passed by a tremendous margin in the House last fall, and there is a corresponding piece, title 8—S. 932. I am sorry I couldn't in good conscience tell you wind didn't need any more Federal support, but with your help I am sure that time won't be far off. Thank you.

Mr. BEVILL. Your complete statement will be made a part of the record.

[The statement follows:]

SUMMARY of Recommendations for the FY 1981 DOE Wind Program

The potential contribution of wind energy to National energy supplies is generally agreed to be substantial. DOE commercialization plans suggest wind could provide over 3 Quads by the year 2000 (2 from large systems, 1 from small). The Domestic Policy Review suggests a range from 1.7 to 3 Quads (considering only large machines). The General Electric Mission Analysis suggests a satruation level for selected applications of 13 Quads. A review of DOE's solar programs conducted by SRI (A Question of Program Balance) suggests a technical limit for wind energy of 29 Quads. The exact timing and magnitude of the contribution is a political rather than a technical question.

The role of the Federal government stems from the fact that, as a matter of public policy, the development and application of renewable sources of energy is being accelerated beyond what would occur in a 'free market' economy. Also, there is a higher degree of risk associated with the uncertainty of government energy policy. A final aspect, at least of the near-term Federal role, is that the majority of activity in the wind industry today is either directly or indirectly supported by the Federal government.

In this context, the scope and pace of the Federal wind program is crucial to the wind industry. We have undertaken a careful review of the DOE program represented by the FY 1981 budget request, and have recommended a number of new initiatives. These recommendations are consistent with the goals and objectives of the wind legislation now being considered. What follows is a summary of those recommendations by major program area and a detailed description of the specific programs. DOE budget documents were used as the source for the description of the present programs.

RESEARCH AND ANALYSIS

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
$ 7,569	$ 8,739	$ 7,700		$ 11,945	$ 16,400

Constrained Recommendations:

- Interagency analysis of possible Federal actions in National and international commercialization
- Public sector (Federal, State, and local) market analyses for large, intermediate and small systems
- Federal, State and local agency information dissemination programs.
- A Wind Energy Information Center.

Expanded Recommendations:

- Utility planning grants
- Support for State Public Utility Commissions
- Aggressive information dissemination program

WIND CHARACTERISTICS

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
$ 4,947	$ 5,401	$ 6,200		$ 8,700	$ 12,700

Constrained Recommendations:

- anemometer loan program
- expanded Program Opportunity Notice site evaluation program

Expanded Recommendations:

- 'forgivable loans' for feasibility studies

TECHNOLOGY DEVELOPMENT

FY 1979	FY 1980	FY 1981	AWEA	Constrained	Expanded
$ 10,048	$ 13,181	$ 17,100		$ 22,850	$ 33,850

Constrained Recommendations:

- Expansion of Rocky Flats test facilities
- Directed procurments and unsolicited proposals for component technology development

- Vertical axis supporting research and technology

Expanded Recommendations:

- Regional test centers for small systems
- Expanded test facilities for vertical axis program

ENGINEERING DEVELOPMENT

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
$ 33,391	$ 34,071	$ 49,000		$ 66,500	$ 86,500

Constrained Recommendations:

- Design competition in upper end of small spectrum, 60-80 kw
- Purchase of five Mod-5 machines
- Increase value of Mod-5 contracts
- Addition award of horizontal axis Mod-6

Expanded Recommendations:

- Purchase of additional early prototype (small) systems
- Additional development of vertical axis Mod-6
- Purchase additional early large scale systems

IMPLEMENTATION AND MARKET DEVELOPMENT

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
$ 4,700	$ 2,000	0		$ 5,000	$ 13,000

Constrained Recommendations:

- Continuation of Field Evaluation Program

Expanded Recommendation:

- Feeder line saturation
- Support of State agencies and utilities

SUMMARY: Total Wind Program Budget

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
$ 60,655	$ 63,392	$ 80,000		$ 114,995	$ 162,450

DOE Wind Program Budget: FY 1979-1981

AWEA Recommendations

($1,000's)	FY 1979	FY 1980	FY 1981	AWEA: Constrained	AWEA: Expanded
RESEARCH & ANALYSIS					
Market & Impacts	$ 6,254	$ 6,719	$ 7,700	$ 8,085	$ 9,785
Innovative Concepts	962	1,456	1,255	500	1,255
Info. Dissemination	353	564	360	3,360	5,360
TOTAL:	$ 7,569	$ 8,739	$ 7,700	$ 11,945	$ 16,400
WIND CHARACTERISTICS					
Wind Prospecting	$ 1,857	$ 2,516	$ 2,700	$ 3,700	$ 7,700
Support for D&O	1,090	1,239	1,500	1,500	1,500
Site Evaluation	2,000	1,646	2,000	3,500	3,500
TOTAL:	$ 4,947	$ 5,401	$ 6,200	$ 8,700	$ 12,700
TECHNOLOGY DEVELOPMENT					
Small Systems	$ 4,457	$ 6,313	$ 8,260	$ 10,010	$ 20,010
Intermediate Systems	4,549	5,586	7,840	9,840	9,840
Evolving Technlogies	1,042	1,282	1,000	3,000	4,000
TOTAL:	$10,048	$13,181	$17,100	$ 22,850	$ 33,850
ENGINEERING DEVELOPMENT					
Small Systems	$ 7,267	$ 7,685	$10,000	$ 11,000	$ 13,500
Intermediate Systems	5,769	2,303	13,800	$ 19,300	$ 24,800
Large Systems	20,355	24,083	25,200	36,200	48,200
TOTAL:	$33,391	$34,071	$49,000	$ 66,500	$ 86,500
IMPLEMENATION & MARKET DEVELOPMENT					
TOTAL:	$ 4,700	$ 2,000	$ 0	$ 5,000	$ 13,000
TOTAL:	$60,655	$63,392	$80,000	$114,995	$162,450

SPECIFIC WIND PROGRAM RECOMMENDATIONS: FY 1981

Introduction

During this review of the DOE wind program, a number of shortcommings have become obvious. Although each are interrelated and to a large degree, flow from the first, they are:

- There is a lack of sufficient resources to meet goals in a timely fashion. This has been recognized during DOE's Public Review of Solar Program, August 1978: the Domestic Policy Review and legislation now pending in Congress.

- There is a program bias toward technology development and hardware programs. This has been dictated by the DOE management structure, the Office of Management and Budget and, the lack of adeaquate resources.

- The emphasis of the current program is on utility applications of wind energy which requires substantial technology development, at the expense of resolving non-technical issues and the barriers facing the distributed applications of wind energy.

Realizing that in the present economic and political environment, constrained funding may be a fact of life, two budget recommendations are given for each program element. The first is a minimum budget, consistent with the recommendations in the DPR adjusted for inflation, and pending Senate legislation. The second is an expanded program, designed to achieve the goals set forth in previous DOE commercialization plans.

1.0 Research and Analysis

Background

Principally under the direction of the Solar Energy Research Institute (SERI), this program element seeks to provide a basic understanding of wind system economic and operational requirements in each application, investigate the economic potential of innovative wind energy concepts, assess institutional/environmental impacts, and disseminate information to potential users and industry.

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FY 1981 Budget (funding in $1,000)

a. Market and Impact Analysis

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
~~$ 6,719~~ 6,159	$ 6,719	$ 6,085		$ 8,085	$ 9,785

The present program includes the completion of initial market analyses being conducted by contractors for Rocky Flats and SERI: assessment of environmental issues; the development of planning and economic handbooks: analysis of incentive options and cost: continued reassessment of program strategy to balance cost, time and risk.

Additional Programs under a Constrained Budget

Analysis of possible Federal actions in support of domestic and international commercialization. This would be an interagency activity.	$ 1,000
Prepare Public Sector (Federal, State and Local) market analysis for large, intermediate and small scale systems.	$ 1,000

Additional Programs under an Expanded Budget

Utility planning grants to assess the integration of wind energy with capacity expansion plans.	$ 2,000
Technical and financial support for state Public Utility Commissions in the implementation of the Public Utility Regulatory Policies Act (PURPA)	$ 1,500

b. Innovative Concepts

FY 1979	FY 1980	FY 1981	AWEA	Constrained	Expanded
~~$ 1,456~~ 947	$ 1,456	$ 1,255		$ 500	$ 1,255

The present program provides for continued research and investigations into innovative wind system concepts to assess their potential to offer improvements over conventional systems. Examples include the vortex augmentor, Venturi, and tethered systems.

c. Information Dissemination

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
$ 353	$ 564	$ 360		$ 3,360	$ 5,360

This program identifies and develops various information packages by user class. The primary results to date have been a USDA film and a slide show produced by SERI. FY 1981 plans include defining the roles of Federal and State agencies in the information dissemination process.

Additional Programs under a Constrained Budget

Existing Federal programs and State and local agencies' role in information dissemination should go far beyond the definition stage suggested for FY 1981. Some have programs in place that very much need information on wind to fulfill their mission. Example include EES, Agricultural Extension Service, State Energy Offices, etc. The addition funds recommended would permit contacting these groups, determining their needs and developing material to address those needs. $ 1,000

A Wind Energy Information Center, analogous to the Solar Heating and Cooling Information Center is desperately needed to provide information not only to the general public, but to allied professional fields as well. $ 2,000

Additional Programs under an Expanded Budget

An aggressive information dissemination program that should include at a minimum: an overall strategy that identifies 'target audeinces', their information requirements, the the optimum delivery systems: a wind energy news service that provides press releases to newspapers and periodicals: and, a program to develop educational materials for the broad spectrum of educational institutions including primary, secondary, trade, and universities. $ 2,000

Wind Characteristics

Background

Basic understanding of the wind characteristic impacts the economics in two ways: the loading of the blades and tower directly affect the cost of the systems; and the wind resource is highly variable from location to location and, hence, the selection of a good wind site directly impacts energy capture with a resulting effect on cost of energy to the user.

a. Wind Energy Prospecting

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
~~$ 2,516~~ 1,887	$ 2,516	$ 2,700		$ 3,700	$ 7,700

The major emphasis of this activity is to assess the wind resource and identify the most favorable wind regions. A refined assessment of the wind resource for the Northwest region has been completed and work on the remaining regions is underway.

Additional Program under a Constrained Budget

Institution of an anemometer loan program to be administered through the Regional Solar Energy Centers (RSEC's). This program would provide hardware and technical support for potential users of wind energy in a region. Empahsis would be placed on the distributed applications of wind energy for agricultural, commercial, industrial and residential users. $ 1,000

Additional Programs under an Expanded Budget

A revolving fund available for 'forgivable loans' for site prospecting and feasibility studies should be made available for large scale wind developments. It the project goes forward after the feasibility study the prospecting cost is rolled into the construction cost. If the project dosen't go ahead, the loan is forgiven. This is similar to a program in low head hydro, and geothermal. $ 2,000

Existing NOAA and U.S. Weather Service stations should be upgraded in terms of anemometer equipment, data collection and reduction, and anemometer location to optimize existing stations for wind resource data collection. Additional weather stations should be provided where necessary. $ 3,000

b. Support for Design and Operations

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
~~$ 1,239~~ 1,096	$ 1,239	$ 1,500		$ 1,500	$ 1,500

The accomplishements of this activity includes the evaluation of gust models for use in fatigue analysis; analysis of power outputs from experiemntal machines; and the production of wind forcasting models.

c. Site Evaluation

FY 1979	FY 1980	FY 1981	AWEA	Constrained	Expanded
~~$ 1,096~~ 2,100	$ 1,646	$ 2,000		$ 3,500	$ 3,500

The primary activity of this program includes the selection of candidate sites for the Mod-2 and prototype machines.

Additional Programs under a Constrained Budget

The Program Opportunity Notice used to solicit utility response to being a 'candidate site' for future prototype test programs doesnot go far enough. The PON program should be expanded to provide financial and technical assistant to utilities and users who are attempting to explore their wind resource, without reference to receiving a future DOE prototype machine. $ 1,500

Technology Development

Background

Provides the technical basis for reduced cost and improved performance of advanced wind systems and their components. The intermediate-scale Mod-0 test bed has been operational since 1975 under NASA Lewis and has been used to evaluate a wide range of alternative configurations and components.

The small systems test center at Rocky Flats has been operation since 1977 and now has 16 commercially available systms under test. The primary increase in the budget ove FY 1980 will be used for sub-system and component R&D activities.

a. Small Systems Technology

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expended
~~$4,457~~	$ 6,313	$ 8,260		$ 10,010	$20,010

The FY 1981 budget request provides for the continuing operation and maintenance of the Rocky Flats Test Center and $1,400,000 for supporting capital equipment. It also provide for six ongoing USDA experiments in non-electric end use application.

Additional Programs under a Constrained Budget

The capabilities of the Rocky Flats test center should be expanded in three major areas:

Atmospheric test facilities	
expansion to 45 sites	
purchase of additonal machines	
purchase of additional prototypes	500
Special test systems	
vibration testing	
dynamometer testing	
controlled velocity tests	750
Power management system	
electrical test support	
power lab expansion	500

Additional Programs under an Expanded Budget

The Rocky Flats test center is extremely atypical in the nature of the winds experienced. Additional regional test centers should be established that provide long term operational data in a range of environments. These additional test centers could also be designed to explore regional applications of wind; provide local information dissemination services; and educational facilities for visitors and research. $10,000

b. Intermediate and large System Technology

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
$ 1,549	$ 5,586	$ 7,840		$ 9,840	$ 9,840

The FY 1981 budget request in this program provides continued research and technology development on rotor systems as the major cost component of wind systems. Specifically, this includes developing and testing advanced techniques for controlling rotor power output to reduce design loads and improve performance. The rotor systems activities also include the testing of blades made from advanced materials and fabricating techniques.

Additional Program under a Constrained Budget

An additional fund should be developed for directed procurements and unsolicited proposals to support work on component and systems development that falls outside the normal program procurement process. This effort should be designed to bring potential component suppliers not presently involved in the DOE program and to apply the technology from other industries to component and systems development. $ 2,000

c. Evolving Technologies

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
$ 1,042	$ 1,282	$ 1,000		$ 3,000	$ 4,000

This budget request provides for research and investigation into the structural dynamics and design improvements for the Darrieus vertical axis system and. to a lesser extent, other approaches from the innovative programs. A review of the Darrieus system showed significant potential for being competitive with conventional systems and a substantial portion of the funding was transfered to engineering development (following).

Additional Program under a Constrained Budget

The Darrieus program remains at least a generation of technical development behind the horizontal axis systems because of early program emphasis. Substantial additional efforts are required to recover this step, before the systems are able to compete on a equitable basis. The programs under this expansion include

investigation of gear box and other mechanical power transmission systems; cambered airfoils; improved vertical axis aerodynamics performance analysis; additional projects for fabricating larger composite blades; further study of erection procedures; and, further refinement of rotor controls. $ 2,000

Additional Program under Expanded Budget

Exapnd and upgrade existing vertical axis test-bed facilities to permit continued evaluation and validation of analysis techniques and proposed improvements. $ 1,000

Engineering Development

Background

This activity provides for a sequence of progressively more advanced machines with lower cost of energy. In general, wind machines currently available provide electricity for 7-12¢ per kilowatt hour, while prototypes under development provide energy for 8-9¢ per kilowatt hour, decreasing to about 4-5¢ per kilowatt hour in production. More advanced systems now underway are projected to provide electricity at less than 4¢ per kilowatt hour. The object of this activity is to design, fabricate and test a series of progressively more advanced machines that approach these costs.

a. Small Systems Development

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
$ 7,267	$ 7,685	$10,000		$ 11,000	$ 13,500

The FY 1981 budget request will provide for the development and testing of the 4 wk and 15 kw systems; product improvement for 5 of the 9 systems completed as part of the first generation of machine developments (1-2 kw; 8 kw; 40 kw); development of a limited number of 2nd generation systems in the 2-20 kw range; and limited testing of the early prototypes.

Additional Program under a Constrained Budget

As the results of the first round of technology development becomes available, it is apparent that the cost projections for machines in the upper end of the small spectrum, namely

the 40 kw system, are very competitive with the megawatt-cale systems. "Larage" 'small' machines have significant market potnetial for commercial, industrial and remote applications. The failure of the Department of pursue machines in the upper end of the small spectrum is incomphrensible. This addition would provide for parrellel development of a system in the 60-80 kw capacity range. $ 1,000

Additional Programs under an Expanded Budget

A substantially large number of early prototypes should be purchased 1) for testing in a broad range of climatic conditions including salt environment, dust, ice, and continuous operation; 2) the majority of outstanding questions in the further advance of these machines will require substantial operational experience; 3) many of the firms involved would benefit substantialy from the manufacturing experience of producing a number of machines just beyond the 'hand crafted' prototype construction level. $ 2,500

b. Intermediate Systems Development

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
5,769 ~~$ 2,303~~	$ 2,303	$13,800		$ 19,300	$ 24,800

The FY 1981 budget will be devoted primarily to the development of an advanced intermediate scael machine the Mod-6. Present plans are for the development of one horizontal axis machine and one vertical axis machine.

Additional Programs under a Constrained Budget

The award of parallel development for one vertical axis and one horizontal axis machine is not actually a parrallel development program. The vertical axis technology, although it shows tremendous promise, remains one generation of development behind the horizontal axis technology. Also, for a range of reasons, including general performance characteristics and industry characteristics, the two

award winners are unlikely to be competing directly, which effectively removes competition as a driver in cost reduction, one of the main reasons for parallel development programs. Under a constrained budget, an additional contractor for the horizontal axis system should be added. $ 5,500

Additional Program under an Expanded Program

Under an expanded program, parrallel development of the vertical axis machines would also be conducted. $ 5,500

c. Large System Development

FY 1979	FY 1980	FY 1981	AWEA	Constrained	Expanded
20,355 $ [redacted]	$ 24,083	$ 25,200		$ 36,200	$ 48,200

The funding requested for FY 1981 provides for the parallel development (2 contractors) of an advanced megawatt scale system, the Mod-5. The cost of energy goals expected to be acheived in production from this last round of technology development is 3-4¢ per kilowatt hour. This budget request also provides for the continued testing of the Mod-1 in Boone, NC and a three unit Mod-2 wind farm in Washington State.

Additional Programs under a constrained Budget

The greatest remaining obstacle to attaining the objectives of the DPR will utility acceptance. Utilities have continually stated in public and private forums that before they can consider the integration of wind equipment in their capacity expansion plans, they will have to have operating experience. For these reasons, every effort should be made to maximize utility experience. This can be done in part by committing to purchase a number of Mod-5 machines at the completion of the development program. An additional 5 units from each manufacturer would require additional funding in FY 1981 to order long lead time components. $ 4,000

Additionally, based on previous experience with the Mod-1 and Mod-2 program, it is our opinion that the Mod-5 contract costs are underestimated and will hamper

the ability of these projects to meet cost of energy objectives. $ 7,000

Additional Programs under an Expanded Budget

For many of the reasons listed above, namely the expansion of utility experience with wind energy, even machines that will not be economically competitive, it is recommended that additional machines be pruchased either outright or one a cost-sharing basis to further involve utility operators. $12,000

Implementation and Market Development

Background

This element addresses the commercialization activities to foster industry/ infrastructure development, stimulate market growth, and reduce barriers to commercialization. Based on current technical status, the only activity to date is the Field Evaluation Program which addresses the institutional issues associated with privately-owned small systems interconnected to the electric utility network.

FY 1979	FY 1980	FY 1981	AWEA:	Constrained	Expanded
$ 4,700	$ 2,000	0		$ 5,000	$13,000

The present Field Evaluation program is winding down.

Additional Program under a Constrained Budget

At this point in time, when implementation and market development are crucial to broad spectrum of small and intermediate -scale manufacturers, the elimination of this program is incomprehensible. At a minimum, the Field Evaluation Program should be maintained which would include: the preparation and dissemination of test results; the procurement of additional machines; maintenance contracts to manufacturers to aid infrastructure development. $ 5,000

Additional Programs under an Expanded Budget

Additional Programs under an Expanded Budget

The logical extension of the present Field Evaluation program takes two directions: fisrt, a simulation of a feeder line saturation and second continued and expanded support of the State agencies and utilities involved in the program.

The feeder line saturation would study 25-50% system penetration by small wind systems in terms of current harmonics and distortion: voltage variation with wind gusts: power factor and VAR requirements: line losses: and, system protection. $ 5,000

The expanded support of State agencies and utilities involved in the field evaluation program consists of providing technical and administrative support for interested parties including State regulatory bodies, interested consumers, and Universities. Additionally, it can reasonably expected that in many cases the Field Evaluation Program will generate more questions than it answers. Examples include inquireies for potential users, non-participating utilities, and various State and local bodies. If these questions are not adeaquately addressed, many of the potential benefits of the Field Evaluation Program will be lost. $ 3,000

Mr. BEVILL. How much more did you feel was appropriate?

Mr. WOLFF. An increment of $20 million to bring the fiscal year 1981 appropriation to the $100 million level.

Mr. BEVILL. That was a fine presentation. Certainly I agree with you that the existing options are not being exercised. You know, we have more options in this country on energy than all the rest of the countries in the world put together, but we don't exercise them aggressively. The countries that have one option are doing better than we are because they have no choice. This is unfortunate.

I have mentioned this to the President. I have talked to him about this. We need some decisions.

Mr. WOLFF. That is going to have to come from the Hill. The Department of Energy doesn't do it.

Mr. BURGENER. How old is your association and how is it supported?

Mr. WOLFF. We are a membership-based organization; we have over 2,000 members, approximately half of whom have an economic interest one way or other, and including major American corporations, like General Electric, Boeing, Westinghouse, and Alcoa, and others are private individuals concerned with production and use of energy. The large companies, of course, pay a substantially higher fee than the smaller companies.

I would only add, Mr. Chairman, to reflect a moment on your statement, I got started in wind energy in 1970 under the sponsorship of Buckminster Fuller, and one of the things he is fond of pointing out is we don't have an energy crisis, but a crisis of ignorance. We are surrounded by energy; it is a matter of putting some of these forms to use.

Mr. BEVILL Thank you very much for a fine statement.

BARNWELL NUCLEAR FUEL PLANT

WITNESS

DR. JAMES BUCKHAM, EXECUTIVE VICE PRESIDENT, ALLIED-GENERAL NUCLEAR SERVICES

Mr. BEVILL. Dr. James Buckham from Allied-General Nuclear Services is with us today. Dr. Buckham, you may proceed.

Dr. BUCKHAM. Thank you, Mr. Chairman. Again, because of the shortness of time, we have submitted a written statement for the record, but I will summarize our proposed fiscal year 1981 program.

Mr. Chairman, this subcommittee has played a vital role in maintaining Barnwell in a research and development mode while alternative uses for the plant are explored. We are deeply appreciative of that support.

We believe there are two essential roles for Barnwell that can be implemented now. One is away from reactor storage of spent nuclear fuel on a regional basis. The second is an international fuel cycle research and development and safeguards testing and training center, as a logical follow-on to the recently completed international nuclear fuel cycle evaluation. We believe these roles can be carried out simultaneously at Barnwell, under governmental ownership of the facility. For fiscal year 1981, we are requesting $11½ million to wrap up the valuable research and development work now underway at Barnwell

in nuclear safeguards testing and development and in spent fuel storage and transportation. This funding will preserve the nucleus of the staff that is essential to carrying out a storage or an international R&D program at Barnwell. The $11½ million request is the same level of support as fiscal year 1980, and significantly less than the $18½ million support in 1979.

This will support only two-thirds of the staff currently at Barnwell. We are urging that in addition to funding this research and development program for one more year, Congress direct the Department of Energy to negotiate with the owners of Barnwell for the purpose of transferring the facility to the Federal Government. We are hopeful that this transfer can occur during fiscal year 1981.

Thank you, Mr. Chairman. That concludes my oral summary, and I will be happy to answer any questions you or the other members of the committee may have.

Mr. BEVILL. Thank you for a fine statement. Your prepared remarks will be inserted in the record.

[The statement follows:]

STATEMENT SUBMITTED TO THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT OF THE COMMITTEE ON APPROPRIATIONS, U.S. HOUSE OF REPRESENTATIVES, ON THE PROPOSED FISCAL YEAR 1981 BARNWELL PROGRAM, MARCH 24, 1980, BY JAMES A. BUCKHAM, EXECUTIVE VICE PRESIDENT, ALLIED-GENERAL NUCLEAR SERVICES

Chairman Bevill and Subcommittee members, my name is James A. Buckham. I am Executive Vice President of Allied-General Nuclear Services (AGNS), owner of the Barnwell Nuclear Fuel Plant (BNFP). AGNS is a partnership of the General Atomic Company and Allied Chemical Nuclear Products, Inc. I am pleased to appear before you in response to the Subcommittee's request.

SUMMARY

Mr. Chairman, it is proposed that an $11.5 million minimum sustaining program be funded in FY 1981 at Barnwell to complete the development of an advanced integrated safeguards system for fuel cycle facilities and to continue spent fuel handling, storage, and transportation studies. Further, the Subcommittee is urged to do everything possible to consummate government acquisition of the BNFP in FY 1981 so that it can serve in a timely manner as a regional interim spent fuel storage facility and as an international center for fuel cycle R&D and safeguards testing and training.

STATUS OF BARNWELL NUCLEAR FUEL PLANT

For the fiscal years 1978 through 1980, Congress has appropriated funds for research and development programs at the BNFP. This Subcommittee has played

an important leadership role in providing the necessary funding. Congressional support for R&D programs at the Barnwell Plant developed following President Carter's April, 1977 decision to defer indefinitely commercial reprocessing, the purpose for which the facility was originally designed and built. The R&D funds voted by Congress have: (1) produced valuable research results, (2) preserved the nucleus of a unique technical staff at Barnwell, and (3) maintained the option of using the Barnwell facility productively in the future.

We are proud of the results of the R&D program. The BNFP staff is developing what many believe to be the most sophisticated nuclear safeguards system in the world. This system is being used for safeguards training under provisions of the Nuclear Non-Proliferation Act of 1978. In the area of nuclear fuel reprocessing, the Barnwell staff has studied proliferation-resistant reprocessing cycles. Out of these studies have come recommendations that involve treating or "spiking" plutonium to make it more proliferation-proof and blending plutonium with uranium to make its diversion for weapons use more difficult. In the transportation and spent fuel storage area, studies conducted at Barnwell will result in improved techniques for shipping and storing spent fuel. With the deferral of reprocessing and the resultant increase in the need to store spent fuel, it is essential that new and improved methods of spent fuel storage be developed.

Mr. Chairman, several events this year should help define near-term as well as long-term uses for the BNFP. The International Nuclear Fuel Cycle Evaluation (INFCE) has recently been concluded. As you know, this was a 2½-year, 66-nation evaluation of the proliferation risks associated with nuclear energy development. A Congressionally mandated study on possible international and domestic uses of the BNFP is due to be presented to Congress by April 1. We continue to believe that the Barnwell facility and staff are assets of national and international importance and hope that this forthcoming report on Barnwell will identify programmatic near-term and long-term uses for the Barnwell facility and staff under government ownership.

The Congress is also close to making a decision on national policy for away-from-reactor (AFR) interim storage of spent nuclear fuel. Because of the critical need for AFR capacity, we believe that the BNFP should be used for interim regional storage of spent nuclear fuel.

Mr. Chairman, the owners of the BNFP are reluctant to seek continued R&D funding beyond FY 1981. Our hope is that the BNFP will be transferred to the government on an equitable basis during FY 1981. Actions can be initiated by the Congress, now, which will lead to the transfer of the Barnwell facility to the government during FY 1981. We have stated on numerous occasions that we are flexible on the mechanics of transfer and we are prepared to meet with government representatives to discuss this matter.

TRANSFER OF THE BNFP TO THE FEDERAL GOVERNMENT

The justification for transferring the BNFP to the government at this time is based on its near-term uses both as an international center for fuel cycle R&D and safeguards testing and training in the post-INFCE period and as a regional facility for away-from-reactor (AFR) interim storage of spent nuclear fuel.

With the conclusion of the INFCE, nations such as Japan, the United Kingdom, and France are announcing their plans to proceed with nuclear fuel reprocessing programs. Other less-developed nations are considering the reprocessing option. The United States must remain in the forefront of reprocessing technology in order to help reduce the risks associated with nuclear proliferation. It is, therefore, imperative for the United States to initiate at a minimum a comprehensive R&D program to refine techniques for making reprocessing more proliferation-resistant, for safeguarding plutonium, and for managing the high-level nuclear wastes that come from the reprocessing of spent nuclear fuel.

An international role for Barnwell is consistent with the recent outcome of the INFCE, which concluded that the multinational and international fuel cycle center concept is an attractive nonproliferation approach. In the safeguards area, the INFCE concluded that international safeguards methods and techniques are essential for all stages of the fuel cycle and that further development and improvement of existing safeguards methods and techniques are necessary for future fuel cycle facilities.

The government should utilize the Barnwell Plant for the purpose of serving as an international nuclear fuel cycle research center. As a part of this effort, the BNFP could serve as a safeguards testing and training center to allow the sophisticated nuclear safeguards system there to be used and adapted to future facilities.

Another use, consistent with the international R&D and safeguards center approach, is for interim regional storage of spent nuclear fuel. There has been a growing interest in Congress and the DOE in using the BNFP for spent-fuel storage. Today, there are facilities at Morris, Illinois, and West Valley, New York, which are serving as away-from-reactor spent fuel storage facilities. In October, 1977, President Carter announced a policy whereby the government would take title to utility spent fuel and provide needed AFR storage capacity. Following the announcement of this policy, the Department of Energy surveyed the 19 existing government storage facilities, many of which are still operating, to determine their possible use for storage of commercial spent fuel. The Department concluded that none of these sites could be used because they were not designed or constructed for the licensed storage of commercial spent fuel.

We believe that the BNFP, along with Morris and West Valley, can provide regional AFR storage under government ownership in furtherance of the President's 1977 policy. We believe it is important for DOE's spent fuel storage program to focus on several regional AFR storage sites and not just one. The great advantage to using the BNFP for regional AFR storage is the heavy dependence of the Southeast on nuclear energy. Several reactors with potential spent fuel storage problems are located in the Southeast region of the United States.

It is none too soon to begin the long process of acquisition and licensing of facilities for regional AFR storage. Given the uncertainties involved, it would be extremely difficult for the government to acquire, license, and place in operation additional AFR storage by 1983. Therefore, it is in the national interest for the Congress to authorize DOE to begin negotiations promptly to acquire existing facilities suitable for regional AFR storage.

Other longer term uses for the BNFP include eventual reprocessing of LWR fuels, should the present policy of deferral change at some future date. However, it will take significant time and additional investment to implement a decision to go forward with reprocessing under government sponsorship. Actual reprocessing of commercial fuels would not occur for 6 to 10 years following the decision to proceed, due to licensing requirements and the need to construct additional facilities. In the interim, the existing Barnwell reprocessing plant should be maintained as a backup for reprocessing of government fuels.

PROPOSED FY 1981 BARNWELL R&D PROGRAM

A FY 1981 research and development program at Barnwell is necessary to continue some important ongoing R&D programs and maintain key staff until the BNFP is transferred to the government. I would categorize the proposed FY 1981 program as a minimum sustaining program which bridges the gap between the initiation and consummation of transfer.

A FY 1981 minimum sustaining program for the BNFP can be carried out for $11.5 million. This is the same level of funding that Congress appropriated in FY 1980 for the Barnwell R&D program and significantly below the FY 1979 level of $18.5 million. As in the past, these funds provide for no return to the owners on investment, no fee, and essentially no depreciation. We believe that the program we are proposing will provide continuity of effort and will retain many of the vital resources at Barnwell, although the proposed program will support only two-thirds of the current staff at Barnwell. We are working on the possibility of alternative assignments for those not covered by the proposed program.

Mr. Chairman, we propose that a government-funded program for FY 1981 be continued at Barnwell in the two most important tasks that are currently underway.

Over three-fourths of our $11.5 million request would be applied to the continuation of the safeguards evaluation task now underway at the BNFP. This task will require a disproportionate share of the funds because portions of the facility must be operated using natural uranium solutions. The purpose of this safeguards task will be to complete work on the development of an advanced safeguards system that could be used in fuel cycle facilities around the world. Specifically, we would continue the installation and testing of safeguards hardware developed at the United States national laboratories. Some of this testing will require operating portions of the plant where components of the computerized nuclear material control and accounting system need integrated testing.

Also, we propose to complete testing of the physical security system, including voice verification, video observation, motion and intrusion detection, access control and verification, and alarm testing. This system is intended to provide adequate protection against covert or overt intrusion.

Lastly, we propose to continue experimental studies on solvent extraction to obtain safeguards-related information on the use of pulse columns in solvent extraction systems. This work is necessary to provide the enhanced measurement capabilities required to demonstrate advanced safeguards concepts. At the con-

clusion of the FY 1981 development and testing program, AGNS would be in a position to develop final criteria, specifications, and documentation for an advanced integrated safeguards system with applicability to both existing and future fuel cycle facilities around the world.

The balance of the program will focus on spent-fuel handling, storage, and transportation studies. This proposed program would not only provide DOE with site-specific information on cask handling, transportation, and storage, but would also maintain the staff at Barnwell that would be essential to the implementation of an interim, regional AFR storage program there.

In conclusion, Mr. Chairman, let me again emphasize that if the potential of the BNFP is to be realized, the facility should be transferred to the government during the next fiscal year. It is neither in the interest of the government nor the owners of the BNFP that the status quo be prolonged. We urge you to maintain a minimum R&D program at Barnwell in FY 1981. We also urge this Subcommittee to do everything possible to assure that Federal action with regard to Barnwell is completed during FY 1981.

Mr. Chairman, this concludes my statement and I am available to answer any questions that you or other Subcommittee members might have.

ELECTRIC ENERGY DEVELOPMENT

WITNESS

MORGAN D. DUBROW, SENIOR STAFF ENGINEER, THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Mr. BEVILL. Mr. Morgan Dubrow from the National Rural Electric Cooperative Association is next. Mr. Dubrow?

Mr. DUBROW. It is a pleasure to appear before the committee again in support of the energy programs. As you know, I speak for a thousand of our rural cooperatives and the membership they serve. I will try to brief my statement, and I would like to point out that we feel, despite the way I have presented my statement, that we are in a tight budget situation, but I have tried to present what I think we really need, for example, to really put some emphasis on our small hydro programs, and I have selected certain specific projects, such as Dickey-Lincoln School and the Richard Russell Project and the Garrison Irrigation Project and others which we have been supporting and which the administration has recommended and the Congress has been funding.

One of the items that I have asked the committee to consider is the appropriations to support an additional 200 positions for the Western Area Power Administration, which really needs these people to become an independent agency.

We are supporting the nuclear power program at the level that was funded last year, and in order to attain that level, and we are particularly supporting the liquid metal fast breeder at a level of $180 million, which is the level that it was supported at last year. I am sorry that the administration saw fit to cut the breeder program about in half, and we are asking those funds to be restored.

We are particularly asking for support for the high temperature gas reactor, $55 million and $26 million for the gas-cooled fast reactor program, and we support the request for the $12 million at Barnwell.

I was down at Barnwell about four years ago, and I think it is tragic that project hasn't been carried on through.

We also are supporting the Portsmouth centrifuge plant.

We support the NRC budget, but we oppose the money that they programmed for intervenors. We have resolutions; our people feel that many of these intervenors have extended the life of these projects until it is almost unbelievable. For example, and I am sure you are aware of this, today in Japan, an 1,150 megawatt nuclear power plant can be put on the line in 38 months and in this coutnry we have it up to 12 or 14 years, and we have to turn that around.

We are doing the same thing on our dams.

I forgot to mention I particularly want to support the reregulating dam at Libby, which is funded by the administration at the level of $10.1 million, and I have added to my testimony a factsheet which was prepared in support of that project.

I would like to make one other point, Mr. Chairman. I have furnished the committee, as a matter of information, two statements which were made by our coordinator of research, Lowell Endahl, before the Advanced Energy Development and Applications Subcommittee and the Energy Research and Production Subcommittee of the House. The reason I have presented those statements to this committee is so that the committee would be aware of the fact that we are also supporting appropriations for the fuel cell, the direct burning of peat, solar and wind research for commercialization and synthetic fuels, conservation of the building energy performance standards, for electric energy research systems and for geothermal energy.

I appreciate the opportunity to present this testimony, and if there are any questions, I would certainly be pleased to answer them.

[The statements follow:]

STATEMENT OF THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
BEFORE THE ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE
HOUSE APPROPRIATIONS COMMITTEE
FY 1981 APPROPRIATIONS FOR FEDERAL POWER FACILITIES
March 20, 1980

Mr. Chairman, my name is Morgan D. Dubrow. I am Senior Staff Engineer of the National Rural Electric Cooperative Association (NRECA). NRECA is the national trade association of about 1000 rural cooperatives which supply central station electricity to some 25 million people in the rural areas of 46 states. NRECA supports the overall budget for the Corps of Engineers and the Water and Power Resources Services (WPRS), formerly the Bureau of Reclamation, which will provide funds in FY 1981 for irrigation, flood control, navigation, hydroelectric power and other water uses. Our members oppose the Administration's blocking funds for new starts in the development of hydroelectric facilities and other needed water resource development which could strengthen our economy, utilize a renewable resource, and reduce oil imports. Our cooperatives are helping the nation to conserve electric power by weatherization programs, load management, strengthening interconnections and pooling between power systems. The Department of Energy power marketing agencies and the utility industry need continued support in order to meet our electricity requirements. Achieving this objective may require Congressional action to modify regulatory procedures and change or modify certain environmental requirements.

Today we have in America about 60,000 MW of nuclear and 60,000 MW of hydroelectric generating capacity totaling 120,000 MW. An examination of the record will show that unnecessary regulations, delaying actions by no growth advocates, unneeded environmental constraints and inflation have postponed or eliminated from our potential electric power resources more than 120,000 MW of new generating plants which could have been producing electricity by 1985. If we had this additional 120,000 MW of power, be it nuclear, coal or hydro, it could displace the oil equivalent of 4.0 million barrels per day which represents about half of our oil imports. In our view this problem must be remedied before America can truly have energy independence. The utility industry needs your help in going forward with the construction of new coal, nuclear and hydroelectric power facilities which, in the near term, can reduce our oil imports by one-half and save $50 billion a year in payments to OPEC.

Our members commend the Congress for its support of water resource development and power supply. NRECA supports the Department of Energy's programs of research, conservation and supply of energy; however, we are convinced that the Administration budget submittals for nuclear programs are woefully inadequate. Therefore, we urge the Committee to increase the funding for nuclear programs such as safety, breeder reactors, expansion of enrichment plants, away from reactor spent fuel storage, reprocessing and storage of nuclear wastes, and completing the nuclear fuel cycle, high temperature and fast gas reactors, and especially the Clinch River Breeder Reactor Demonstration Plant. NRECA emphasizes the need for:

- Increased funding for water resource projects and the addition of $100 million for small hydroelectric power plants.
- Appropriation of $795,000 for the Dickey-Lincoln School Dam.
- Appropriation of $60.4 million for Richard B. Russell Dam.
- Appropriation of $10.1 million for Libby (see attached summary).

- o Appropriation of $12 million for the Garrison Irrigation Project.
- o Appropriation of $39.5 million for the Fryingpan-Arkansas Project.
- o Appropriation of $11.6 million for the Auburn-Folsom South Project.
- o Appropriation of $144.1 million for the Central Arizona Project.
- o Appropriation of $74.1 million for the Bonneville Unit in Utah.
- o Appropriations for 200 additional staff positions for Western Area Power Administration.
- o Appropriation for nuclear energy research at last year's level, $762 million for breeders including $180.0 million for the Clinch River Breeder Reactor Demonstration Plant.
- o Appropriation of an additional $55 million for the High Temperature Gas Reactor and $26 million for the Fast Gas Reactor programs.

Last year, consumer demand for electricity in the agricultural areas of the nation again increased by some 6 percent, about twice that of the total electric industry. Many of our member systems experienced none or sharply reduced use of kilowatthours in 1979, in large part due to conservation, the increased costs of electricity and a decline in business activity. However, there will be more demand for electricity to meet normal load growth and as a substitute energy source for oil and gas. Our members know that ample electric power resources are essential to defend the country, feed our people, produce food crops for export, and provide jobs and maintain our standard of living.

The report entitled "Electric Power Supply, Issue of the 80's" prepared during the past two years by both the National Rural Electric Cooperative Association and the National Rural Utilities Cooperative Finance Corporation shows that rural cooperatives which now generate 13,700 MW must provide additional power resources of 17,700 MW by 1986. Meanwhile, power plant construction schedules for the nation continue to slip, presently averaging over two years while our nation still imports up to 50 percent of its oil, most of which comes from the Middle East and could easily be cut off.

Restoration of Funding for Water Resource Projects

At our 38th Annual Meeting in New Orleans, Louisiana, March 6, 1980, our members again unanimously passed resolutions opposing the Administration's elimination of appropriation request for a number of water resource and hydroelectric projects throughout the United States, and encouraging the Congress to fund such worthwhile projects.

Small Hydro Projects

The Carter Administration originally recommended a $300 million, three-year program to accelerate small hydroelectric plants throughout the United States. However, the Administration has not requested these funds. We urge the Committee to provide $100 million in FY 1981 to accelerate this program. We also suggest that the Corps of Engineers and the Water and Power Resources Services be allowed and funds be provided to proceed with the planning, design and installation of

small hydro units (25 MW and below) at existing small Federal dams through a simplified procedure which would greatly shorten the schedule.

New Construction Starts for Water and Power Resources Services Projects

NRECA understands that advance planning for (1) the Salmon Falls Division, Upper Snake River Project, Idaho, and (2) the Animas-La Plata Project, Colorado, New Mexico, has been completed. We urge the Committee to provide construction funds in the amount of $3,440,000 for the Animas-La Plata Project and $1,500,000 for the Salmon Falls Project which will permit the WPRS to initiate construction of these projects.

Accelerate Construction for Corps of Engineers' Projects

We understand that the President's FY 1981 budget did not delay scheduled on line dates for hydroelectric power at Corps projects. However, in view of the dire need to conserve oil and gas, NRECA urges the Committee to increase appropriations to speed up some of these projects, such as McNary, 2nd power house in Oregon.

NRECA also urges the Committee to appropriate funds to complete the planning and engineering for the Ben Franklin Project on the Columbia River in Washington and to accelerate the planning and initiate construction of the Bradley Lakes Project in Alaska.

Gregory County Pumped Storage

The Corps of Engineers has completed extensive studies identifying several feasible sites for the construction of pumped storage facilities and additions to the main stem dams on the Upper Missouri River hydro system. The Gregory County Pumped Storage Unit in South Dakota, which would add 1,180,000 kilowatts of off-site capacity to the Missouri River hydro system, has been introduced for authorization by Congress. This project has no significant adverse environmental effects, enjoys strong local support, has a benefit-cost ratio of over 2 to 1, would increase the Missouri River main stem hydro capacity by 58 percent and offers significant reductions of oil presently used to provide peaking power in the region. Conservative estimates project a 2.4 million barrel per year oil savings. We urge the Committee to appropriate funds to initiate construction of this project so that it can be started as soon as the authorization bill becomes law.

Dickey-Lincoln School Project

The Dickey-Lincoln School Project received $795,000 to complete advance engineering and design. This project could utilize funds to begin construction. It could provide peaking capacity and energy to help meet New England load requirements by 1990. The addition of four pumpback units could increase the overall capability of the project to approximately 1100 MW.

Richard B. Russell Dam

Funds in the amount of $60.4 million should be appropriated in FY 1981 for continued construction of the Richard B. Russell Dam Project on the Savannah River between Georgia and South Carolina. It will provide 300 MW of needed base load hydroelectric power and as built can be expanded to add three 100 MW pumpback units, thereby increasing the power plant capacity to 600 MW. We support this appropriation and authorization for the installation of the three pumpback peaking power units.

Garrison Irrigation Project

It is our understanding that 1981 funds were denied to continue construction of the Garrison Irrigation Project. We urge the Committee to provide $12 million needed by the Water and Power Resources Services to begin construction of the first 40,000 acres of irrigated land along the James River as a part of the first phase of this valuable irrigation development which can be done consistent with our commitments to Canada.

Wind Generator at Medicine Bow, Wyoming

Last year the Committee provided $4.5 million for the installation of a 4-MW wind turbine in the Medicine Bow area. The Water and Power Resources Services needs an additional $5.0 million to complete this unit and continue investigations for future wind power programs. In addition to this program, WPRS is studying the potential of integrating solar power plants with hydroelectric systems. WPRS also needs $250,000 in FY 1981 to conduct a full scale feasibility study for integrating a 100-MWe solar plant with the Colorado River hydro plants.

Fryingpan-Arkansas Project

We support the appropriation of $39.0 million in FY 1981 to WPRS for continuing work on the Fryingpan-Arkansas Project, including Mt. Elbert pumped storage power plant facilities.

Auburn-Folsom South Unit (CVP)

We support the appropriation of $11.6 million in FY 1981 for the Auburn-Folsom South Unit. We need Auburn Dam which has a potential of 700 MW of hydroelectric power (300 MW hydroelectric and 400 MW pumpback). We urge the Committee to increase funding for this project and suggest that it provide the additional $26 million recommended in FY 1979 to start construction of the dam.

Central Arizona Project

We urge the Committee to appropriate $94.2 million required in FY 1981 to continue the orderly construction of the Central Arizona Project which is vital to the water supply for the State of Arizona.

Bonneville Unit, Central Utah Project

We request that the Committee appropriate $74.0 million in FY 1981 for construction of the Bonneville Unit of the Central Utah Project which has a potential of 134 MW of hydroelectric and 600 MW of pump storage.

Alaska, Columbia Basin and Other Pacific Northwest Projects

NRECA supports additional funding required to study multipurpose projects in Alaska and the Pacific Northwest and for expediting construction of hydroelectric projects. We support the $32.6 million for the Columbia Basin Project. We also support the addition of generating units at Hungry Horse, Chief Joseph, Ice Harbor, Little Goose and others. The region faces serious and growing power shortages for the next 10 years under critical water conditions even with the completion of all scheduled Federal hydro additions in the region.

Niagara Power Project

The only low cost source of wholesale power available to rural electric cooperatives of the Northeast is the hydroelectric power available from the Niagara

Power Project and the diversion of water from Lake Michigan for the benefit of home owners near Chicago would reduce hydroelectric power generation by Niagara Power Project by 10 percent and would increase wholesale power costs to rural electric members of Pennsylvania alone by $2,670,000 annually. The Corps of Engineers has been directed by language in the FY 1980 report of the Congressional Appropriations Committees to prohibit proceeding with this project. NRECA recommends that the Committee delete the $300,000 FY 1981 budget request for this item.

Federal Power Marketing Agencies (DOE)

NRECA supports the $175.1 million FY 1981 appropriation request for Federal power marketing agencies: $142.3 million for the Western Area Power Administration, $1.6 million for the Southeastern Power Administration, $28.2 million for the Southwestern Power Administration, and $3.1 million for the Alaska Power Administration. We also support the Bonneville Power Administration budget funded through its revolving fund self-financing procedures. We suggest that similar revolving funds for the other marketing agencies would be desirable and support proper legislation to achieve this end.

NRECA still believes that the Western Area Power Administration (WAPA) should have additional funds in FY 1981 to take care of proper housing, administrative, management, legal support and operating personnel. WAPA can better carry out its mission with the addition of 200 positions. We understand that some of these services are being provided by contract which, based on my long Government experience with the Bonneville Power Administration, cost about twice as much for each position. WAPA provides electric service in 15 western states, has more than 16,000 miles of transmission lines, and supplies about 10 million kilowatts of hydroelectric capacity to hundreds of public power systems and rural electric cooperatives. We are proud of the work of this new agency and commend its management.

Support for Nuclear Programs

NRECA supports funding for the overall nuclear program of last year's level which really reflects a 10 to 13 percent decrease in funding due to inflation. In order to have a viable continuing nuclear power program, we urge the Committee to provide funds for the following specific projects:

1) $762 million for breeder reactors including $180 million for the continuation of the Clinch River Breeder Reactor Demonstration Project. America must make sure that domestic capability to build and operate breeder reactors is available when needed. Breeders would be an energy insurance policy, providing a virtually limitless supply of fuel for nuclear power plants. The United States today has available in its uranium enrichment operations the energy equivalent of all the unmined coal in this country. That resource, already mined and above ground, would extend the domestic uranium resource base by a factor of 60 and represents three times all of OPEC's oil reserves. But it can be used only in breeder reactors.

2) $55 million for continuing research on the High Temperature Gas Reactor (HTGR) and $26 million for the Gas-Cooled Fast Reactor (GCFR). Both the HTGR and GCFR development programs have objectives which fit well with the long range energy program which the present Administration has been implementing. Each in its own time frame (near term for HTGR, longer for the GCFR) would contribute to the goal of developing alternative energy sources while conserving fossil fuels and reducing dependence on imported oil. Much of the HTGR base technology is used in the GCFR design. Additionally, the fuel now under development and testing for the Liquid Metal Breeder Reactor would be directly applicable to the GCFR.

3) $12 million for the Barnwell Reprocessing Fuel Storage and Reprocessing Plant.

4) $405 million to maintain the current schedule for the Gas Centrifuge Enrichment Plant at Portsmouth, Ohio.

5) $20 million for the Away from Reactors Spent Fuel Storage Program.

NRECA also supports the budget for the Nuclear Regulatory Commission (NRC); however, we urge that the Committee and the Congress encourage the NRC to resume licensing of plants each of which when on the line saves the equivalent of 30,000 barrels of oil per day. We strongly support continued funding for NRC's research on advance converters and breeders so that the Commission will have the basic information required when such facilities are to be licensed.

NRECA opposes any appropriations for funding for intervenors. We feel that this practice would add to the delays of licenses of nuclear projects which now require from 12 to 14 years to completion, as contrasted with under 3 1/2 years in Japan.

Support for Other Energy Programs

NRECA also supports funding for the Department of Energy's other energy programs and emphasizes: (1) Fuel Cell Research, (2) Direct Burning of Peat for Power Production, (3) Solar and Wind Research and Demonstration, (4) Commercialization of Synthetic Fuels Processes, (5) Conservation and the Building Energy Performance Standards, (6) Electric Energy Systems Research, and (7) Geothermal Energy. On March 10, NRECA presented statements in support of these programs for FY 1981 before the Advanced Energy Development and Application Subcommittee and the Energy Research and Production Subcommittee of the House of Representatives. We respectfully submit this material for this Committee's information.

We thank you for the opportunity to present our views.

Attachment

NRECA NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036/202-857-9500

February 20, 1980

SUMMARY

Libby Additional Units and Re-regulating Dam (LAURD)

Location: Northwestern Montana, Kootenai River near U.S.-Canadian border.

Project Description:

(1) Add 483 MW of peaking capacity to Libby Dam increasing its total capacity to 966 MW.

(2) Construct re-regulating dam 10 miles down stream from Libby with 88 MW of capacity.

Cost and Funds Obligated:

		Funds Obligated
Libby Additional Units	$ 57.0 Million	
Libby Re-regulating Dam	190.3 "	
Re-reg Generators	46.3 "	
Total	$293.6 Million	$46.5 Million

Benefits-Cost Ratio:

Combined project - 1.2 to 1. Re-reg dam - 1.9 to 1.

Project Background: Libby Dam, a major hydro storage project of the Columbia River Power System, was made possible as part of a Treaty between the United States and Canada (ratified by a Senate vote of 97-1 in 1961). Project authorized 1950, construction began 1966. LAURD construction began in 1977 and funded every year since. Authorization challenged in 1978 and construction of re-regulating dam halted by court action. Additional Libby units are useless without the re-regulating dam.

The Pacific Northwest will face substantial power shortages in the 1980s; peaking capacity deficits of 1484 MW and energy deficits of 2611 average megawatts in 1985.

LAURD, an acceptable environmental project, would displace a minimum 500,000 barrels of oil annually.

GAO Report: The Department of Energy and the Corps of Engineers pointed out serious errors in the GAO report. GAO underestimated the value of energy arriving at a negative benefit-cost ratio based on an oil price inflation-free escalation rate of 2 percent per year for 30 years, whereas the price of imported oil has more than doubled in the past 12 months. GAO also used a $16.67/kw/year value for dependable canacity whereas alternative costs are at least $25/kw/year ranging up to $50/kw/year. GAO recommended additional study of benefits and costs; however, the recent studies conducted by DOE and the Corps (November, 1979) show that the re-reg dam has a benefit cost ratio of 1.9 to 1 and the overall project a benefit-cost ratio of 1.3 to 1.

Conclusions: The demand for electrical power in the Pacific Northwest continues to increase due to population growth, fuel substitution, and in siting and building new generating plants.

Conservation and load management are helpful but not true alternatives to LAURD; at best, they only reduce power requirements without adding to power supply. LAURD will add 483 MW of new peaking capacity and 88 MW of new base load power to help meet loads in 1985. Low efficiency, high operating costs (fuel costs), and use of nonrenewable oil and gas make combustion turbines an unacceptable alternative to the LAURD Project.

LAURD project's benefit-cost ratios always exceed 1.0. Additional power resources as well as Libby additions (LAURD) must be built to meet the Pacific Northwest needs for electricity in 1985.

STATEMENT OF
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
on FY '81 DOE Authorizations
before the
Advanced Energy Development and Application Subcommittee
of the
Science and Technology Committee
U.S. House of Representatives
March 10, 1980

Mr. Chairman and Members of the Committee: My name is Lowell J. Endahl, Coordinator of Research and Technological Development for the National Rural Electric Cooperative Association (NRECA). We appreciate the opportunity to present the NRECA membership views with respect to advanced and fossil energy research and development and the U.S. Department of Energy Authorizations for FY '81.

Specifically we would like to comment on: Fuel Cell Research, Direct Burning of Peat for Power Production, Solar and Wind Research and Demonstration, Commercialization of Synthetic Fuels Processes, and Conservation and the Building Energy Performance Standards.

NRECA is the national service organization which represents nearly 1000 non-profit, consumer-owned rural electric systems which deliver electric power to approximately 25 million people in the rural and sparsely populated agricultural areas of 46 states. These small cooperatively-owned electric utilities are located in 2,600 of the nation's 3,100 counties and they own and operate more than 40% of the distribution line in the nation to serve about 9% of the population.

The rural electric cooperatives at their annual meeting (March 3-6) attended by more than 10,000 people (mostly directors and managers of rural electric systems) adopted a series of reso-

lutions on issues of concern, some of which pertain to energy research. The pertinent resolutions are attached.

Fuel Cell Research

Rural electric systems have again expressed, through the attached resolution, their interest in the rapid commercialization of the fuel cell for electric power generation. They see significant potential for fuel cell power plants in rural areas, and they are actively participating in the industry-wide Fuel Cell Users Group which is dedicated to the commercial application of phosphoric acid fuel cell technology. The next step in establishing commercial viability of the multi-megawatt fuel cell involves broad exposure to the market environment. But the risk of proceeding as a strictly private investment has become unacceptably high, due to the economic climate and other factors beyond utility control.

The fuel cell technology has been developed to the point that it shows promise of economic benefits for the consumer, improved service availability, conservation of fuel resources, and a cleaner environment. It is, therefore, both essential and proper that the Federal government assume a significant portion of the financial burden of development and commercialization.

Because of the urgent need to move the technology forward, we respectfully request that the budget request for the phosphoric acid multi-megawatt fuel cell work be increased to $16 million and that an additional appropriate amount (beyond the $16-million) be designated for use in the molten carbonate fuel cell work.

Rural electric systems also have a great interest in the 40 kW fuel cell program which involves the field testing of a number of

the units under a variety of conditions. In particular rural electric systems provide an ideal vehicle for implementing a program to use these small fuel cell units using methane as a fuel. Special attention should be given and funding provided to test at least four such units in applications involving agricultural production of methane (swine, cattle feeding and dairy operations) and a like number utilizing methane from coal seams to generate utility quality power. Such applications are completely compatible with the current thrust to encourage small diverse power production.

We respectfully request that the 40 kW fuel cell program (about $10-million) be reinstated, and that an additional $3 million be earmarked for testing of the units in a diversified mode using methane as the fuel.

Peat for Power Production

The use of peat as a fuel for electric power production has never been attempted in the United States in spite of the fact that there is more peat available than any other fossil fuel with the exception of coal. There are vast resources of peat in areas served by rural electric systems. Peat has been used as a direct burning fuel for power generation in foreign countries. However, harvesting techniques and the materials handling problems are likely to be quite different in the United States. Rural electric systems, particularly in North Carolina, are eager to assist in the development of a first-of-a-kind large scale demonstration facility for the direct burning of peat for power generation. (see attached resolution)

Most of the $13 million proposed for peat R&D in the FY '81 budget is earmarked for peat gasification ($9.1-million) with

about $8-million flowing to the Institute of Gas Technology. We believe that the direct burning of peat shows even greater immediate promise for utilizing these vast resources, and we respectfully request that the FY '81 budget request be increased and $4-million earmarked for the initial phase, including a feasibility study, for a large scale direct combustion of peat power plant.

Wind and Solar R&D

Rural electric systems support the effort to develop supplemental/alternative energy sources and appropriate scale technology. (see attached resolution) Many rural electric systems have initiated solar and wind energy demonstrations on their own, and a few are participants in DOE sponsored R&D projects. These non-profit electric cooperatives, because of their organizational structure and the areas that they serve (open agricultural areas beyond the natural gas lines), offer unique opportunities to implement such technologies.

We support the funding of the proposed solar technology budget, except that we believe that additional funding could be used effectively in the wind energy program, specifically to evaluate the wind resources in this country. There is need for wind monitoring stations at some 1000 locations throughout the country to specifically evaluate solar and wind resources for extended periods of time before energy facilities are installed. A program such as that called for in H.R. 5892--Wind Energy Systems Research, Development and Demonstration Act of 1979, would be desirable. We commend the Congress and DOE for funding and implementing such projects as the 2 Mw Wind System at Boone, N.C. and the Wind Power

Development at Medicine Bow, Wyoming. (see attached resolution)

While we support full funding for the proposed solar technology budget, we believe that even greater effort could be made by DOE Solar to capitalize on the opportunities that exist for program implementation and for technology commercialization by working closely with consumer-owned, non-profit rural electric cooperatives throughout the country, and by demonstrating the technology in rural areas of the country where these technologies are most feasible. We believe that if wind and solar energy are ever to make a noticeable contribution to our nation's energy supplies, the thrust for that effort must come in the areas where the resource is greatest--in areas generally served by rural electric cooperatives. Looking ahead to the day when these technologies are developed and competitive, and when they find their niche in the marketing process, it makes sense that the users of the technology (rural electric cooperatives) should have had experience as a result of the demonstration program. We hope that Congress and DOE will make it possible for rural electric systems to gain that experience by involving them in an increasing number of demonstration programs.

Special problems exist in connection with the integration of these intermittent sources of energy into the utility grid. Such problems involve energy storage, and also the technical electrical and safety problems involving the sale of utility quality power by small producers to the utility. A major research effort is needed to develop low-cost integration equipment in order that solar and wind power of utility quality can be economically produced and readily accepted by the utility. DOE Solar Technology staff should recognize this problem, but the responsibility for

research must necessarily be that of the Electric Energy Systems and Storage.

Synthetic Fuels Program

Rural electric cooperatives support a strong program to develop and commercialize acceptable processes to produce synthetic fuels from existing abundant fossil fuels and renewable energy resources (membership resolution attached). Concern is expressed over energy policies that encourage increased oil imports and the disastrous effect that such policies could have on the nation's economy and living standards. Rural electric systems support a major research, development and demonstration program that can begin to reduce the stranglehold that oil-producing nations now have over us.

We note, however, that P.L. 96-126 (Department of the Interior and Related Agencies Appropriations for Fiscal Year 1980), Title II Department of Energy, Alternative Fuels Production, appears to limit the utilization of our abundant resources to those processes which produce only solid, liquid and gaseous fuels. It does not recognize that often the most efficient and effective use of listed resources is in the production of electric power. The current interpretation of P.L. 96-126 in the recent solicitations for alternative fuels production specifically rules out direct combustion applications which might be the best way to use the resources. For example, it is conceivable that the best application of unconventional gas is direct use in production of small scale electric power. In many cases the gas produced from unconventional gas wells is not of pipeline quality, or is not available in sufficient quantity to warrant

construction of pipelines. But this otherwise unusable fuel can be burned at the well site to produce electric power on a small scale.

In addition it is likely that in certain locations the most effective and efficient way to use the peat resource is by direct combustion to produce electric power. However, much research and development is needed to resolve the materials handling problems and those associated with boiler design before peat can be utilized to its maximum. We respectfully request that the Congress not limit the opportunities for maximum utilization of resources by ruling out direct combustion for production of electric power, except in the cases of coal and lignite where the technology is perfected.

Once again, we urge that DOE development and demonstration funds be made available for consumer, non-profit corporations that desire to participate in the development of the technology and resources.

One such organizaiton is the Consumer Energy Corporation of Cameron, Missouri, which has submitted an unsolicited proposal to the Department of Energy for financial assistance to carry out certain tasks in the design stage of a project to construct two Combined Power Cycle Coal Gasification Energy Centers in rural Missouri. Consumer Energy Corporation has been supported through the costly feasibility studies without government help, by the enthusiasm and contribution of individuals and organizations throughout the state (including several electric cooperatives). Assistance is now needed to carry the project forward. We urge that $2 million be included in FY '81 budget for feasibility

and engineering design studies for such not-for-profit energy corporations.

Conservation and Building Standards

Rural electric cooperatives are deeply involved in conservation efforts to help their member-consumers in the wise and efficient use of energy. A major concern and effort involves the weatherization and retrofitting of existing homes to conserve energy for space conditioning. Rural electric systems for many years urged higher standards for insulation and energy efficiency in buildings, as well as better weatherization and insulation techniques and materials. (see attached resolution)

With these views, and concerns for consumers' heating and cooling bills, rural electric systems were greatly disappointed in the Building Energy Performance Standards recently proposed by DOE. The proposed standards have the effect of encouraging the use of imported fuels--in direct contradiction to our national energy policy. It permits builders to design less efficient buildings if oil or gas is to be used as a fuel, (see attached resolution) and the resulting poor building efficiencies would negate for all time the opportunity to retrofit residences for solar energy. We wish to call this to your attention for two reasons: 1) Such a building energy standard cannot be in the national interest, and 2) DOE has wasted several millions of dollars in developing this proposed standard which we feel goes far beyond the intent of Congress in dictating fuel usage, and which will require millions more to implement. We have suggested a far simpler standard.

We realize that the Committee and Congress are trying to hold down excessive expenditures in an attempt to produce a balanced

budget. We commend you for that. In this statement we have suggested several relatively small increases in the DOE FY '81 budget, and we also suggest that funds to compensate for these increases might be found in the energy conservation budget. The Energy Information Campaign, for example, might be conducted at far less cost, by requesting the voluntary support of the media, and national, regional, state and local organizations. Conservation is in everyone's interest. Many organizations, like NRECA, already have membership communications and education networks in place that could not, and should not, be duplicated. In addition, it might not be necessary to continue to fund state energy offices where similar or duplicate facilities and services are available at land grant colleges. We urge that the extension unit of the Science and Education Administration of USDA and the land grant college information and educational offices be consulted on such a major energy information campaign.

We appreciate the opportunity to express these views for your consideration in developing the FY '81 DOE budget.

RESOLUTIONS ADOPTED AT THE
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
38TH ANNUAL MEETING--MARCH 3-6, 1980

SUBJECT: Federal Support for Fuel Cell Commercialization

Rural Electric cooperatives have great interest in the development of fuel cell power plants because of significant advantages not found in conventional generating equipment. These characteristics show promise of economic benefits for the consumer, improved service availability, conservation of fuel resources, and a cleaner environment.

Commercialization of fuel cell power generation is so near, yet so far from being achieved. The phosphoric acid fuel cell has been developed to the point of large-scale demonstration at the power plant level. But the continued commercial development of the fuel cell continues to need major Federal government financial support.

The next step in establishing commercial viability involves broad exposure in the market environment. The risk of proceeding as a strictly private investment has become unacceptably high, due to the economic climate and changing and unpredictable government involvement in utility decisions.

It is both essential and proper that the Federal government assume a significant portion of the financial burden. We urge the Department of Energy, with support from the Congress, to support a comprehensive integrated program with all segments of the utility industry to provide a basis for commercial fuel cell power plant development for electric utility service.

SUBJECT: Federal Support for Peat as Fuel for Power Generation

Rural electric cooperatives have great interest in the development of peat as a viable power plant fuel for use in the United States.

There is more peat available in this country than any other fossil fuel with the exception of coal. Current technology for utilizing peat as a direct buring fuel for power generation has been used in foreign countries but harvesting techniques and peat-fired power generation have not been proved in the United States. The first demonstration facility to hasten the development of this new fuel will be costly since it will be the first of a kind plant in the United States.

The risk associated with the development of these facilities utilizing private investment could result in significant delays in the utilization of this most valuable fuel. Therefore, it is both essential and proper that the Federal government assume a significant portion of the financial burden for a large scale demonstration facility.

We urge the Department of Energy with the support of Congress to cooperate with rural electric cooperatives and all other segments of the utility industry in the development and testing of a demonstration power facility utilizing peat as a boiler fuel.

SUBJECT: DOE Research on Alternate Energy Sources & Technology

A balanced program of energy research, development and demonstration is essential to the nation's energy future. In the interest of such balance, we support an increase in DOE efforts to develop alternate energy sources and appropriate scale technology. In particular we support continued efforts to develop:

(1) Solar energy systems including residential heating and cooling, wind energy, and solar thermal and photovoltaic generation of power;

(2) Geothermal power - particularly the co-op initiated Raft River geothermal project;

(3) Energy storage systems both for consumer and utility use;

(4) More efficient small and medium scale power generation systems which can utilize coal and/or waste products and which can be used in a co-generation mode, such as coal burning diesels and the stirling engine.

We also respectfully urge that the DOE give special attention and make arrangements to demonstrate these technologies in co-operation with consumer-owned electric cooperatives, which offer unique opportunities to implement such technologies on a broad scale for the benefit of consumers on a non-profit basis.

We further urge that in development and demonstration of each such technology, special recognition and attention be given to its impact on and compatibility with the electric system.

Rural electric systems desire to assist in maximizing the consumer benefits of such technology while at the same time minimizing possible detrimental effects on the power system.

SUBJECT: Reduced Dependence on Petroleum Through Research

Continuation of present energy policies that encourage increased oil imports will have a disastrous effect on this nation's economy and living standards. All indications are that imported oil prices will continue to rise.

We believe that this nation must act promptly and decisively to reduce dependence on imported oil; and a major part of that effort should involve an expanded research, development, and demonstration (RD&D) and commercialization program.

We believe that emphasis on the following programs is essential to ultimately achieve reduction of dependence on foreign oil:

1) Development and commercialization of acceptable processes to produce synthetic fuels from existing abundant fossil fuels and renewable energy resources;

2) Development and demonstration of electric power production emphasizing economically feasible supplemental/alternative energy resources and improved technology in coal utilization;

3) Establishment of policies to shift from an oil-based economy to an electric economy where abundant coal and nuclear resources can be fully utilized; and

4) Development and commercialization of conservation technologies, more efficient electric appliances and equipment (i.e., energy efficient heat pump water heaters), and electric vehicles which -- in many instances -- can replace gasoline-powered vehicles.

We welcome the new initiatives of REA in providing Loan Funds related to the supplemental energy field and encourage rural electric cooperatives to take full advantage of this opportunity, along with other available funding, to help bring emerging supplemental alternative energy technologies into the commercialization stage.

We respectfully urge the President and the Congress to act promptly to establish policies and to fund major RD&D and commercialization programs, as outlined, that can begin to reduce the stranglehold that oil-producing nations now have over us. We further urge that rural electric cooperatives, as consumer-owned organizations, be recognized as ideal utilities to implement demonstration and commercialization programs and that the Rural Electrification Administration be given the authority and the funding to carry out these programs with the assistance of NRECA.

SUBJECT: Proposed Revision of Building Energy Standards

Rural electric cooperatives support the need for stringent standards for energy efficient buildings as mandated by Congress in the Energy Conservation Standards for New Buildings Act of 1976 (Title III, PL 94-385).

We feel, however, that the Department of Energy (DOE) has severely distorted the intent of the legislation in its proposed Building Energy Performance Standards (BEPS) by incorporating "weighting factors" and considerations other than efficiencies in new buildings.

Specifically, the proposed BEPS attempts to account in part for energy losses occurring at electric powerplants, oil refineries and gas-processing plants, and in part for the "social costs" of the use of various forms of energy. Weighting factors create a three-to-one preference against the use of electricity that will effectively dictate the use of oil or natural gas wherever there is a choice to be made.

Furthermore, under the proposed BEPS, building designers would be permitted to design a less efficient building if the fuel to be used is natural gas or oil; and we feel this is contrary to national energy policy and dilutes efforts to promote energy conservation.

A better approach, one that will implement the clear intent of Congress would be to base energy budgets on annual space heating and cooling loads, all expressed in BTU/ft.^{2} A single number should be provided, one not dependent on fuel and energy use but established at the maximum practicable level of insulation and glazing consistent with national energy policy and economic concerns. This will help assure that the building envelope is designed to attain maximum practicable efficiency throughout its useful life, and so also will encourage use of passive solar techniques, something which is not specifically encouraged through BEPS as now proposed.

This approach also will give complete freedom to owners, builders and designers in selecting the techniques to attain energy efficiency as well as the systems and energy sources which they prefer. The systems and equipment selected in single-family residences will be energy efficient by virtue of the minimum appliance efficiency standards being developed by DOE. This standard easily can be expanded to encompass the systems and equipment commonly found in commercial buildings.

SUBJECT: Insulation and Weatherization Research

Hundreds of thousands of American homes and commercial structures are being insulated and weatherized, many of them through programs sponsored by rural electric cooperatives. With such a large variety of insulation materials, application methods and installation techniques as is available, problems of moisture condensation, fire hazard, wood rotting, toxicity, paint blistering, etc. may occur.

We urge that the U.S. Department of Energy conduct a literature search and publish an abstract to provide a source of information to all energy suppliers and insulation installers which would result in the improvement of insulation products and installation procedures.

While some research is currently in progress, we recommend that an expanded research program be undertaken by DOE which would lead to improved insulation and weatherization standards, materials and installation methods, especially those employed for retrofitting existing structures including modular housing and mobile homes.

STATEMENT OF
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
On FY '81 DOE Authorizations
before the
Energy Research and Production Subcommittee
of the
Science and Technology Committee
U.S. House of Representatives
March 10, 1980

Mr. Chairman and Members of the Committee: My name is Lowell J. Endahl, Coordinator of Research and Technological Development for the National Rural Electric Cooperative Association (NRECA). We appreciate the opportunity to present the NRECA membership views with respect to the U.S. Department of Energy Authorizations for FY '81 energy research.

Specifically we would like to comment on: Electric Energy Systems research, Geothermal and Hydropower funding, and Nuclear Energy programs.

NRECA is the national service organization which represents nearly 1000 non-profit, consumer-owned rural electric systems which deliver electric power to approximately 25 million people in the rural and sparsely populated agricultural areas of 46 states. These small cooperatively-owned electric utilities are located in about 2,600 of the nation's 3,100 counties, and they own and operate more than 40% of the distribution line in the nation to serve about 9% of the population.

These rural electric cooperatives at their annual meeting (March 3-6), attended by more than 10,000 people (mostly directors and managers of rural electric systems) adopted a series of resolutions on issues of concern, some of which pertain to energy research. The pertinent resolutions are attached.

Electric Energy Systems Research

Since rural electric systems own and operate over 40% of the electric distribution line in the nation and serve in the sparsely settled areas of the country where wind and solar energy systems are likely to be popular, they have a special interest in the work of the Electric Energy Systems and Storage research.

A host of new problems are beginning to surface for rural electric systems as small power producers and cogenerators, with all types of power generating equipment (i.e. wind, solar, biomass and hydro) seek to sell their surplus energy to the cooperative utility. All utilities are required to purchase this energy from the qualifying producer under PURPA sections 201 and 210. While rural electric systems are willing to purchase this self-generated energy of their members, the problems connected with the integration of small quantities and intermittent sources of energy into the utility grid can be difficult and uneconomical. Such problems involve energy storage, and also the technical electrical and safety problems of producing acceptable utility quality power. We are pleased that DOE has instituted a research project to study the interface problems of small power producers, but we believe that this work needs to be expanded. A major research effort is needed to develop low-cost integration and storage equipment in order that solar, wind, and other supplemental energy sources can produce utility quality power economically.

We respectfully request that an additional $4 million be added to the EES budget in order that this study can be expedited and the necessary research completed, and information made available

promptly. We also request that the Storage Battery Electric Energy Demonstration (SBEED) be stepped up and an additional $3 million be allotted to this program which is conducted in cooperation with Wolverine and Northern Michigan Electric Cooperatives.

Rural electric systems also strongly support the research work underway on Extra High Voltage (EHV) Transmission and studies relating to electric field effects (resolution attached). Recent experiences in acquiring right of way and constructing EHV lines have revealed serious misconceptions, mystique, and fearfulness on the part of the general public as to the electric field effects on vegetation, animals, and even people living near EHV lines. Results of the research work underway are urgently needed.

Geothermal and Hydropower Funding

The electric cooperatives, which serve in approximately 75% of the land area of the country, are ideally located to take advantage of the geothermal and hydro resources throughout the country. Raft River Electric Cooperative in Idaho has been actively involved in the development of the binary cycle geothermal system utilizing the moderate temperature geothermal resources. There are vast quantities of this moderate temperature (about 300°F) resource throughout the nation, and we urge that the system for utilizing this resource economically be developed as quickly as possible, and that research for that purpose be supported to its practical maximum.

Hydropower is also of great interest to rural electric systems, with many systems actively studying the possibility of utilizing small-scale hydro resources in their areas. The Rural Electrification Administration is also encouraging the cooperatives to investigate

possible hydro sites which might be financed through that agency. In view of this increased activity, we believe that the demand for assistance through the DOE Feasibility Studies Loan Program will increase dramatically. In addition, in order that small scale hydro can be given an opportunity to make a worthwhile near term contribution to the energy supply, we believe that the Small Scale Hydroelectric Development should also be increased. We would like to see the size definition of small-scale hydro revised upward from "less than 15MW" to "less than 30 MW" to increase the number of qualifying sites and increase the power potential and economic feasibility.

In view of stepped up rural electric interest in small scale hydro development, we respectfully request that FY '81 authorization for Small Scale Hydroelectric Development be increased from $8.2 million to $12 million and the Feasibility Studies Loan Program be increased from $10 million to $12 million.

Nuclear Energy

We were dismayed to review the proposed Nuclear Energy authorization budget and find that the Breeder Reactor Systems budget had been cut in half (from $761.8 to $384.0). It is inconceivable to us that, at a time when this nation is struggling to reduce oil imports, R&D on one of the major technologies that could help us achieve future energy independence is being curtailed. In time of war, a nation would not destroy its best weapon. In the energy battle, the breeder reactor could be our biggest and best weapon.

Consumer-owned rural electric cooperatives have gone on record repeatedly urging the rapid completion and commercialization

of the Liquid Metal Fast Breeder Reactor at Clinch River. They reaffirmed that position at their business session of the annual meeting on March 6, 1980, asking for an "aggressive program for development and commercialization of the breeder reactor to insure sufficient fissionable resources for an independent energy future for America in the twenty-first century." We strongly urge that the Breeder Reactor Systems budget be reinstated to the level of last year.

Nuclear Information Program

Much of the confusion and indecision on national energy policy, particularly with respect to nuclear power, seems to have been generated by misinformation. While there are good sources for reliable information, the public is not always willing to accept or recognize those sources. The media has a tendency to stimulate debate and use opposing views to create news stories. Unfortunately such reporting often adds to the confusion, and creates new uncertainties about "who is right." NRECA member systems, conscious of this problem, adopted a resolution calling for a government nuclear information program that would serve as an accurate and creditable source of information on nuclear energy, with the further responsibility of challenging misinformation. We urge that Congress institute and fund such a program similar to the Conservation Information Program.

The resolution on Nuclear Information is as follows:

The American public is concerned and confused by the wide variety of opinions and alleged "facts" presented on nuclear power from hundreds of sources. There is no single recognized creditable source of such information which members of the public and the Congress can use with confidence, or which will be universally accepted. Much misinformation about nuclear power has been

disseminated without challenge. The result could be disastrous to our nation's National Energy Policy.

Rural Electric Cooperatives believe that the American public should be confronted with the true facts about nuclear power and we believe that it is the responsibility of the Federal government to see that proper and accurate information based on scientific research and analysis is widely disseminated.

We propose that Congress take immediate steps to formulate a program and budget (similar to the Conservation and Solar Information Program) to properly inform the public about nuclear power and challenge misinformation.

We appreciate the opportunity to express these views for your consideration in developing the FY '81 DOE Authorization Budget.

SUBJECT: DOE Research on Alternate Energy Sources & Technology

A balanced program of energy research, development and demonstration is essential to the nation's energy future. In the interest of such balance, we support an increase in DOE efforts to develop alternate energy sources and appropriate scale technology. In particular we support continued efforts to develop:

(1) Solar energy systems including residential heating and cooling, wind energy, and solar thermal and photovoltaic generation of power;

(2) Geothermal power - particularly the co-op initiated Raft River geothermal project;

(3) Energy storage systems both for consumer and utility use;

(4) More efficient small and medium scale power generation systems which can utilize coal and/or waste products and which can be used in a co-generation mode, such as coal burning diesels and the stirling engine.

We also respectfully urge that the DOE give special attention and make arrangements to demonstrate these technologies in co-operation with consumer-owned electric cooperatives, which offer unique opportunities to implement such technologies on a broad scale for the benefit of consumers on a non-profit basis.

We further urge that in development and demonstration of each such technology, special recognition and attention be given to its impact on and compatibility with the electric system.

Rural electric systems desire to assist in maximizing the consumer benefits of such technology while at the same time minimizing possible detrimental effects on the power system.

SUBJECT: Reduced Dependence on Petroleum Through Research

Continuation of present energy policies that encourage increased oil imports will have a disastrous effect on this nation's economy and living standards. All indications are that imported oil prices will continue to rise.

We believe that this nation must act promptly and decisively to reduce dependence on imported oil; and a major part of that effort should involve an expanded research, development, and demonstration (RD&D) and commercialization program.

We believe that emphasis on the following programs is essential to ultimately achieve reduction of dependence on foreign oil:

1) Development and commercialization of acceptable processes to produce synthetic fuels from existing abundant fossil fuels and renewable energy resources;

2) Development and demonstration of electric power production emphasizing economically feasible supplemental/alternative energy resources and improved technology in coal utilization;

3) Establishment of policies to shift from an oil-based economy to an electric economy where abundant coal and nuclear resources can be fully utilized; and

4) Development and commercialization of conservation technologies, more efficient electric appliances and equipment (i.e., energy efficient heat pump water heaters), and electric vehicles which -- in many instances -- can replace gasoline-powered vehicles.

We welcome the new initiatives of REA in providing Loan Funds related to the supplemental energy field and encourage rural electric cooperatives to take full advantage of this opportunity, along with other available funding, to help bring emerging supplemental alternative energy technologies into the commercialization stage.

We respectfully urge the President and the Congress to act promptly to establish policies and to fund major RD&D and commercialization programs, as outlined, that can begin to reduce the stranglehold that oil-producing nations now have over us. We further urge that rural electric cooperatives, as consumer-owned organizations, be recognized as ideal utilities to implement demonstration and commercialization programs and that the Rural Electrification Administration be given the authority and the funding to carry out these programs with the assistance of NRECA.

SUBJECT: Nuclear Waste Disposal

Radioactive waste management has been the subject of countless studies and reports. The overwhelming consensus of these studies is that radioactive waste can be handled and disposed of safely, with no serious public health and safety or environmental effects.

Many competent groups have determined that the technology and means are at hand to safely store and dispose of nuclear waste and nearly all of such waste is generated by the Federal government's weapons program.

We urge the Federal government in partnership with the States to immediately provide and implement an affirmative policy and program for the safe storage and disposal of nuclear waste.

SUBJECT: Extra High Voltage Transmission Line Research

The increased use of extra high voltage (EHV) overhead transmission lines for transmitting electric power by rural electric cooperatives is essential if we are to continue to provide the electric power needs of rural America. Recent experiences in acquiring right of way and constructing such EHV lines have revealed serious misconceptions, mystique, and fearfulness on the part of the general public as to the electric field effects on vegetation, animals, and even people living in close proximity to such EHV lines.

Although such concerns are not supported by scientific evidence, we have an urgent need to provide positive, scientifically demonstrated evidence that there are no significantly adverse effects upon vegetation, animals and people living in close proximity to such EHV lines. NRECA urges the Congress and the Department of Energy to adequately fund the electric fields research work being conducted by the DOE involving both alternating and direct current overhead EHV lines and disseminate such information to the public.

SUBJECT: Government Support for a Revitalized Nuclear Program

The availability of adequate amounts of power and energy are vital to the future growth and security of our Nation as the leader of the Free World. As a direct result of uncertainty, indecision, and deliberate delay on the part of the Federal government, our Nation faces the spectre of power blackouts, declining productivity, spiraling inflation, and increasing inability to compete in the international marketplace, resulting in growing unemployment and potential civil unrest.

Any honest and realistic examination of the power outlook in America today clearly indicates that if the Nation is to deal effectively with these growing energy-related problems, nuclear power must play a significant role for the foreseeable future. There is no other way that the United States can realistically meet its most modest requirements for electricity without completing some 125 nuclear power plants now under construction and constructing additional units as the energy requirements of the Nation continues to increase.

The Department of Energy in its most conservative estimate states that nuclear power must increase from six quads in 1985 to 16 quads by the year 2000. Translated into requirements for installed nuclear capacity, this means that in 1985 there should be approximately 120,000 megawatts; similarly, by the year 2000 there would have to be available at least 330,000 megawatts of nuclear plants.

We recommend that the Federal government should set the policy and both the Administration and the Congress must provide leadership and support for an aggressive nuclear program. It is of vital importance that positive action be taken to:

1. Simplify and shorten the nuclear licensing procedures, encouraging the issuance of needed limited work authorizations, construction permits, and operating licenses on a timely basis. In concert with these actions, lifting of the moratorium on nuclear power plant licensing in general should be effectuated by the NRC without further delay, thereby mitigating the deepening dependence of our Nation on foreign oil purchased at ever-higher cost, fueling inflation and continuing to erode the living standards of Americans everywhere.

2. Provide for Federal government processing and storage of nuclear fuel in order that residual fissionable uranium and newly-generated fissionable material which -- through recovery and recycling -- can generate up to 50 percent more energy from the same fuel to provide the equivalent of over one-half of the Nation's proven oil reserves. Forthright action should be taken by the Federal government to construct and to place in operation a repository for permanent high-level waste disposal at the earliest possible time, as a part of a national nuclear waste disposal program developed in partnership with appropriate State governments.

3. Provide continuing leadership and encouragement to the nuclear industry to build upon the lessons learned from Three Mile Island, which has already led to improved safety in design, construction, and operation of nuclear power facilities.

4. To go forward with an aggressive program for development and commercialization of the breeder reactor to insure sufficient fissionable resources for an independent energy future for America in the twenty-first century.

SUBJECT: The Breeder Reactor and Nuclear Energy Research

We are deeply concerned by the Administration's de-emphasis of nuclear power as a viable power option of the future and the resulting neglect of research and development involving nuclear power in general and the breeder reactor in particular.

Arguments made against nuclear power on the grounds of safety including possible diversion of weapons grade plutonium and/or nuclear proliferation are grossly overstated and misunderstood. Nevertheless, in view of these expressed concerns and because of the urgent short-/and long-term needs of power which can be supplied only by full utilization of the nuclear power option, we respectfully urge that Federal research in the nuclear power field by increased and redirected to deal with the so-called proliferation problem as it relates to nuclear power by a refined and revised fuel cycle and continued development of the breeder reactor.

We further urge that decisions be made promptly, based on existing research information, to provide the technical basis upon which a viable nuclear technology, including the breeder option, can be implemented. Such decisions must address the need for insuring sufficient fissionable resources and enrichment capacity, providing development of fuel reprocessing facilities and a breeder fuel cycle, and a permanent disposal technology for high level wastes.

We commend those members of Congress who continue to aggressively support adequate, reliable power for the future, independent of foreign energy supplies. This must include the nuclear power option, and the breeder reactor. We also urge prompt consideration of the Clinch River Breeder Reactor Demonstration Project.

SUBJECT: Government Nuclear Information Program

The American public is concerned and confused by the wide variety of opinions and alleged "facts" presented on nuclear power from hundreds of sources. There is no single recognized creditable source of such information which members of the public and the Congress can use with confidence, or which will be universally accepted. Much misinformation about nuclear power has been disseminated without challenge. The result could be disastrous to our nation's National Energy Policy.

Rural Electric Cooperatives believe that the American public should be confronted with the true facts about nuclear power and we believe that it is the responsibility of the Federal government to see that proper and accurate information based on scientific research and analysis is widely disseminated.

We propose that Congress take immediate steps to formulate a program and budget (similar to the Conservation and Solar Information Program) to properly inform the public about nuclear power and challenge misinformation.

Mr. BEVILL. Your statement about Japan taking 38 months to put a nuclear power plant in operation, while it takes us 12-to-14 years is really the core of our problem. The five members of the Nuclear Regulatory Commission sat here the other day, and I asked them when was the last time they issued a license. July, 1978. I asked them how many licenses they issued since they have been in business as the Nuclear Regulatory Commission. In five years, they issued 17 licenses. They are going backwards. They have spent a billion and a half dollars in five years. Of course, nobody wants to sacrifice safety, and they want to talk about Three Mile Island. But, as I pointed out, they had done very little before Three Mile Island.

Mr. DUBROW. The tragedy is, you know, Mr. Chairman, I worked for the Interior Department and for the Army Engineers for 33 years, and in the last two years I worked for the government, I worked for the Atomic Energy Commission, and I took the job because I really wanted to learn more about atomic energy because I was on one of the original Interior committees that supported atomic energy, and I remember all the talk about how things were going to be facilitated by the Nuclear Regulatory Commission, and, as you say, it has gone the other way, and I certainly hope that somehow we can find some way to invite them to do their job.

Mr. BEVILL. It is very important that we do. Thank you very much, Mr. Dubrow.

SOLAR ENERGY PROGRAM

WITNESSES

BRUCE ANDERSON, CHAIRPERSON OF THE BOARD OF DIRECTORS, SOLAR LOBBY

HERBERT R. EPSTEIN, SENIOR LEGISLATIVE REPRESENTATIVE, SOLAR LOBBY

Mr. BEVILL. Mr. Epstein in the Senior Legislative Representative for the Solar Lobby. We are glad to have you with us. Your statement will be in the record, and you may proceed as you wish.

[The statement follows:]

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Ben Wolff
American Wind Energy Assn.

March 24, 1980

Testimony of

Bruce Anderson, Chairperson

&

Herbert R. Epstein, Senior Legislative Representative

Before the

Subcommittee on Energy & Water Development

Committee on Appropriations

House of Representatives

Mr. Chairman, members of the committee, ladies and gentlemen: I am Bruce Anderson, Chairperson of the Board of Directors of the Solar Lobby. Accompanying me today is Herb Epstein, our Senior Legislative Representative. We are pleased to have the opportunity to testify before the subcommittee on the Department of Energy's solar budget of FY-81.

Solar Lobby is a research and advocacy group based in Washington, D.C., supported by contributions from 35,000 members. We believe that an expeditious transition to the use of renewable energy resources, combined with aggressive programs of energy efficiency, must be the basis for national policy.

Up to 94 percent of the population supports an extensive federal effort to speed the development of solar energy. Available evidence also indicates that solar power ranks highest of all energy alternatives in the public's evaluation. An NBC-AP poll released in May of 1979 asked a random sample of 1,600 adults what their preferred energy source was for the year 2000. More than 50 percent chose solar; 21 percent selected coal; only 16 percent preferred nuclear and less than 5 percent favored oil.

The poll also supports the contention that the public is willing to pay for widespread use of solar energy -- assuming solar is more costly. The weighted average of all responses to the poll indicates that Americans would each pay up to $80 per year more for solar energy. This amounts to $17 billion per year for the population as a whole. If the response is interpreted as applying to households rather than individuals, then the public in the aggregate would pay about $8 billion per year for solar energy.

Partly because solar energy is politically popular, President Carter committed the nation to supplying 20 percent of its energy from renewable resources by the year 2000. Unfortunately, the goal is still largely rhetorical.

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Although the American public is prepared to pay the costs for a rapid solar transition, the Administration is not. The $707 million budget for solar energy submitted to Congress in January represents a decrease in real terms from this year's program. Now President Carter is considering further cuts in the DOE solar budget, as well as reductions in the FY-81 request for the Solar Bank. Any further cuts will make a mockery of the commitment to a 20 percent solar goal.

If we are serious about fighting inflation, the solar budget should be increased, not reduced. Renewable energy can significantly reduce the demand for imported oil in the mid-term; the Domestic Policy Review (DPR) calculated that the reduction could amount to one million barrels per day of oil by 2000 if the 20 percent goal is achieved. A significant fraction of the solar budget is devoted to R&D that will increase productivity. And solar energy creates employment for American workers.

The minimum FY-81 DOE solar budget consistent with the 20 percent goal is $850 million. We have derived this number by adjusting the FY-80 DPR moderate option for R&D for inflation using a 13 percent inflator.

In the remainder of the testimony, we will recommend and justify more specific increases. Our presentation is consistent with the format DOE used in submitting its budget to the Congress.

In Solar Applications, we recommend $241.8 million, an increase of $65.5 million from the DOE request of $176.3 million. A total of $91.5 million is recommended for Systems Development, an increase of $35.5 million from the DOE level of $56.0 million; $81.0 million is proposed for Market Test and Applications, up $7.0 million from the DOE budget of $74.0 million; and $62.5 million is recommended for Market Development and Training, up $23.0 million from the DOE request of $39.5 million.

In Solar Technology, we are recommending only two additions. For photovoltaics, we are suggesting a total budget of $150.0 million, an increase of $ 10.0 million from the Administration's request. For wind energy, we recommend that the committee appropriate $110.8 million, up $30.8 million from the DOE request.

Solar Applications

Under Systems Development, we suggest an additional $21.5 million for active solar heating and cooling systems. We propose to allot $7.5 million of this increase to begin a coordinated solar ponds program in DOE. No funds for such a program have been requested by the Administration.

A solar pond is any body of water that both collects and stores solar energy. Salt gradient ponds hold the most immediate promise for wide-scale application. Other applications have more specialized uses.

The most attractive feature of the solar pond is its versatility. Ponds can provide low-temperature heat for buildings or industrial processes; they can also supply energy for base-load electricity generation. In some circumstances, they might be able to supply all of the heating and hot water for an entire community.

Of the $7.5 million, $3.0 million should be allocated to a basic R&D program; $2.0 million for field tests of existing ponds; $2.0 million for the joint U.S. - Israeli effort on the Dead Sea project; and $0.5 million for a design study of a 5 Mwe plant on the Salton Sea in California.

A recent review by SERI estimates that ponds can provide at least 1 quad of energy annually by 2000; the potential might be up to 10 quads. Unless the committee appropriates funds, the pond program will die before it can deliver on its significant promise.

We recommend $6.0 million for the development of designs and prototypes for modular housing using active solar systems. No funds have been requested by the Administration for this. An increasing number of homeowners are buying modular housing, especially since interest rates for home loans have skyrocketed. If proven designs for efficient, low-cost solar systems for modular housing were available, solar manufacturers would be more inclined to invest in mass production facilities for this market. Once such investments are made, the costs of the solar systems will be reduced. This will open up additional solar markets and accelerate the use of solar energy.

A total of $4.0 million is suggested for the development of site-built active heating system designs. Site-built active systems have the advantage of being low-cost and applicable for new and retrofit homes with traditional designs. This is a significant advantage, since most commercially available active systems have been only marginally cost-effective in residential applications, and since passive systems cannot be easily integrated with traditional designs or with retrofits of existing buildings.

For materials R&D for active systems, we recommend $4.0 million. The Administration requested no funds for this program. Yet, such basic R&D is urgently needed to develop low-cost, highly efficient, highly reliable collectors that will withstand high temperatures, inclement weather, corrosive agents, and ultra-violet light for 25 years. Conventional collector materials, such as copper and glass, are strong but expensive. Research is needed on alternative materials, such as common plastics. The small solar industry does not yet have the financial resources to pursue this important research on its own now.

For passive solar heating and cooling systems, we suggest a total increase of $14.0 million. Of this, $2.0 million is recommended for the development and testing of products. Passive systems installed today normally include traditional building materials, components, and assemblies that are used for collecting solar radiation, storage, insulation, controls, and other functions. These materials and devices need to be evaluated to determine their effectiveness for passive solar applications. In addition, new products that will enhance the performance of passive systems or simplify the implementation of a passive design need to be developed. Glazings, absorbers and emitters, reflectors, insulation, storage systems, shading devices, heat exchangers, fluid flow motivators, fluids and sealants, evaporative chillers, humidifiers and dehumidifiers, sensors, actuators and controls, and combination assemblies all need to be developed and tested.

An increase of $4.0 million is suggested for the development of passive designs and prototype buildings. Developing marketable passive designs that builders can easily use for residential, commercial, and agricultural buildings is essential to stimulate widespread use of passive solar systems. These designs must also be tested to determine their practical feasibility, energy performance, and cost-effectiveness. The federal government must support these activities if the development and use of passive solar systems is to accelerate. Otherwise, it will be years before the construction industry, which is traditionally very conservative, and is now suffering from a slump caused by mortgage - interest inflation, will develop and widely incorporate passive solar design in buildings.

For basic R&D for passive systems, we recommend $2.0 million more. Our current knowledge of environmental and physical phenomena that can influence the performance of passive solar systems is very limited. And our present models of these effects are inaccurate. Basic physical studies of solar radiation, night sky radiation properties, atmospheric effects, ground properties, landscaping, and heat-exchange mechanisms need to be undertaken. From these studies will come more accurate models of environmental effects. These models can then be used in detailed computer simulation programs to measure energy performance.

An increase of $3.0 million is recommended for the development of passive design tools. Passive and hybrid solar design tools that can provide the building community with organized and useful information on passive systems and their performance are sorely needed. The information is to be based on basic physical studies, systems analyses, data collected in the course of developing products, and performance data acquired from tests and instrumented

buildings. The design tools to be developed include handbooks, computer programs, thermal models, simple guidelines, and other aids.

For passive cooling studies, $2.0 million more is suggested. While many designers have become familiar with passive design techniques for heating, few are familiar with cooling techniques. Natural cooling is more difficult to imagine and to design. Yet, it is important for year-round performance of passive systems, especially in the southern part of the country where air-conditioning is widely used. Further research is needed to assess the feasibility and effects of various cooling techniques.

We recommend $1.0 million for solar and conservation analyses. To design buildings that are both energy-efficient and cost-effective, it is necessary to understand the energy performance and economics of various design techniques. Information is needed to judge when particular combinations of solar energy systems and conservation measures are more cost-effective than the conservation measures alone. Information is also needed to help designers and builders decide when and how passive and active solar heating can best be combined. Current computer simulations of solar energy system design and performance cannot be used to analyze passive and/or active solar techniques in combination with optimal energy-conservation features. Yet new building stock must be both energy-efficient and cost-effective if we are to make headway against our goal of reducing oil imports.

For Market Test and Applications, we recommend an increase of $7.0 million, specifically for the passive buildings program. The purpose of the passive buildings program is to test in a real market situation the feasibility of passive design concepts, design tools, and associated materials, components, and assemblies that have been developed. This may involve preliminary energy audits, meetings with local builders, lenders, utility representatives, or building code officials, technical assistance, information dissemination, press briefings or announcements. DOE will support these marketing activities and may underwrite the incremental costs associated with developing appropriate passive designs or the costs of special building materials. These activities are needed to stimulate the large potential market for passive solar technologies. Currently, only a few thousand buildings use passive solar, despite its economic appeal. A number of market and institutional barriers continue to inhibit the use of these systems. Significantly greater federal support now must be provided to stimulate local interest in passive systems and help the solar industry overcome some of the barriers to its further use.

For Market Development and Training, we recommend an increase of $23.0 million. Of this, $5.0 million is recommended for training. One of the largest barriers to the use of passive and active solar systems is a lack of understanding on the part of most building professionals. They simply do not fully understand solar technology and its potential benefits. This is especially true for passive solar design. Yet, these are the very professionals who will be called upon to design, install, and service solar systems. To reach the nation's near-term 1985 goal of supplying .3 quads of energy annually from passive and active solar energy, the country needs a greatly expanded training program.

For information dissemination, $6.0 million more is suggested. Information dissemination is vital to the development and utilization of solar energy. Only with a strong information program can we expect to see a significant acceleration in the use of solar technologies. Technical, economic, and market information is needed for consumers, utilities, building professionals, industry, bankers, real estate appraisers, insurance agents, land-use planners, state and local government officials, and other groups. Information is particularly needed on passive heating systems, active water heating systems, agricultural and industrial process heat, and wood stoves, furnaces, and boilers.

An additional $1.0 million is recommended for education. Today's students, who will be tomorrow's consumers, need to be informed about the uses of solar energy. Yet, the great demand for solar curricula severely exceeds the supply. Under the Administration's budget request, not even 10 percent of the 100,000 elementary and secondary schools across the country will be able to obtain materials on solar energy, and an even small fraction of schools will be able to participate in DOE-sponsored workshops and meetings for teachers and school administrators.

An increase of $5.0 million is suggested for standards, testing and certification. To assist industry in the development of solar standards and in testing and certification, the government provides financial support, administrative support, technical assistance, and joint planning. These efforts are needed to help develop a solar industry infrastructure and increase consumer confidence. The budget request, however, is woefully inadequate. Our recommendation will accelerate the current effort for passive and active solar equipment, and expand it to include site-built active heating components, small wind machines, and wood stoves, furnaces, and boilers.

For legislated program implementation, we recommend $6.0 million more. The proposed budget includes $7.0 million to help implement various solar energy provisions in new legislation, including the Public Utility Regulatory Policy Act, the National Energy Conservation Policy Act, the Energy Conservation Policy Act (which mandated the Building Energy Performance Standards), and the Fuel Use Act. These funds are also to be used to develop new programs, such as a consumer assurance program. Our calculations show that $7.0 million will not be adequate to support all the activities required by these laws, including the development of regulations, hearings, and technical support, much less the training and information dissemination following the issuance of final regulations. The development of the consumer assurance program alone will require $2 to $3 million.

Solar Technology

For the wind energy program, we recommend an increase of $30.8 million. First, because of the lead time involved in collecting and synthesizing data on the wind resource, the budget for wind characteristics should be increased by $3.8 million. This would be consistent with H.R. 5892, the Wind Energy Research, Development and Demonstration Act passed last year.

Second, funding for studies on institutional barriers and utility interface requirements --funding that DOE proposes to cut--should be substantially increased. The recommended increase of $4.0 million is also consistent with H.R. 5892.

Third, implementation, market development, and information-dissemination activities aimed at utilities, consumers, and the industry should be funded at approximately $6.0 million. DOE proposes almost no funds.

Fourth, because funding for the small-machine program was cut substantially in FY-1980 and the program was subsequently curtailed, we recommend that both small systems and the vertical axis technology be increased by $5.0 million, since these technologies have the greatest immediate pay-off.

Fifth, because utilities need to understand the operational impacts of wind energy conversion systems in their service area, we recommend that DOE procure, install, and operate at least three additional machines of the megawatt scale. This would require an additional $12.0 million.

For photovoltaics, we recommend an increase of $10.0 million. The DOE budget request does not take into account the shortage of silicon that may develop within the next two to three years. The semi-conductor industry may be able to afford $100/kg for silicon. But the Low-cost Silicon Array project needs $35/kg silicon within three years if it is to reduce the end cost of photovoltaic modules. The one Experimental Silicon Process Development Unit (ESPDU) currently under construction will not produce enough silicon to meet the near-term demand. Additional funds will be needed--about $10.0 million--to develop larger units. These silicon-production facilities would be owned and financed by industry; the federal government would assume responsibility for the high-risk early engineering development.

A numerical summary of all our recommendations is appended to this text. In brief, our recommendations will support a strong solar program, one which will lead to the wide-scale use of solar technologies and stimulate the economy of our nation.

	FY-81 Request	Solar Lobby Recommendation	Change
SOLAR APPLICATIONS			
Systems Development	56.0	91.5	+35.5
(a) Passive	15.0	29.0	+14.0
(b) Active	20.0	41.5	+21.5
(c) AIPH	21.0	21.0	0
Market Test and Applications	74.0	81.0	+ 7.0
(a) Buildings	18.0	25.0	+ 7.0
(b) AIPH	20.8	20.8	0
(c) Photovoltaics	35.2	35.2	0
Market Development and Training	39.5	62.5	+23.0
(a) Training	8.0	13.0	+ 5.0
(b) Information	14.2	20.2	+ 6.0
(c) Education	1.9	2.9	+ 1.0
(d) Building Codes	2.4	2.4	0
(e) Standards, Testing, and Certification	6.0	11.0	+ 5.0
(f) Legislated Program Implementation	7.0	13.0	+ 6.0
Solar International Applications	4.0	4.0	0
Program Direction	2.8	2.8	0
TOTAL, Solar Applications	176.3	241.8	+65.5
SOLAR TECHNOLOGY			
Wind Energy	80.0	110.8	+30.8
Photovoltaics	140.0	150.0	+10.0
Other Solar Technology	245.9	245.9	0
TOTAL, Solar Technology	465.9	506.7	+40.8
TOTAL, Solar Applications and Solar Technology	642.2	748.5	+106.3

Mr. EPSTEIN. Thank you. Mr. Bruce Anderson, who is the Chairperson of our Board of Directors, will give the testimony

Mr. ANDERSON. It is nice to be here. Thank you for the opportunity to testify. As you know, the solar lobby is a group of 35,000 members, and I am speaking for them today and also for 225 million Americans, the majority of which feel that solar energy is a long-term and a short-term source of solutions for many of our country's ills today.

There are recent polls that show the American public is willing to spend more for solar, if they could have it, rather than other forms of energy. Unfortunately, we feel strongly that the administration appears not to be of the same ilk. There is a goal that has been established of 20 percent of our country's energy from solar and renewables by the year 2000 but not the commitment, the financial commitment, to get there.

I think you will agree——

Mr. BEVILL. You know the Congress provided the biggest appropriation for solar energy that has even been made in history last year. I don't recall what the administration had in their budget, but I do recall we broke all the records—over $600 million for solar energy.

Mr. ANDERSON. If I could digress, one of the problems solar is having with Congress is that its many forms of technology and its diverse forms of energy as a source, including wind, solar, thermal electric, biomass, direct solar heating and cooling, ocean systems, and so forth, are all being lumped into one category, called solar. Each one of those energy technologies needs to be given its own platform, its own category of investigation, analysis and funding. To lump it all under one category is akin to lumping coal, gas, oil shale, and so forth, under one category called fossil fuels. The numbers may seem large, but when you look at the individual technologies, they are not very large.

Mr. BEVILL. They should be separated. I agree with you. Of course, when you discuss the goal of 20 percent from solar, that includes technologies other than direct solar.

Mr. ANDERSON. If you are not including hydro, for example.

SOLAR ENERGY GOALS

Mr. BEVILL. I am not downplaying it, everybody loves solar energy. It is very clean, we don't get dirty. We all love solar, but do you agree that 10 percent is the maximum capability of solar energy when we confine it to direct solar by the year 2000?

Mr. ANDERSON. I am afraid I can't agree to that number, I can agree that is what the DPR stated is a realistic goal.

Mr. BEVILL. You may have something new on it, but we haven't heard anything different.

Mr. ANDERSON. I am not prepared to elaborate on the goal or the efficacy of the goal, but rather to suggest that the potential for renewable energy to assist in resolving many of our country's ills is really quite substantial, including the ills of inflation, of international tension, national security, balance of payments, employment, pollution, and most importantly, the quality of life of our citizens.

The point that I would like to leave with the committee today, the most important one, is that while the goals of budget cuts, that of reducing inflation, especially, must be done in a fairly judicious way, in

some places that goal will be accomplished by cutting budget items; in other incidents it will be accomplished by increasing budget items.

We feel very strongly that by increasing the renewable energy budget, the solar budget, that it will help to cut inflation in the long term, probably in the short term. And so we are proposing increases, and let me summarize what those would be for the solar budget.

As you probably know, the fiscal year 1981 budget request, when taking inflation into account, is between three and five percent below the fiscal year 1980 budget, and substantially less than the $850 million called out for in the moderate option from the DPR.

We are recommending, then, an overall increase of about $106 million. I will break those out for you.

First of all, under solar applications, differentiating from solar technology, we are recommending an additional $21.5 million for active solar heating and cooling. We would recommend that $7½ million of this be allocated to develop a solar ponds technology program that does not exist. That is a form of both solar collection and storage. These ponds will absorb the sun's energy, and it can be trapped and stored for a long period of time, seasonally included, and can be tapped then for heat, and for electricity. There are projections that one quad can easily be attained by 2000 and 10 quads is possible.

Mr. BEVILL. Thank you. We have your statement in the record.

Mr. BURGENER. I have one question, Mr. Chairman.

Mr. Wolff was up here from the American Wind Energy Association, earlier, and here is a dramatic statement, "Over the last 5 years the Department of Energy has not commercialized a single renewable energy technology. At a cost of $2,356,000,000 spent on solar programs since the formation of ERDA in 1975, that is a very expensive lesson."

That is quite dramatic. Are we heading off in too many directions at once?

Mr. ANDERSON. The question is not heading off into many different directions at once. I have been involved in solar for over 7 years and involved in the government programs since their inception. The budget was $13 million. What I have seen are some dramatic mistakes made in the management of the programs, in their orientation, in the priorities. There is a tendency to think that solar is a very simple technology, that all you have to do is point something toward the sun, and it is going to do what you want it to do.

It is far more of a difficult—both technological and institutional—social problem than most people imagine it to be.

I would have to disagree with Ben to some extent on the statement. I don't think it is quite as dramatic as he made it, but I am on the Advisory Board of the Solar Research Institute and had the opportunity this past week to take a tour of Rocky Flats, at Rockwell International, where they are testing small wind machines, and with small wind being an economically viable solar electricity option today, that is producing electricity at the same cost or less than many of our present other technologies. To see the small priority that program has been given is what I would call a national disgrace.

Here we are in the middle of a severe energy problem. We are almost suffocating in the abundance of renewable energy, but yet that program which is a key element in getting small wind energy systems into the marketplace, is substantially underfunded, and it is a national dis-

grace. That is why I feel that judicious allocation of increases in some areas of the budget and cutting back in other areas is something that we would certainly like to help in any way we can in making those judgments.

Mr. BEVILL. Along that same line, Mr. Wolff also said—you may have been here when he made the statement—that solar thermal requires $294 million for each quad of electricity. In other words, it costs more money per quad according to his statement than any of the other 10 or 15 sources of energy, except OTEC, which costs $390 million per quad.

Mr. ANDERSON. I think those ratios, I am only somewhat familiar with the testimony; I think those ratios have to do with budget expenditures versus the projected quad delivered in the year 2000.

Mr. EPSTEIN. I haven't read the testimony.

Mr. BEVILL. I think you would disagree with his statement there, but that is understandable. You each have done your own thinking about it. That is very good, and thank you for your contribution.

Mr. BURGENER. Your options appear in your written statement?

Mr. ANDERSON. Yes, and if there is backup material you wish, we would be delighted to provide it.

BIG WALNUT RESERVOIR, INDIANA

WITNESS

ALICE CANTONWINE, COORDINATOR, CITIZENS ACTION COMMITTEE TO OPPOSE BIG WALNUT RESERVOIR, INC.

Mr. BEVILL. Mrs. Cantonwine, the Coordinator of the Citizens Action Committee to Oppose Big Walnut Reservoir is with us.

Congressman Myers' plane has been delayed. You didn't have anything to do with that, did you?

Mrs. CANTONWINE. No, we would be glad to have him here.

Mr. BEVILL. We are sorry he is not here. His staff was here earlier and said his plane was grounded, so he is going to be late. We are glad to hear from you. You may proceed as you wish.

Mrs. CANTONWINE. All right, Mr. Chairman, and members of the committee. I am Alice Cantonwine, from Putnam County, Indiana, and spokesperson for the Citizens' Action Committee to oppose Big Walnut Reservoir. This commission is a coalition of farmers, business and professional people and environmentalists in the State of Indiana. We have submitted a statement for the record, and this statement consists of facts about, and alternatives to, Big Walnut Reservoir in Putnam County, and also a statement of opposition from our county commissioners. But, most importantly, it has a certified copy of the 1980 Indiana House Bill 1083, which Indiana withdraws all State support for Big Walnut Reservoir. I might mention this bill passed both the House and Senate by overwhelming majority.

We are requesting that your committee appropriate no funds for Big Walnut Reservoir. I don't wish to take up a lot of the committee's time going over the context of our statement, but I do want to mention one thing, and that is that according to a statement by Colonel Thomas P. Nack, of the Louisville COE, Big Walnut would be classified as a high hazard dam due to the population and the property located less than one-half mile below the structure.

The COE also recognizes the geological problems which are detrimental to the construction of a safe dam. There are mud seams in the foundation rock and a high underground water level in the sand and gravel which underlie the lake bed. The COE suggests in the draft environmental impact statement putting down an 80-foot impervious stream blanket on the lake bed and a system of relief wells below the dam. These measures do not work perfectly at all times; then they will not prevent underflow of the dam. The flood elevation of the water behind that dam is 90 feet higher than the homes and businesses, which are less than half a mile downstream.

Surely when these facts are assessed along with the fact the State of Indiana has declined to participate in the construction of the project, the need would have to be overwhelming to build this dam. The facts are just the opposite—any need which this project would fulfill can be better achieved by less expensive and more effective means.

[Additional information follows:]

60-588 O - 80 - 20 (pt. 9)

TESTIMONY

for

CITIZENS ACTION COMMITTEE

TO

OPPOSE BIG WALNUT RESERVOIR

HOUSE APPROPRIATIONS SUBCOMMITTEE

ENERGY AND WATER DEVELOPMENT

Chairman

Representative Tom Bevill

March 24, 1980

Citizens' Action Committee
To Oppose Big Walnut Reservoir, Inc.

"To Preserve the Land for Future Generations"

For Subcommittee on Energy and Water Development.

We are requesting this Subcommittee to appropriate NO FUNDS for Big Walnut Reservoir in Putnam County, Indiana.
This Project is in the Draft EIS stage and has been stopped since 1977.

FACTS ABOUT BIG WALNUT RESERVOIR

1. The 1980 Indiana State Legislature voted overwhelmingly to withdraw State Support for Big Walnut Reservoir. The Bill was sponsored by Representatives Don Lash and John Thomas and it was signed into law by Governor Bowen.

2. The cost of Big Walnut is rising in excess of $40,000 per day. In October 1979 the COE estimated the cost at $126,869,000 . We feel our Country is in such a financial bind that our Congress should be looking toward a balanced budget, not spending borrowed money on unnessary and unpopular dams.

3. The governing officials of Putnam County, Commissioners, County Council, etc., have publicly expressed their opposition to Big Walnut Reservoir. Their comments are part of the transcript of the Corps Public Hearing on Big Walnut.

4. Citizens came out in overwhelming numbers to protest the Project at the last Corps Public Hearing. They opposed the loss of good productive land and the removal of some 200 families from their homes and farms.

5. Geological problems exist which prevent the construction of a safe dam. According to on site reports by Dr. Gerald Johnson, geologist, College of William and Mary, Virginia, there are mud seams in foundation rock, plus a high underground water level in sand and gravel underlying the lake bed. A system of relief wells below the dam and an 800 ft. impervious upstream blanket of clay are suggested by the COE as remedial measures. These safety measures must work perfectly at all times to prevent underflow of the dam.

6. The proposed Big Walnut Dam would be classified as "High Hazard" under current criteria due to the population and property that would be located below it, according to a letter from Col. Thomas P. Nack of the COE. The proposed dam site is only ½ mile upstream of the Greencastle city limits. The flood elevation of the Reservoir towers 90 ft. above outlying residential and business districts which include an elementary school and Greencastle city water works. Federal regulations prohibit building in the flood plain, but these areas will automatically be placed in the danger zone. Big Walnut creek has never threatened urban areas.

BIG WALNUT RESERVOIR FACTS

7. The Indiana State Board of Health, Division of Stream Pollution, in it's July 1975 comments on the Draft EIS says:
   1. High amounts of nitrate and phosphate will exist in the reservoir waters from surrounding farm lands and the highly productive area covered by the waters of the reservoir, causing extensive algae growth.
   2. Bacterial decomposition may cause undesirable taste and odor in the water. The use of the reservoir for raw water supply and water related recreational activities will be limited.
   3. They question the cost-benefit and flood control value of the impoundment.

8. The Greencastle Community presently has an abundant supply of good clean water from wells located near Big Walnut Creek, about one mile below the proposed dam. If the reservoir is built, the only water filtering into these wells will be water coming from the reservoir. Additional water supply treatment would be necessary for Greencastle's water supply.

9. Spokesmen for the Indianapolis Water Company say it is not economically feasible to pump water up hill 45 miles for Indianapolis water supply.

10. There are already five State Park and Recreation Areas within 30 miles of the Big Walnut Area. Two of these are Corps lakes. There will be limited fishing and water related sports due to the poor water quality in Big Walnut Reservoir

11. The value of agricultural products grown annually in the Big Walnut Valley far outweigh the flood control benefits given the Project by the Corps. The valley contains some of Indiana's finest bottom land. Of the Project's total 16,000 acres, 12,000 acres are used for food production. The 4,000 acres of woodland contains a large percentage of good quality black walnut and white oak trees.

12. Hundreds of farm ponds and a large home development lake on one of the tributaries of Big Walnut, have greatly reduced the amount of excess water going down Big Walnut in times of heavy amounts of rainfall. Much of this has come about since the Corps oringial study. The town of Greencastle is a major contributor to excess rainwater runoff and is located below the proposed dam. With the reservoir in place, flooding in the lower Wabash and White rivers might be lowered by about 2 inches. Flood control benefits attributed to the project are miserably outdated. (See alternatives)

Prepared by Citizens Action Committee, Greencastle, IN

PROPOSED ALTERNATIVES TO BIG WALNUT RESERVOIR

We are proposing some alternatives to the outdated and expensive large multi-purpose Corps of Engineer built reservoirs. A newer and increasingly more popular concept of enduring conservation practices on the land as an alternative to the flood reduction reservoirs. This land treatment concept includes such practices as:

Small ponds built to flood reduction specifications. They provide flood reduction, water table stabilization and recreation.

Parallel tile outlet terraces. Provides 24 hour water storage and helps prevent soil erosion.

Pipe drop structures, utilizing storage above the inlet will provide up to 24 hour storage of rainwater.

Vegetative cover practices which are permanent and slow water runoff and soil erosion providing better water quality as well as flood reduction

All these measures will contribute to water quality and can be considered multi-purpose. The multi-purpose ponds would probably be constructed on Class III and IV land, whereas a large reservoir takes thousands of acres of prime Class I and II land.
We would like to see State and Federal monies which would have been used for recreational development of large multi-purpose reservoirs channeled into these practices, making it more feasible for landowner participation and offering benefits to wider areas.

A large percentage of Indiana's streams are clogged with debris which catches sand and soil, cutting the stream capacity for carrying runoff from heavy rains. We believe this debris can be removed in an environmentally sound manner. The Corps of Engineers has a fund for this purpose and will do the work when requested by the proper officials.

We as land owners, farmers, and members realize the seriousness of our recent flooding. The heavy rains of the summer of 1979 have shown the folly of large reservoirs for flood reduction. They provide no protection for areas above the impoundment and protection for no more than five miles downstream. By installing the above mentioned conservation practices we believe a considerable amount of water could be controlled and flooding minimized over a much wider area of the state.

Prepared by Citizens Action Committee Greencastle, IN

STATE OF INDIANA

OFFICE OF THE SECRETARY OF STATE

SECRETARY OF STATE

I, EDWIN J. SIMCOX *, Secretary of State, of the State of Indiana, hereby certify that the following and hereto attached is a full, true and complete copy of* House Enrolled Act NO.1083, approved 2:09 P.M., February 27,1980. An Act concerning the Big Walnut multipurpose resevoir and Big Blue multipurpose resevoir.

as the same appears on file, as the law directs, in this office.



In Witness Whereof, I have hereunto set my hand and affixed the seal of the State of Indiana, at the City of Indianapolis, this seventeenth *day of* March, *1980.*

Edwin J. Simcox

Secretary of State.

By Lynda L. Dennis

Deputy

Second Regular Session 101st General Assembly

PRINTING CODE—The parts in this style type are additions to the text of the existing section of the law. The parts in this style type are deletions from the text of the existing section of the law. The absence of either of the above type styles in an amendatory SECTION indicates that an entirely new section or chapter is to be added to the existing law.

HOUSE ENROLLED ACT No. 1083

AN ACT concerning the Big Walnut multipurpose reservoir and Big Blue multipurpose reservoir.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. Notwithstanding Acts 1969, Chapter 434, Sections 3 and 4, the department of natural resources may not cooperate with the United States or any agency thereof in the planning, construction, operation or maintenance of the Big Walnut multiple-purpose reservoir and the Big Blue multi-purpose reservoir, which have been authorized for construction by the Congress of the United States; nor may it enter into, on behalf of the state of Indiana, any agreements with the United States or agencies thereof relating to either reservoir; nor may it pay a share of the costs of either reservoir for water supply or recreation.

President of Senate

Speaker of House of Representatives

Approved: 2:09 p.m. Feb. 27, 1980

Governor of the State of Indiana

PUTNAM COUNTY BOARD OF COMMISSIONERS

COURT HOUSE

GREENCASTLE, INDIANA 46135

To: 1979-1980 Legislature:

We, the undersigned duly elected Commissioners of Putnam County, Indiana, have voted this December 17, 1979 to oppose the construction of Big Walnut Reservoir in our County. We ask the Indiana State Legislature to deauthorize this Project.

Donald K. Walton

Donald K. Walton, President

Elbert Irwin

Elbert Irwin

Gene R. Beck

Gene R. Beck

BannerGraphic

Putnam County, Wednesday, January 18, 1978, Vol. 8 No. 113 ★ 15 Cents

Opponents cite letter

Big Walnut Dam 'high hazard'

The proposed Big Walnut Dam near Greencastle would be classified as "high-hazard" under current criteria due to the population and property that would be located below it, according to a recent letter from Col. Thomas P. Nack of the U.S. Army Corps of Engineers to Greencastle attorney Larry J. Wilson.

Wilson, speaking for the Citizens' Action Committee to Oppose Big Walnut Reservoir, announced that the letter was received in response to questions concerning dam safety by the coalition of farmers, businessmen, environmentalists and others fighting construction of the proposed Army Corps of Engineers lake.

"SINCE THE DAM would be located approximately a quarter mile above the city of Greencastle, we feel that adequate safety studies should be completed concerning the proposed dam," Wilson said. "We also want to know the nature and extent of damage that would occur if the dam should fail for any reason. We feel this information is essential for those in state and federal government to make a proper decision concerning this project."

Col. Nack, district engineer of the Louisville District Office of the Corps of Engineers, revealed in the letter that no studies relating to dam safety or damages resulting from dam failure of the Big Walnut dam had been made.

"We believe that the loss of even one life due to dam failure is unconscionable and we do not design dams with the expectation of failure," Nack also said in the letter. "Our dams are designed by highly competent engineers and scientists using the most up-to-date criteria. Hence, there is as near zero probability of dam failure as it is humanly possible to achieve it."

Wilson said the lack of safety studies was only one of many reasons why the project should not be built. "The Big Walnut lake project would take 15,000 acres in Putnam County, including 12,000 acres of farmland," he said. "The area

Col. 4, back page, this section

Big Walnut

Continued from page 1

currently produces approximately 3½ to $4 million in grain and livestock annually. There are already five state parks within a 25 mile radius of Greencastle. We feel that the loss of prime agricultural land to another recreational site cannot be justified.

"IN ADDITION, STUDIES have predicpredicted that the water quality in the lake would be poor and that the dam would reduce flood damages only slightly," he added.

The current estimated cost of the Big Walnut Lake project is $108.7 million, of which the federal government would pay $70.2 million and the state of Indiana would pay $38.5 million.

Mr. BURGENER. May I ask a question?

Mr. BEVILL. Sure.

Mr. BURGENER. In whose Congressional District would this be, or would it cover several districts?

Mrs. CANTONWINE. No, it is in Congressman Myers' district.

Mr. BURGENER. I see. Naturally, we would be more than casually interested in his opinion. What is his opinion?

Mrs. CANTONWINE. He has always pushed for the funding and construction of the reservoir, but now the State has completely withdrawn its support in this past session of the legislature, and we understand from both of our Senators that they are ready for deauthorization if Congressman Myers would go along with it.

Mr. BURGENER. I see. I appreciate that very much. We are sorry he wasn't here. I know he wanted to be.

Mrs. CANTONWINE. I am sure he did.

Mr. BEVILL. Thank you so much for a fine presentation.

NATIONAL EDUCATIONAL EXEMPLAR PHOTOVOLTAIC FACILITY

WITNESSES

T. BYRON COLLINS, S.J., GEORGETOWN UNIVERSITY
WILLIAM L. GEORGE, S.J., GEORGETOWN UNIVERSITY

Mr. BEVILL. The Chair recognizes Father Collins and Father George. We are pleased to have you with us. These gentleman will improve the image of this subcommittee.

Father, each of your formal statements will be in the record, and you may summarize however you wish.

Reverend COLLINS. We will be very brief. We want to thank you and the members of the committee for its support of this project, and, on behalf of the over 2,000 colleges and urban universities that have a great anticipation of this, we look forward to a successful conclusion, and we will strive with might and main to bring it to a successful conclusion.

We thank you and the committee, and we are open for questions, if there are any questions.

[The statement and additional materials follow:]

GEORGETOWN UNIVERSITY
WASHINGTON, D.C. 20057

OFFICE OF THE PRESIDENT
SPECIAL ASSISTANT FOR
FEDERAL RELATIONS

202/625-4411

March 24, 1980

House Appropriations Committee
Subcommittee on Energy and Water Development
March 24, 1980
3:05 p.m.
Room 2362 Rayburn House Office Building

Dear Mr. Chairman and Members of this Committee:

We are Frs. T. Byron Collins, S.J. and William L. George, S.J., Special Assistants to the President of Georgetown University. Also with us is our assistant, Mr. Michael Marecki, S.J.

We are very glad to be here and grateful to be able to testify before this Committee. We would like to ask that our testimony be submitted for the record.

SPRING, 1980

HOUSE APPROPRIATIONS COMMITTEE

REPORT TO APPROPRIATIONS SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
ON GEORGETOWN UNIVERSITY - DOE PHOTOVOLTAIC EXEMPLAR

	1979	1980	1981	G.U. Request
Solar Applications	$124,539,000	$142,821,000	$165,586,000	$10,000,000
Photovoltaics	10,000,000	10,000,000	35,200,000	10,000,000

We thank the Committee for its support and continued interest in the National Educational Exemplar Photovoltaic Facility. The Committee has approved the Department of Energy's report to the Committee. (Exhibit 1) This project accomplishes many of this Committee's goals. The major feasibility study for this exemplar has determined the academic community is a prime market which will stimulate a ready commercial capability in the American photovoltaic industry. (Exhibit 2) Many corporations have expressed a desire to participate in this project which is to demonstrate a water-tight P.V. roof designed in to the structure of the facility itself.

The photovoltaic solar facility system is grid connected, and is in the first phase of its multi-year development which is still to be defined by the department and Georgetown University. Construction costs of the P.V. designed building will be accounted for in such a way as to distinguish traditional costs vs. P.V. added costs with the Department participating only in the mechanical, electrical, utility, structural and allied costs of the P.V. system.

The international community is already interested in this solar building-system design. This photovoltaic facility will house the international educational programs of the university which will aid the administrations goal in testing international markets as well as domestic interest.

We would ask the Committee to be sure that there is $10 million available for this project which has a total cost of $28 million. We estimate the project costs, based on the existing bid cost of structural P.V. system, at $5 million and P.V. cells estimated at $5 million. We believe this to be a minimum. We will strive with determined purpose to make this exemplar project become a reality for $10 million. We will use our unique capability to promote and synthesize many of the programs of the photovoltaic energy systems. (Exhibit 3)

On behalf of our President, Rev. Timothy S. Healy, S.J., we thank you for the opportunity to appear before this Committee.

Department of Energy
Washington, D.C. 20585

March 12, 1980

The Reverend T. Byron Collins, S.J.
The Reverend William L. George, S.J.
Georgetown University
Office of the President
Special Assistant for
Federal Relations
Washington, D.C. 20057

Dear Fathers Collins and George:

Thank you for your letter of February 29, 1980. I am pleased to see that we are approaching agreement on what the appropriate framework for a Federally funded National Exemplar project should be.

Your restatement of the five points that we agreed to in our meeting of February 11, 1980 and the supporting documentation we have received from you can serve as the basis for my notifying Congress of our intention to proceed with the project.

We are looking forward to receiving your revised proposal reflecting our agreed upon guidelines.

In anticipation of your new proposal we are advising the appropriate Congressional Committees of the results to date and the Department's recommendation to proceed with the restructured project. A copy of the letter that I am forwarding to the Congress is included for your records. You will note that my letter includes explicit reference to the target system cost and overall system size, $20/peak Watt and 300-400kW peak, respectively. We expect that once Congress endorses this position we will be able to proceed to the execution of a grant.

Sincerely,

John M. Deutch
Under Secretary

Enclosure

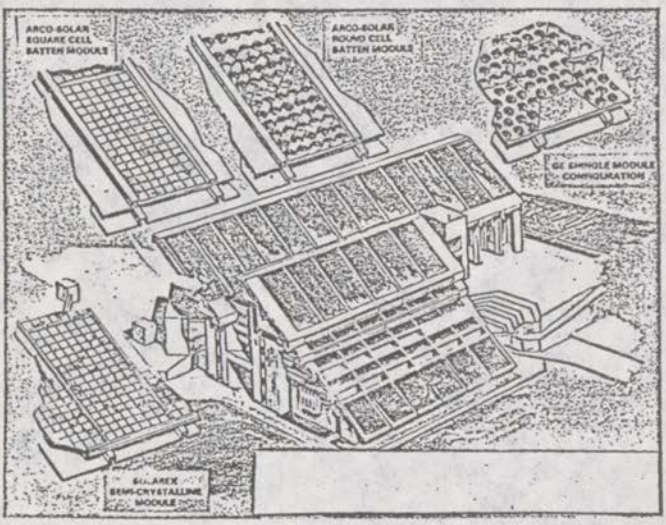
REPORT NO. ORO-23136-1

ENERGY SYSTEM

FOR THE

GEORGETOWN UNIVERSITY ACADEMIC BUILDING

VOLUME I EXECUTIVE SUMMARY



FINAL REPORT - DECEMBER 10, 1979

PREPARED FOR THE UNITED STATES DEPARTMENT OF

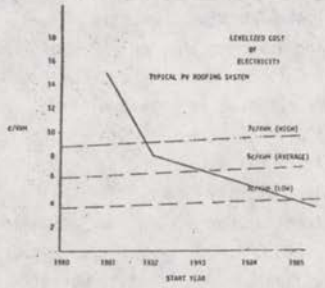
ENERGY UNDER GRANT NO. DE-FG05-79ET23136

GEORGETOWN UNIVERSITY

WASHINGTON, D.C. 20057

COST EFFECTIVENESS

Low interest, long-term financing coupled with Federal subsidies is the key to early cost-effectiveness of photovoltaic roofing systems. These programs are CURRENTLY available to higher education and hospitals



ASSUMPTIONS
6% General Inflation Rate
10% Discount Rate
3% Interest Rate on Government Loan
40 Year Term on Government Loan
20 Year Energy System Life
2% Annual Electricity Price Escalation (over inflation)
Savings on Electricity used toRefurbish System after first 20 Years

Photovoltaic roofing systems can compete with local utility rates, using above assumptions, at the following times:

High Local Rate	Late 1982
Average Local Rate	Early 1983
Low Average Rate	Mid 1985

The immediate start of the National Exemplar is timely in order to simulate other schools to take advantage of the early cost-effectiveness which existing Federal financing and subsidies can provide

POTENTIAL MARKET

A National Photovoltaic Exemplar will encourage similar systems in other Colleges and Universities which will stimulate industrial production. Resulting lower costs will not only benefit allied applications (hospitals, municipal buildings, local public schools) but also unrelated applications (commercial and residential uses)

ANNUAL MARKET IN 1986

Higher education currently utilizes 1.4% of national electric power produced. Projecting to 1986 and assuming that only 25% of the annual facilities increase or renovations which higher education institutions undergo are reasonable candidates for photovoltaic roofing systems, an annual requirement will exist for;

- 200,000,000 KWH of Electrical Power
- 136,600 KW of Installed Capacity

Using the midrange of the U.S. Department of Energy goal for installed systems of $1900 per KW, a market of $260,000,000 per year for higher education alone is a reasonable projection and an effective market development stimulus.

CRUDE OIL DISPLACED

This installed photovoltaic electric capacity will reduce the requirement for crude oil by 1.4 million barrels of oil annually or a cumulative total of some 56 million barrels over a forty year period.

CONCLUSIONS

- A NATIONAL PHOTOVOLTAIC EXEMPLAR FOR HIGHER EDUCATION TO PROMOTE COST EFFECTIVE INSTITUTIONAL APPLICATIONS IS TIMELY NOW.
- GEORGETOWN UNIVERSITY HARBORS THE MAJOR CHARACTERISTICS OF AN IDEAL URBAN SITE: LOCATION - PRESTIGE - APPLICATION - ARCHITECTURAL IMPACT - RESPONSIVE MANAGEMENT - PRECEDENCE - PUBLIC VISIBILITY - UTILITY COOPERATIVENESS - TRAINED STAFF.
- PHOTOVOLTAIC FLAT PANEL SYSTEMS ARE SUBSTANTIALLY SUPERIOR TO OTHER RENEWABLE CANDIDATES: MEASURED BY TECHNICAL COST AND INSTITUTIONAL CRITERIA.
- ALL FOUR PV SYSTEMS SCORED SO CLOSELY AS TO PRECLUDE A FAIR SELECTION.
- NO ONE SYSTEM CONTAINED THE FULL RANGE OF DESIRABLE CHARACTERISTICS FOR PV ROOFING MODULE.
- LOW COST - LONG TERM FINANCING CURRENTLY AVAILABLE AND 30% FEDERAL SUBSIDIES WILL MAKE PV POWER COST COMPETITIVE WITH UTILITY ELECTRIC POWER BY 1983 FOR THE AVERAGE INSTITUTION.

60-588 O - 80 - 21 (pt. 9)

WASHINGTON, D.C. 20057

OFFICE OF THE PRESIDENT
SPECIAL ASSISTANT FOR
FEDERAL RELATIONS

February 29, 1980

Dr. John Deutch
Under Secretary
Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Dear Dr. Deutch:

We are most appreciative of our productive meeting with you on February 15, 1980 concerning the Higher Education National Exemplar Photovoltaic Facility.

In our meeting which included the staff of Dr. Bennett Miller, namely Mr. Joel Weiss, Dr. Fred Morse, and Dr. Paul Maycock, concerning the Department's Staff Report, we agreed to the following conclusions:

1) The Photovoltaic system unit costs ($/PKW) will be in accordance with the Department's PRDA unit costs.

2) The estimated 630 kw units in the G.U. - D.O.E. Study will be reduced to the number of units that can be placed on a reduced facade. The facade will be reduced by removing the cantilevered portions, and modified to reduce costs in keeping with its role as an exemplar. The number of P.V. units will be mutually agreed upon so as to achieve an exemplar.

3) The grant will exclude any funds for space/photovoltaic architecture.

4) Only structural, mechanical, electrical, utility and allied costs related to the construction of the Photovoltaic system will be included as a necessary cost as a part of the grant, but we recognize the necessity to minimize these costs.

5) All photovoltaic contracts will be competed.

You stated that from eight to ten million dollars would be available for the grant. We would ask that the letter you so graciously said you would transmit to the Appropriations Committee be sent by Friday, February 29, 1980, and that a letter of award of a grant, or notification of intent to award a grant, be sent to us as soon thereafter as possible. We will be opening our bids on the first part of the grant, the P.V. structure, in early March.

On behalf of our President, Rev. Timothy S. Healy, S.J., we thank you for your continued support of this Exemplar.

Sincerely,

T. Byron Collins, S.J.

William L. George, S.J.

DOE/CR-0011/VOL. 2 OF 7

CONGRESSIONAL BUDGET REQUEST

FY 1981

VOLUME 2

U.S. DEPARTMENT OF ENERGY/ENERGY SUPPLY
RESEARCH AND DEVELOPMENT
JANUARY 1980

60-588 570

b. Agricultural and industrial process heat.....$14,000 $14,000$20,800

FY 1980 funding provided for field test planning and implementation of solar process heat systems. The $20,800,000 requested represents an increase of $6,800,000 over the amount appropriated in FY 1980. The funds will provide for field tests of solar equipment that was designed and tested in small scale engineering field tests at several industrial sites in FY 1978, 1979, and 1980. The effort that will be undertaken in FY 1981 is:

- 6 field tests of low and moderate temperature solar systems in a variety of industrial process applications. The full-scale solar systems will include about 50,000 square feet of solar collector each. These systems were tested on a smaller scale in previously funded engineering field tests.....7,800

- complete construction of an intermediate temperature solar system in a large (250,000 square feet) enhanced oil recovery application.....2,500

- 2 or 3 solar system designs for additional large scale (100,000 square feet) industrial process applications. Processes of particular interest include chemicals, cement, glass.....2,500

- Conduct approximately 100 design studies for specific market test projects in a variety of non-Federal process heat applications; demonstrate wood technology applications and harvest/distribution system at 3 or 4 Federal facilities.....6,000

- Test one solar assisted heat pump or cogeneration system for industrial process heat application.....1,000

- Market test low temperature solar collectors for AIPH applications...1,000

c. Photovoltaics.....$10,000 $10,000 $35,200

The objective of the program is to test all prospective markets for photovoltaics, but concentrating on U.S. grid-connected applications. The increase of $25,200,000 in FY 1981 over the amount appropriated in FY 1980 will permit the photovoltaics market test program to expand from the Federal sector into the international and private domestic sectors. Approximately $5,000,000 of the funds requested will be used for the installation of approximately 500 kwp photovoltaic systems under the Federal Photovoltaic Utilization Program. In addition, the funds will allow implementation of the first phase of a multi-year systems purchase strategy which is being defined during FY 1980. This program will test international and private domestic markets and FY 1981 funds will permit installation of some 2.5 MWp power in several hundred applications. The Photovoltaic program will provide for the development of the photovoltaic industry, provide incentives for the automation by photovoltaic suppliers, accelerate market penetration, develop a supply and maintenance infrastructure, and lower unit costs.

Mr. BEVILL. Father, actually we have already signed a letter approving your project. We appreciate the good work you are doing.

Reverend COLLINS. We have great gratitude, and we will strive to make it worthy of your trust.

Mr. BEVILL. Thank you so much. We appreciate you all and come back and see us any time.

Reverend GEORGE. Thank you, Mr. Chairman.

NUCLEAR MEDICINE RESEARCH

WITNESSES

HENRY L. ERNSTTHAL, EXECUTIVE DIRECTOR, SOCIETY OF NUCLEAR MEDICINE, NEW YORK, N.Y.

DR. RICHARD C. REBA, CHAIRMAN, COMMITTEE ON SCIENTIFIC AFFAIRS AND RESEARCH

Mr. BEVILL. Mr. Ernstthal is with the Society of Nuclear Medicine. You may proceed.

Mr. ERNSTTHAL. Thank you, Mr. Chairman. We have submitted the statement in writing, and we won't go through that again, but I have with me Dr. Richard Reba. Chairman of our Committee on Scientific Affairs and Research, an expert in nuclear medicine, who will have a few brief comments to add.

Mr. BEVILL. Dr. Reba?

Dr. REBA. Thank you. I appreciate your indulging me in a minor schedule change. I am, as Mr. Ernstthal told, Dick Reba, and I practice and teach and do a little research at George Washington University in nuclear medicine. You have heard a lot of statements from various groups concerned with the DOE budget, and I know from the testimony I heard this morning on the Senate side that much of it has been directed toward energy and power.

I would like to tell you just briefly what nuclear medicine is, and kind of violate a fundamental teaching principle by first telling you what it is not.

First, nuclear medicine has really nothing to do with nuclear power or energy, or weapons ordnance, or space programs, although we are very much dependent on much of the benefits that derive from these types of programs. Many of the advances that have occurred in nuclear medicine over the last several years could not have been made without these programs which are funded through DOE.

Nuclear medicine is a clinical discipline, primarily concerned with diagnosis, so it is a diagnosis of patients in the whole spectrum of illnesses, all the surgical, medical illness, cardiovascular disease, cancer, bone disease, and, in fact, maybe the best thing I could tell you is a few anecdotes.

For instance, this morning, I was at the Federal Aviation Agency in helping them set up and operate a clinic concerned with detecting subtle heart disease in patients before it becomes apparent in people who have a great deal of responsibility, not only pilots, but air traffic controllers, like in the general population.

Let me say the things we used this morning, as a matter of fact, all the forms of radioactivity, were developed at National Labora-

tories, Brook Haven and Oak Ridge, and some of the radioactivity that was recently researched at Los Alamos.

There was a patient last week we saw who was called back from his vacation because of a spot on his lung. They wanted to operate on the man, but a CAT scan, and everybody reads about CAT scans, and this expensive computerized tomography and how great it has been, indicated that the man probably was inoperable.

We did a simple test by injecting some radioactivity into a vein and determined that it probably was a false positive test, and by this very simple technique determined he probably could be operated on and salvageable.

So we really are in support of the budget. We understand perfectly the constraints on the construction of the budget this year, and, in fact, the past several years have appeared before this committee and others, asking for increases in the funding. We do enjoy a modest increase this year, and we are grateful for it. We think we could live with it until this budgetary constraint that we are under for probably this year, maybe next year, too, I am sure, is relieved.

The next couple years actually is an exciting area for research. There is no question that in high technology, whether it is medicine or anything else, today's research is tomorrow's practice; that is clear. In the next couple of years in this research, that is going on in these DOE labs, we will be looking at brain function, neurochemistry, physiology, in a way that can't be done any other way.

So we would be grateful for the support, and hope that we can maintain the current level, and I would be pleased to try to answer any questions that any of the committee people may have.

Mr. BEVILL. Your prepared remarks will be in the record.

[The statement follows:]



THE SOCIETY OF NUCLEAR MEDICINE
475 PARK AVENUE SOUTH, NEW YORK, N. Y. 10016 · TEL. 212 889-0717

STATEMENT
OF THE
SOCIETY OF NUCLEAR MEDICINE
CONCERNING
FISCAL YEAR 1981 APPROPRIATIONS
FOR THE
DEPARTMENT OF ENERGY
OFFICE OF HEALTH AND ENVIRONMENTAL RESEARCH
HUMAN HEALTH STUDIES PROGRAM
IN
NUCLEAR MEDICINE RESEARCH

PRESIDENT
LEONARD M. FREEMAN, M. D.
EAST HILLS, NEW YORK
VICE PRESIDENT
WILLIAM L. ASHBURN, M. D.
SAN DIEGO, CALIFORNIA
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MONTREAL, QUEBEC, CANADA
COUNCILOR
HENRY L. ERNSTTHAL
NEW YORK, NEW YORK

RECOMMENDATIONS
DEPARTMENT OF ENERGY
OFFICE OF HEALTH AND ENVIRONMENTAL RESEARCH
HUMAN HEALTH STUDIES PROGRAM
IN
NUCLEAR MEDICINE RESEARCH

I. That the proposed Fiscal Year 1981 budget for Nuclear Medicine Research in the Human Health Studies Program of the Office of Health and Environmental Research of the Department of Energy be approved.

II. That research efforts be emphasized in

A. Expanded radioisotope production

B. Radiopharmaceutical research

C. Nuclear medicine instrumentation

STATEMENT OF THE SOCIETY OF NUCLEAR MEDICINE
CONCERNING
FISCAL YEAR 1981 APPROPRIATIONS
FOR THE
DEPARTMENT OF ENERGY
OFFICE OF HEALTH AND ENVIRONMENTAL RESEARCH
HUMAN HEALTH STUDIES PROGRAM
IN
NUCLEAR MEDICINE RESEARCH

The Society of Nuclear Medicine is pleased to have the opportunity to present its comments and views on proposed Fiscal Year 1981 appropriations concerning nuclear medicine research activities within the Department of Energy. The Society recognizes that the constraints on the 1981 budget, as imposed by the Presidential Budget message, make it critical to justify why and how more research should be supported. It can be shown that, in this discipline, a very rapid translation of basic research into clinical realities occurs, and how more benefits are returned to the American public, per dollar invested, than in probably most other fields of health-related research.

SOCIETY OF NUCLEAR MEDICINE

The Society of Nuclear Medicine, founded in 1954, is the largest all-encompassing umbrella-like organization dedicated to all aspects of the field of nuclear medicine in the United States, especially in health care and in research. Among its 9600 members are physicians, physicists, chemists, radiopharmacists, nuclear medicine technologists and others with career interests in the diagnostic and therapeutic use of radioactive materials for medical application.

WHAT IS NUCLEAR MEDICINE TODAY

Nuclear medicine is the use of radioactive materials in the diagnosis (and, in some limited instances, in the therapy) of disease in humans. The symptoms patients present often could be related to two or more different causes, each requiring different types of treatment. Good diagnostic procedures are therefore essential, as they allow us to direct the management of the patient in an appropriate manner, and avoid costly (both in dollars and in physical pain and mental anguish) delays in selecting the correct treatment. Nuclear medicine studies provide such techniques in a unique manner.

These studies or examinations are of two basic types. In one type, the *in vivo* study, a small amount of a radioactive drug is administered to the patient, usually by injection, and the course of the drug through the body is followed and visualized with very sophisticated instrumentation. Permanent images of this biodistribution are recorded on films. In some cases, the data derived from the examination are subjected to computer analysis and the image is then reconstructed by the computer, thus further improving the

overall resolution and diagnostic accuracy of the study. Most major organ and tissue systems of the body can be examined in this fashion, including the brain and central nervous system, lungs, liver, kidneys, bone, thyroid, pancreas, and the cardiovascular system. In many of these nuclear medicine diagnostic studies, the absence of any disease process or pathology is documented, which in itself is valuable information for the attending physician and can be a matter of great psychological relief to the patient as well. In those cases where a problem is found, the study provides exceedingly important information regarding the location and extent of the disease process. In some situations, the information derived from the nuclear medicine study can be life saving. In others, at the very least, it assists the physician responsible for the care of the patient in providing the most efficient and best treatment possible under individualized circumstances. It should be noted that nuclear medicine in vivo diagnostic procedures are non-invasive, safe and essentially painless for the patient; the only sensation the patient feels is that occasioned by the needle stick when the drug is administered.

It is estimated that more than 60 million nuclear medicine procedures are performed each year in hospitals and clinics in the U.S. When one considers that, on the average, a nuclear medicine procedure is performed on one out of every two people admitted to hospitals in the U.S., the impact of this medical specialty on health care delivery becomes apparent. Approximately 37 million people are admitted to hospitals in this country each year. In addition, large numbers of nuclear medicine studies are ordered for out-patients, who are not admitted to hospitals.

HOW EFFECTIVE ARE NUCLEAR MEDICINE PROCEDURES?

What benefits have been realized from the development and the utilization of nuclear medicine procedures, and why is more research likely to yield even further benefits? The Society believes that nuclear medicine procedures, by contributing effectively to improved patient diagnosis (a) reduces total treatment expense, hospital time and patient suffering by directing therapy more rapidly towards the appropriate causes of the disease, and (b) provides, in many areas, greater information on the patient's problems than any other currently available modality. Because in essence nuclear medicine procedures involve the study of dynamic body functions, they tell us what the body does (or does not do), as opposed to static radiologic procedures, which show what is (or is not) present.

In addition, nuclear medicine procedures are a unique area where basic research in the chemical, biological, physical and related sciences, clinical research and patient care merge and work effectively together, allowing a rapid transfer of basic science findings in the research laboratory into clinical practice. A number of specific examples may document these statements.

Example - Nuclear Cardiology Imaging

One of the most dramatic examples of the rapid transfer of high technology nuclear medicine development into a major health problem area is in the study of coronary heart disease. Heart attacks kill approximately 700,000 people annually and are the leading cause of death in the United States. Almost 300,000 individuals suffer their first heart attack without prior knowledge of having coronary artery disease. Great strides have been made in attempting to deal with this serious health problem. Nuclear diagnostic techniques that have recently been developed and applied in just the past three years have already shown to be significantly more sensitive in identifying individuals with diseased coronary arteries than previously used methods, such as electrocardiographic stress testing.

These important advances have been the result of research programs directed both towards developing improved instrumentation and identifying better radioactive trace substances necessary to study the natural history of the disease and the hemodynamic consequences of coronary artery narrowing on heart function. These newly developed nuclear cardiology diagnostic methods are being applied clinically with increasing frequency in outpatient facilities for screening men and women in certain high risk categories for heart disease, and they are used to assess the extent of damage when heart attacks have occurred. The use of such procedures has resulted in significant savings in hospitalization costs, formally required for more extensive diagnostic tests such as, for example, cardiac catheterization.

Investigators in nuclear medicine working under Department of Energy, Office of Health and Environmental Research, Human Health Studies Program support, have made many of the most significant contributions in this field through their development of advanced detection instrumentation for the use in nuclear medicine to produce and test the necessary radioactive diagnostic agents. Even so, researchers have only begun to explore the full potential of these newer tests to detect latent heart disease and to evaluate the benefits of modern medical and surgical treatment.

We realistically anticipate that, with increased funding for research in this field, improved diagnostic procedures will quickly become available to community practitioners to more effectively deal with this devastating health problem, which affects all citizens either by direct suffering or in terms of reduced national productivity.

Example - Cancer Studies

Another specific example can be gleaned from oncologically related studies. The major emphasis of nuclear medicine in the field of cancer has moved from therapeutic uses of radioactive materials to the early detection and staging of cancers, using novel imaging modalities. We are now witnessing the growing use of nuclear medicine procedures in monitoring the therapy of

cancer and in the follow-up of recurrences. Although imaging procedures constitute a valuable adjunct to early diagnosis and staging, without which the practice of modern medical oncology could not be conducted, there are limitations in the size of lesions which can currently be detected, and the results are frequently non-specific. We need to perfect and improve these techniques by obtaining more specific radioactive tracers, by pursuing more sophisticated immunologic and biochemical studies, as well as by developing instruments with better spatial resolution, such as if offered by emission tomographic techniques. The detection in the patient of "tumor markers" using radioimmunoassay techniques has resulted in the detection of primary tumors and of metastases before they have become evident clinically.

Research into improving the sensitivity and specificity of these and other tumor detection assays promises to have a great impact on patient care. Early and accurate diagnosis is one of the crucial factors in allowing the medical oncologist to decide on the desired course of treatment, hence decreasing hospital stay and lengthy trials with what often becomes unresponsive modes of treatment.

In addition, nuclear medicine procedures are a most important means of monitoring therapy in the cancer patient, providing information on progression and/or regression of the tumor, and thereby allowing the clinician to continue or modify his treatment accordingly. Among the most serious problems in cancer chemotherapy are the serious side effects that antineoplastic agents bring about. Here again, such effects can be most efficiently monitored by the use of nuclear medicine procedures. As examples, the effects of chemotherapy in producing inflamatory lesions in lungs; the presence of complicating infections; the cardiotoxic effects of adriamycin may be detected by the use of cardiac wall motion studies and ejection fractions. These techniques are growing in use and are representative of how nuclear medicine methods affect the field of cancer treatment.

Example - Pediatric Nuclear Medicine

A further example of cost effectiveness and how research and development of nuclear medicine techniques has impacted the health care is in the area of pediatric nuclear medicine. A bone scan is a most effective agent in the early differential diagnosis of cellulitis from osteomyelitis, allowing the decision to be made between a short hospitalization for the patient with cellulitis, compared to the several week hospitalization and drug therapy for the patient with osteomyelitis. In addition to the cost effectiveness, this ability to make an early decision also avoids, for children and their families, the trauma of unnecessary hospitalization.

As a final comment on the growing impact of nuclear medicine, the first Nobel Prize in Medicine to be awarded for research in Nuclear Medicine went in 1978 to an American, Dr. Roslynn Yalow. Dr. Yalow, then a researcher at the Veterans Administration, pioneered and developed the field of radioimmunoassay, a method that is

unique today in that it can detect readily, accurately and inexpensively most any substance present in biological samples in as little as a fraction of a billionth of a milligram! Over 50 companies exist now in the United States manufacturing radioimmunoassay materials, and these are the procedures of choice in the detection of many disease markers, pollutants and toxic materials in the biological environment.

Many more examples could be given, drawn from research in progress in such crucial fields as mental health, lung disease, renal disease and many others. In essence, these examples all document one definitive fact: nuclear medicine prodedures are a prime example of rapid technology transfer, where research findings are applied to clinical problems in a very short time. These procedures are clinically useful, cost effective and non-invasive.

The Society of Nuclear Medicine would welcome the opportunity to identify research targets and potentials to capitalize on federal research dollars invested. The Society of Nuclear Medicine therefore urges Congress to vigorously continue supporting increased research in this area, commensurate with the magnitude of the problems involved, such as heart disease, cancer, mental health, etc., based on the demonstrated and anticipated benefits that decisions based on the results of nuclear medicine procedures will bring to all citizens.

PROMISING AREAS OF RESEARCH

What are some of the areas for which these new research funds should be used? In addition to further developments and efforts in the areas mentioned above, these funds should be utilized for research in the following areas:

(a) Expanded radioisotope production efforts to develop new nuclides from accelerators and to increase the supply of radionuclides for intramural and extramural research in radiopharmaceutical development and clinical feasibility studies.

(b) Radiopharmaceutical research to enhance our understanding in the areas of pharmacodynamics and pharmacokinetics, to increase the specificity of uptake, to measure the effects on biodistribution caused by varying functional groups on radiopharmaceuticals and by drug interactions, to address problems related to biological effects of environmental pollutants, and to achieve patient dose reductions through development of labeled agents having radionuclides with more desirable decay properties and/or biological half-lives.

(c) Nuclear medicine instrumentation research, specifically in areas of new detector research and emission tomography development.

Mr. BEVILL. Mr. Burgener has some questions.

Mr. BURGENER. What is the current level of funding?

Dr. REBA. I think about $17½ million operating.

Mr. ERNSTTHAL. For this fiscal year? Proposed is 20.

Mr. BURGENER. The Administration?

Mr. ERNSTTHAL. Yes, and we understand that remains untouched after the last round.

Mr. BURGENER. Oh, I see. After the new reductions?

Mr. ERNSTTHAL. That is what we understand.

Dr. REBA. This is one of the programs that has a very credible record for payoff. It has been producing advances year after year, and for many years it has been a good program. I think the Department is proud of it, and we would like to see it continue.

Mr. BEVILL. We thank you.

TENNESSEE VALLEY CENTER FOR MINORITY ECONOMIC DEVELOPMENT

WITNESSES

HON. HAROLD E. FORD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE
HON. ANTONIO HARRISON, ALABAMA STATE LEGISLATURE
FRANK BANKS, CHAIRMAN OF THE BOARD OF TENNESSEE VALLEY CENTER
JOHN BROWN, SOUTH EAST ALABAMA SELF-HELP ASSOCIATION
HON. ROBERT DRAKEFORD, MAYOR, CARBORO, NORTH CAROLINA
THEODORE DEBRO, PRESIDENT, MISSISSIPPI INDUSTRIAL COLLEGE
MARION REX HARRIS, PRESIDENT, INTERNATIONAL AND DOMESTIC DEVELOPMENT CORPORATION
JOSEPH SHIPMENT, PRESIDENT, CONTINENTAL NATIONAL BANK, LOUISVILLE, KENTUCKY
JOHN HARRIS, DIRECTOR, VIRGINIA OFFICE OF MINORITY ENTERPRISE
PERCY HARVEY, PRESIDENT, TENNESSEE VALLEY CENTER
CHARLES BANNERMAN, CHAIRMAN OF THE BOARD AND PRESIDENT OF DELTA FOUNDATION IN MISSISSIPPI
CHARLES TATE, VICE PRESIDENT, BOOKER T. WASHINGTON FOUNDATION
LESLIE RANGE, MANAGER, OFFICE OF PLANNING ECONOMIC DEVELOPMENT, MISSISSIPPI RESEARCH AND DEVELOPMENT CENTER
THEOTIS ROBINSON, KNOXVILLE INTERNATIONAL ENERGY EXPOSITION

Mr. BEVILL. I see Congressman Harold Ford is here with his witnesses.

Congressman Ford, the Chair will recognize you at this time.

You may proceed as you wish.

STATEMENT OF CONGRESSMAN FORD OF TENNESSEE

Mr. FORD. Thank you very much.

Mr. BEVILL. We are pleased to have you before our committee.

Mr. FORD. I would like to ask permission, if it is all right with the Chairman, that I call the other members of the TVC Board here to join me at the panel.

Mr. Frank Banks, who is Chairman of the Tennessee Valley Center for Minority Economic Development; John Harris, who is Board Member of the TVC: Mr. Tony Harrison, who is one of your Alabama constituents.

Mr. BEVILL. One of my favorite constituents.

Mr. FORD. And Mayor Robert Drakeford; Mr. John Brown, Mr. Theodore Robinson; Mr. Rex Harris; Mr. Les Range, and Dr. Debro.

Mr. BEVILL. We are pleased to have each of you. We are proud of the work Congressman Ford is doing.

This committee works very closely with him. We are glad to hear from him.

Mr. FORD. I would like to call Mr. Percy Harvey, President, Tennessee Valley Center.

I was here with you four or five weeks ago when the Chairman of the TVA Board, along with Mr. Richard Freeman, testified before this committee.

Mr. BEVILL. You are doing a good job.

Mr. FORD. I can assure you that you, Mr. Chairman, have been very responsive, and we really appreciate that. We have who worked with the Tennessee Valley Authority for the last 22 to 24 months, in trying to constitute the TVC Center that is now located in Memphis, Tennessee and, hopefully, the satellite offices throughout the region.

Mr. Chairman and Members of the subcommittee, I am pleased to be here with you today to testify on behalf of the Tennessee Valley Center.

The Tennessee Valley Center for Minority Economic Development, Inc., a nonprofit organization, was initiated with the assistance of the Tennessee Valley Authority in June 1979.

Headquartered in downtown Memphis, Tennessee, the TVC was established with the prime objective of expanding the scope of TVA's minority development activities and designing and conducting unique projects to accelerate minority economic growth in the seven State Tennessee Valley Region, which encompasses the States of Tennessee, Kentucky, North Carolina, Alabama, Mississippi, Virginia and Georgia.

PURPOSES

The establishment of the TVC was in response to the TVA's new commitment to expand benefits in its present and future programs designed to accomplish its mission of regional economic growth. The TVC's mission is to provide the impetus for translating the TVC's new commitment to minority economic development into a living and dynamic reality. The specific purposes of the TVC are as follows:

(1) To expand the scope of Tennessee Valley Authority's programs and activities and the programs and activities of other public and private agencies and institutions in order to more equitably include minor-

ities and disadvantaged persons who heretofore have not received the full benefit of such programs, activities, and resources.

(2) To provide outreach and information to, and encourage the active participation of minorities and disadvantaged communities in Tennessee Valley Authority programs and operations.

(3) To provide greater interaction and cooperation between the Tennessee Valley Authority (and other resource organizations) and minority and disadvantaged communities in the areas of economic planning, economic development, and program and project implementation.

(4) To provide financial and technical assistance to, and to participate in, programs which seek to develop greater business and economic development opportunities for minorities and disadvantaged communities.

(5) To design and to conduct demonstration projects for the development, implementation and management of capacity-building minority economic development programs.

(6) To provide an information clearinghouse, and, research, planning, and technical assistance mechanism for minority communities in support of regional economic development programs.

(7) To recommend and support community-based minority economic development initiatives in the seven State TVA region.

The TVC's mission is of paramount importance to the minority and economic disadvantaged populations of the seven State region. The seven State region which is served by the TVA and the TVC has a minority population of more than 5 million; 80 percent of all minority elected officials in the United States; 62 of the Nation's 103 historically predominantly black colleges and universities, most of the minority banks in the country, an 80 percent rural populace; and the major metropolitan centers of Atlanta, Memphis, Nashville, Knoxville, Birmingham, Richmond, Louisville, and Raleigh-Durham.

This region continues to chronically lag behind the national economy in terms of per capita income, education, housing and unemployment. This lag has been particularly true of the minority population who have not enjoyed the same access to jobs, housing, economic and business development and education as has the general population.

For example, in the seven State region, the average number of years of education completed is 10.8 compared to 12.1 nationally. However, the education of minorities in the region is 8.3. Furthermore, unemployment among minorities in the seven States is twice that of the overall population.

Given these dismal demographic statistics, the mission of the TVC seems arduous and insurmountable. However, in a major step toward fulfilling its mission, the TVC has entered into a long-term contractual relationship with the TVA to provide funding and support services necessary to accomplish its goals and objectives. The TVA is one of the oldest and most experienced economic agencies in the Nation.

After its inception, the TVC's professional staff launched a major effort to identify the problems of minorities and other disadvantaged groups relative to capital formation, including venture capital problems, resource development, community and outreach development,

manpower training and job creation, and business monitoring and evaluation processes.

Concurrently, the TVC's division of Research and Planning has begun to develop a major study of the problems of minority youth unemployment in rural and urban areas and has embarked upon a unique initiative to involve predominantly black colleges in the economic development process.

I would like to give you a comprehensive summary of current and future projects and activities of the TVC, and illustrates the scope and complexity of projects and activities which the TVC is capable of handling:

PROGRESS

TVC progress, first six months: The TVC has made substantial progress after only six months of operation. It has:

(1) Assembled an outstanding staff of professionals with expertise in corporate and tax law, business management marketing, accounting, finance, banking, research, planning, economic development and community development. Supporting and directing this staff is a uniquely qualified board of directors consisting of dedicated business persons, professionals, and concerned public officials representing each of the seven States.

(2) Developed or assisted in the development of three major projects, an industrial park, egg production facility and a 157 room hotel, that will provide at approximately 700 new jobs in economically distressed areas.

(3) Submitted, in conjunction with the TVA, an excellent proposal to EDA to assist in providing $100 million in direct loans and loan guarantees to minority and disadvantaged businesses and communities under the expanded Development Finance Program.

(4) Provided various degrees of technical assistance to numerous minority business enterprises and community organizations.

(5) Generated proposals for a comprehensive minority vendors' program designed to increase TVA's contractual awards to minority firms from the present level of ½ to 1 percent to 10 percent of TVA's total procurement budget, and a Minority Enterprise Small Business Investment Company to provide minority businesses with venture capital and equity funds.

(6) Begun working on several projects that include:

A modular solar subdivision;

Solar apartments for the elderly and handicapped;

A passive Solar retrofitted motel;

A totally integrated rabbit farm, processing plant and tannery;

A gasohol plant and feedlot operation;

A manufacturing plant to sub-assemble aircraft parts for defense and commercial customers, and;

A Young Adult Conservation Corps program.

FUTURE PROJECTS

Given the extensive goals and objectives of TVC and the requirements of the projects that it is currently engaged in, additional manpower and financial resources will be required for successful imple-

mentation. Listed below are several of the project requirements, manpower and financial, or programs and projects which TVC has determined as the most important.

(1) Program: Minority Enterprise Small Business Investment Corporation (MESBIC).

Purpose: Provide minority business enterprises in the seven State regions with venture capital, equity and debt financing;

Requirements: Administrative funds (first two years); $55,000 annually; Private capital, $1,050,000.

(2) Program: Minority Vendors Program (sales office to be located in each of the seven Tennessee Valley States).

Purpose: Assist minority firms to secure substantially more contracts from the Tennessee Valley Authority.

Requirements: Administrative funds: $614,005 annually.

(3) Program: Technology Utilization, Transfer and Commercialization Center;

Purpose: Develop and implement programs to expand minority sector's involvement in technological innovation, invention, transfer and commercialization.

Requirements: Administrative and project funds: $150,000 annually.

These additional resources will provide TVC the opportunity to ensure that greater benefits and opportunities accrue to minorities and the disadvantaged groups in the TVC seven State region.

The TVC was established because of critical needs to develop, preserve, and expand economic and community development opportunities for the economically and socially disadvantaged populations in the seven State region.

The TVC has gotten off to a fast and impressive start. The successes of this joint effort in the seven State region by the TVC and the TVA will certainly serve as a model of economic development initiatives for minorities and other disadvantaged groups throughout the Nation.

I can go on, but, I will not go through all of them specifically but would like to point out, as I close, to each member of this panel today to testify before this committee, Mr. Chairman, that we have researched the problem within the Valley. The Chairman of the TVA Board has been very responsive; so have the other two members of the Board.

We do not want the committee to feel, nor the citizens within the Valley, that we are here today asking for a Minority Economic Center that will serve the seven States in the Valley, and those who are faced with the high electricity charges will have to pay the costs, because in no way will the funds for which we are asking add any more restraints to the Federal budget nor any more of a burden on the shoulders of those who will have to pay the high electricity rates within the Valley.

We notice when Mr. Freeman, the Chairman of the TVA Board testified before the committee, there was $1.169 million included in the proposed budget for community development for minority economic development within house.

We also noticed that the Tennessee Valley Center for Minority Economic Development, the proposed FW 1981 projection was only $500,000.

BUDGET REQUEST

Mr. Chairman, I go back and ask that the committee make note and I think one of the Members, our colleague at the time, Mr. Dixon served on this committee, and he brought out and raised certain questions to the Chairman at that time as to the increase in the Tennessee Valley Center for Minority Development of $500,000 in FY 1980 did not change at all in the proposed 1981 fiscal year budget, but it is true that in 1978 that the in-house community development, minority economic development funds increased from $677,000 to $950,000 in FY 1980, and the proposed budget for 1981 is $1.169 million.

We, therefore, ask the committee to look at the proposed recommendations that have been made by TVA. We pledge our support for this budget because we feel that the community development proposed budget for fiscal 1981 is a good one. Hopefully, the TVA Board, Members of the subcommittee, as well as the full committee, will in fact recommend that.

TVC would receive more than the $500,000 without adding any more dollars than was recommended to this committee from OMB and the Administration, in the commitment that we all have in trying to keep and cut back on Federal spending. So, in light of that, Mr. Chairman, I would say, and I will be happy at this point now to yield to the other members of the TVC Board, but hopefully that Members of this committee and this full committee will look upon the TVC allocations for fiscal 1981 that has been proposed by TVA versus those that were recommended in 1980 which we are now presently living under.

In light of that I want to thank you for allowing me the time. I will be happy after the others testify to respond to any and all questions from the committee Members.

I yield to the Chairman of the TVC Board, Mr. Frank Banks.

Mr. BEVILL. We will be pleased to hear from you, Mr. Banks.

STATEMENT OF FRANK BANKS

Mr. BANKS. Mr. Chairman, distinguished Members of this subcommittee, fellow panelists, ladies and gentlemen, my name is Frank J. Banks, Chairman of the Board of Banks, Finley, White & Company, a regional black-owned CPA firm with offices in Tennessee, Mississippi, Georgia, Alabama and Washington, D.C.

I am here today in my capacity as Chairman of the Board of the Tennessee Valley Center for Minority Economic Development. Because of time considerations, I shall summarize my testimony today. However, I would request consent to have my entire testimony included as part of the record of these hearings, including Appendix A, B and C.

[The statement follows:]

FRANK J. BANKS'S TESTIMONY
Before the
Subcommittee on Energy & Water Development
Of The
U.S. House of Representatives'
Committee on Appropriations

Mr. Chairman, distinguished Members of the Subcommittee, fellow Panelists, Ladies and Gentlemen. My name is Frank J. Banks, Chairman of the Board of Banks, Finley, White & Company, a regional Black-owned CPA firm with offices in Tennessee, Mississippi, Georgia, Alabama and Washington, D.C.

I am here today in my capacity as Chairman of the Board of Directors of the Tennessee Valley Center for Minority Economic Development. Because of time considerations, I shall summarize my testimony today. However, I would request consent to have my entire testimony included as part of the record of these hearings.

Congressman Ford has done an excellent job of outlining the purposes of the Center and describing the progress that has been made on several of the major projects the Center has initiated. Therefore, I shall briefly discuss the TVA's history with respect to involving minority business persons in its procurement process and with respect to its involvement in minority economic development in general.

The TVA serves as area extending into some seven southern states. The population of the area served by the TVA exceeds seven million people - 14% of whom are African-Americans. The impact of TVA on the lives of people within its service area is felt in many significant ways. As an employer, TVA provides jobs for some 48,000 people. As a purchaser of goods and services, the TVA contributes billions to the regional economy. In addition to its roles as a major employer and purchaser of goods and services, the TVA offers a variety of programs to local governments and citizen groups to improve the quality of life for the people within its region.

The geographic region in which the TVA is incorporated contains one of the highest concentrations of African-Americans of any region in the United States, yet the interaction between TVA and Black citizens within its service area leaves more to be desired.

The purchasing power of the Tennessee Valley Authority is entensive in terms of dollars expended and its product mix. During the last six fiscal years, the TVA's procurement expenditures were as follows:

FY 1975	-	$ 3,765,465,686
FY 1976	-	1,750,110,882
FY 1977	-	3,326,741,498
FY 1978	-	5,574,179,511
FY 1979	-	5,669,178,331

The TVA'S procurement budget for FY 1980 is expected to be in excess of $2 billion.

With this large amount of expenditures, the economic impact of the TVA on its seven state region is indeed substantial. Furthermore, the TVA's product mix is very broad. Its broad commodity areas such as energy, environmental protection, flood control and socio-economic development offers opportunities for market entry, development and diversification in business sectors with long-term growth potential. However, the level of participation by minority vendors in the TVA's procurement has been, historically extremely low. The procurement figures for minority vendors from 1975 to 1979 are as follows:

FY 1975	-	---
FY 1976	-	119,726
TP 1977	-	819,695
TP 1977	-	1,463,962
FY 1978	-	4,588,468
FY 1979*	-	3,180,978

*First 10 months of FY 1979 only.

In recent years, the level of the TVA procurements going to minority firms has averaged about .1% of the total purchasing budget. For example, in fiscal year 1979, only $4.6 million out of a total $5.6 billion procurement budget went to minority-owned firms. Through compliance with Public Law 95-507, the Small Business Act Amendments, the TVA will doubtlessly set goals at a much higher level. To achieve these new goals, a great deal of outreach, technical assistance, venture capital and other types of financial assistance to minority firms and minority development organizations will be required. The Tennessee Valley Center for Minority Economic Development is in a unique position to assist the TVA in this effort.

In order to increase the extremely low level of minority participation in the TVA's procurement, the TVA should make several internal revisions in its purchasing procedures which would eliminate numerous artificial barriers to minority contractors. An outline of some of these changes is contained in Appendix A to my testimony. Such internal changes will also need to be accompanied by a concurrent external delivery system. This outreach, planning and technical assistance component would complement any internal changes and enhance their possibility of success. I am indeed optimistic that the TVA has recognized the need for an external delivery system and its sponsoring of the Tennessee Valley Center for Minority Economic Development and its decision to enter into a long-term contractual relationship with

the Center in a cooperative effort to attack head-on the unique problems of minority businesses and economic development. A copy of the Center's agreement with the TVA is attached to my testimony as Appendix B.

For example, in the area of business development the Center can directly assist minority entrepreneurs, venture groups and community development organizations in developing strategies, programs and ventures. Through a process of local self-help and self-development, these activities will expand existing minority-owned and operated industries throughout the seven state region and create new minority owned and operated industries; and create jobs for minority and disadvantaged groups who are currently experiencing extremely high rates of unemployment.

In addition, the Center is establishing a capital formation program to provide seed capital, venture capital, and equity and debt financing for minority enterprises. The program will include organizing a Minority Enterprise Small Business Investment Corporation (MESBIC), organizing a capital roundtable comprised of private sector financial institutions, and developing a revolving loan to be used in assisting small and medium-sized growth businesses.

I think that it is important to note and stress the fact that the TVA has only recently begun to commit any substantial amounts of its resources to efforts to promote minority economic development. I feel that this fact only serves to highlight the needs that served as the bases for the establishment of the Center. This is a particularly disturbing fact when one considers that TVA is one of the oldest economic development agencies in the Nation with an extremely broad mandate to encourage and promote development programs for all the citizens in the Tennessee Valley region. Its procurement statistics alone are vivid indicators of the TVA's historic failure to address the developmental needs of the minority sector of the Valley.

Even more disturbing in this regard is an analysis of the TVA's efforts with respect to minority economic development once the agency articulated the need to devote some of its resources to this area. A complete outline of the TVA's minority economic development efforts from 1969-1980 is contained in Appendix C of my testimony.

The TVA's first attempt to provide assistance to minority entrepreneurs occurred in 1969. This effort was not carried out by specific TVA staff, but was shotgunned by the agency as a whole. The mission of this program was to approach minority economic development through training and technical assistance programs that gave all potential entrepreneurs an equal opportunity to develop. However, the major shortcomings of this initial effort were that the program was not backed by a TVA

Board policy statement; it lacked program goals and objectives; it had no staff; and it lacked a sufficient data base with regard to minority vendors and community organizations; and it was grossly underfunded. Therefore, this effort resulted in no tangible results being achieved.

In 1970 and 1971, the TVA's efforts were along the same lines as in 1969 with the same shortcomings associated therewith.

It was not until 1972 that the TVA first decided to designate staff to assist in the Minority Economic Development effort. However, at that time the agency designated only full-time staff person to work on MED projects. This situation persisted throughout 1973 and 1974. It is estimated that over this three year period, the agency spent only an average of $60,000 a year on Minority Economic Development. I could not ascertain whether or not the one staff person's salary was included in this figure.

In 1975, the TVA organized its Minority Economic Development efforts into a programic design and designated the project as the Minority Economic Development Program. The mission of this new program was to deliver to minority organizations and entrepreneurs, programs of technical and other assistance provided by the TVA in the conduct of its regional resource development programs. This program continued throughout 1976 and 1977 with an average budget of $100,000 per year. However, the shortcomings of this Program were much the same as those associated with the initial effort in 1969. It still lacked the backing of TVA policy; it was still devoid of any meaningful goals and objectives; and it was still inadequately staffed. Again this third effort failed to achieve any tangible results.

1978 marked the beginning of yet another Minority Economic Development initiative by the Agency with yet another vague and undefined mission associated with it. The new mission was to assist minority businesses to participate more fully in business opportunities in the Valley; to improve minority employment opportunities, and in so doing, to improve minority per capita income. This program's major activities were the dissemination of information and assistance to minority persons through vendor procurement seminars. In addition, technical assistance was provided to 22 minority business firms and feasibility studies were done for four minority business development organizations. During this year, 1978, thirty-five minority firms successfully competed for TVA contracts valued at $1,574,000 out of a total of over 5 and one-half billion dollars spent by the agency. The extent to which this new Minority Economic Development initiative contributed to even this meager minority participation in the TVA's procurement opportunities could not be ascertained.

Finally in 1979, the TVA elevated its Minority Economic Development programs to the status of a divisional branch and once again the mission was re-defined. Some of the major activities of this new Minority Economic Development branch were development of an inventory of minority-owned firms in the Valley; the development of a bidders' mailing list of minority firms; and the conducting of limited research and feasibility studies for several minority firms. During 1979, sixty minority vendors received contracts totalling approximately $4.6 million dollars out of $5.6 billion dollars spent by the agency.

It is estimated that for the 11 year period of 1969 to 1979, the TVA spent only $1.3 million dollars on efforts to promote minority economic development while during the 5 years of 1975 to 1979, the agency's procurement budget was approximately 20 billion dollars. I feel that it is fair to say that this indicates the TVA historically has had only a token commitment to the cause of economic parity for the minority citizens of the Tennessee Valley region. Indeed, the funding level and staffing pattern for its Minority Economic Development programs were obviously inadequate to realize any substantive results from the efforts put forth by the agency.

In my opinion, this brief overview of the TVA's Minority Economic Development programs should serve to illustrate the need which formed the basis for the establishment of the Tennessee Valley Center for Minority Economic Development. It is crucial that the agency continue to have an external delivery system which can bring minority entrepreneurs, minority business enterprises, community based organizations, local and state government officials into the economic development activities of the agency in a structured manner designed to achieve real and substantial results.

The regional developmental model that the TVA has employed over the years should be duplicated in the minority sector because the agency itself has proven that a regional approach is best suited to bring about positive and subtantive development results. The Center, in a very short period of time, has demonstrated what is possible in this area. Given sufficient funds and manpower the Center, in cooperation with the TVA, will be able to achieve even more.

I hope that the Subcommittee members will agree with me in this regard and support more vigorous actions to encourage the TVA to expand its present internal and external programs designed to enhance participation by minority firms, economic and community organizations in its procurement process and in its developmental projects and initiatives. Thank you Mr. Chairman and members of this Subcommittee for allowing me the time to testify before you today.

ATTACHMENT A

PROPOSED

AFFIRMATIVE ACTION PROCUREMENT
POLICY STATEMENT

POLICY

TVA recognizes that the opportunity for full participation in our free enterprise system by socially and economically disadvantaged persons is essential if we are to obtain social and economic equality for such persons thereby improving the functioning of our national economy, and that many such persons are socially disadvantaged because of their identification as members of certain groups that have suffered the effects of discriminatory practices or similar invidious circumstances over which they have no control. Recognition of this fact and the intent to help ameliorate the conditions of such disadvantaged groups is not only deemed to be in the nation's best interest and consistent with national policy but also consistent with TVA's overall mandate and programmatic thrust.

These conditions can be improved by providing the maximum practicable opportunity for the development of business concerns owned and controlled by members of socially and economically disadvantaged groups. TVA recognizes that such development can be materially advanced through the procurement by TVA of articles, equipment, supplies, materials, electric energy, services and construction work from these business concerns. Further, that such procurement also benefit TVA by encouraging the expansion of its source of suppliers thereby encouraging competition among such suppliers and promoting economy in TVA procurements.

It is, therefore, TVA policy to promote the maximum practicable utilization of business concerns owned and controlled by socially and economically disadvantaged persons in the purchase of goods, materials, equipment, services, electric energy, and construction work, by TVA. For purposes of this policy, the term, "business concern owned and controlled by socially and economically disadvantaged person(s)," means any business concern:

1. which is at least 51 per centum owned by one or more socially and economically disadvantaged individuals; or in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals;

a) socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities.

b) economically disadvantaged individuals are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged; and

2. whose management and daily business operations are controlled by one or more of such individuals.

Those business concerns certified to be owned and controlled by socially and economically disadvantaged persons by the Small Business Administration (SBA) for participation in SBA's Section 8(a) Program are to be considered as such by TVA. Those business concerns not certified to be owned and controlled by socially and economically disadvantaged persons by the SBA must receive certification from TVA in accordance with procedures developed by TVA governing such certification.

Consistent with the TVA mandate to engage in projects and programs directed at demonstrating means by which the status of individuals and communities located within the states of Tennessee, Mississippi, Alabama, Georgia, Kentucky, Virginia and North Carolina can be improved in accordance with national policy, priority will be given to assisting and promoting the development of business concerns owned and controlled by socially and economically disadvantaged persons which are located within the aforementioned seven state region. However, this policy and subsequent implementing procedures and programs are designed to promote the development of such business concerns through increased participation in TVA's procurement activities, regardless of location.

Therefore, by virtue of this policy, the Affirmative Action Procurement Program (AAPP), as described herein, is hereby established as a continuing and integral part of TVA's economic development and procurement responsibilities and functions:

AFFIRMATIVE ACTION PROCUREMENT PROGRAM (AAPP)

I. Authority and Responsibilities

A. The Board of Directors assumes overall corporate responsibility consistent with its authority for the achievement of AAPP objectives. Therefore, by the powers vested in the Board of Directors, the delegation of authority to appropriate operating divisions within TVA, consistent with the duties and responsibilities of these divisions to implement the policies and procedures of the AAPP is hereby established.

B. An "Office of Disadvantaged Business Utilization (ODBU) is hereby established and designated to design, develop, execute, and monitor the duties, responsibilities and activities of the AAPP.

C. The ODBU shall:

(1) be established in the Office of the General Manager;

(2) assign one full-time employee each, responsible only to and reporting directly to the Director, ODBU, to the Division of Purchasing and the Office of Power. These employees will be permanently located in the Division of Purchasing and Office of Power and will work closely with the Directors of these divisions toward the achievement of the TVA policies governing the AAPP; and

(3) receive the maximum practicable personnel and fiscal resources necessary to execute its duties and responsibilities.

D. The management of such office shall be vested in an employee of TVA who shall:

(1) be known as the Director of such office;

(2) assume the duties, responsibilities and commensurate authority assigned to this position on a full-time basis;

(3) be appointed by the Board of Directors;

(4) be responsible only to, and report directly to the General Manager;

(5) work closely with and receive advice and assistance from the Directors of all TVA divisions having both a direct and indirect contribution to the achievement of TVA policy concerning business concerns owned and controlled by socially and economically disadvantaged persons; and

(6) be advised by the Directors of all TVA divisions of all matters directly related to the actual purchase of articles, equipment, supplies, materials, electric energy, and construction work, by TVA, from such business concerns.

E. The Division of Purchasing, consistent with its delegated authority, procurement functions and responsibilities will be held accountable for the achievement of the following AAPP objectives. (To be defined after analysis)

F. The Office of Power, consistent with its delegated authority, responsibilities and functions will also be held accountable for the achievement of the following AAPP objectives. (To be defined after analysis)

II. Disadvantaged Business Goals and Program Objectives

A. An integral part of TVA's AAPP is the establishment of fiscal year goals and program objectives for the award of contracts to business concerns owned and controlled by socially and disadvantaged persons.

B. Such goals and objectives will be established by the Board of Directors based upon the recommendation and approval of the Director, ODBU.

C. Goals will be developed by the Division of Purchasing and Office of Power for submission to, negotiation with and approval from the Director, ODBU.

D. Other quantitative and qualitative goals related to the AAPP will be established by the Board of Directors, as appropriate.

III. Program Assessment

The ODBU is responsible for the design, development and implementation of a comprehensive information system required to assess the accomplishments, strengths, and weaknesses of the AAPP including the attainment of goals as described in this policy statement.

IV. Program Implementation

In an attempt to achieve the AAPP objectives, TVA encouages the development and implementation of programs and procedures designed to produce increased opportunity for disadvantaged business participation in TVA purchases. At a minimum, therefore, the following techniques and program concepts are to be developed and implemented in support of the achievement of such objectives:

A. Section 8(2) Set-Asides

It is TVA policy to support and participate to the maximum extent practicable in the Small Business Administration's set-aside program as prescribed in Section 8(a) of the Small Business Act, as

Business Investment Act of 1958 and Public Law 95-507, Amendments to the Small Business Investment Act of 1958. (Specific implementing regulations to follow)

B. Competitive Disadvantaged Business Set-Asides (Sheltered Market)

TVA recognizes that continuous economic and social barriers have inhibited the ability of such firms to enter and successfully compete in the open market, and that remedies designed to help ameliorate this condition, e.g. 8(a) Program, are not readily available to most known disadvantaged businesses (due primarily to personnel and fiscal constraints). In an attempt to fully maximize participation by disadvantaged business in TVA purchases, TVA therefore establishes a sheltered market, consisting entirely of business concerns and controlled by certified socially and economically disadvantaged persons, which restricts competition for the award of designated TVA purchases to such concerns, in accordance with TVA procedures governing such.

C. Solicitation Requirements

In an attempt to insure that disadvantaged businesses are afforded the maximized practicable opportunity to receive solicitations to respond to TVA purchase opportunities, procedures governing the solicitation of such firms will be developed.

D. Disadvantaged Business Subcontracting Plans

In accordance with Section_____ of Public Law 95-907, TVA will include clauses requiring the submission of such plans in applicable TVA contracts. Procedures describing the development implementation and assessment of this initiative will follow.

E. Prime Contractor Incentives

In an attempt to further encourage prime contractors to utilize disadvantaged firms to the maximum practicable extent, TVA hereby authorizes the development of methods enabling the payment of incentive fees to prime contractors in accordance with TVA procedures governing such.

F. Contract Sizing

TVA recognizes that most disadvantaged businesses are also small businesses, as defined by the SBA. TVA will therefore require the review of the nature and scope of TVA contract opportunities to determine the extent to which such opportunities are compatible with the capacity and capability of disadvantaged firms. Appropriate recommendations, procedural revision, based on the conduct of such reviews will be made to the Board of Directors by the Director, ODBU.

G. Disadvantaged Business Vendors Program

The identification of qualified vendors is requisite to the successful development and implementation of the AAPP. TVA will therefore establish such a program for use by its purchasing officials and prime contractors to TVA.

H. Disadvantaged Business Outreach Program

An outreach program designed to provide purchasing information, in a timely manner, to disadvantaged business is hereby established in accordance with TVA procedures governing such.

I. Disadvantaged Business Roundtable

To ensure the AAPP is responsive to the needs of the disadvantaged business community and those of TVA procurement requirements, a forum designed to foster continuous communication with regard to the AAPP is hereby established. Such a forum will consist of the Board of Directors, General Manager, Director, ODBU, other appropriate TVA personnel and no less than 10 but not more than 20 representatives of the disadvantaged business community. These roundtable discussions will be held on a bi-monthly basis or more frequently if necessary.

J. Management and Technical Assistance Program

TVA recognizes the need to provide management and technical assistance to disadvantaged firms in an attempt to assist them in securing and performing successfully on TVA contracts. Such a program is

hereby established in accordance with TVA procedures governing such.

K. Review and Analysis of TVA Procurement Policies and Procedures

In order to develop and implement an effective and comprehensive AAPP, the Director, ODBU will perform on-going analyses of TVA's purchasing system and the policies and procedures governing such. The purpose of such analyses is to recommend revisions, as appropriate, to ensure the achievement of AAPP goals and objectives.

L. Tennessee Valley Center for Minority Economic Development (TVCMED)

On April 27, 1979, TVA and TVCMED entered into a five year working partnership agreement to promote, encourage and generate minority economic development projects and programs throughout the seven-state region served by the TVA. Under the terms of the agreement (Contract TV-50963A), TVA and TVCMED assumed the following obligation among others:

TVA and Center will cooperate in the development and implementation of projects and programs which will demonstration means for the improvement of the social and economic status of minority and disadvantaged persons in the Tennessee Valley and adjoining region. Such projects and programs will include, but not be limited to, vendor assistance programs designed to assist the establishment of businesses owned by minority and disadvantaged persons in understanding

and meeting the requirements of TVA for procurement of goods and services...."

TVA views the TVCMED as an essential resource to ensure the successful development and implementation of the AAPP objectives. The TVCMED should therefore be utilized, consistent with TVCMED's objectives and capabilities, to help implement the goals and objectives of the AAPP. Similarly, TVA will cooperate with and support the policies, objectives, plans, activities and goals of the TVCMED which contribute to the achievements of the AAPP goals and objectives.

Separate Section

This policy, to be included in Section IV, "Procurement" of the TVA Code, and _____(document containing policy relating to the purchase of electric energy), is effective immediately. The authority to amend this policy rests solely with the Board of Directors. Implementing regulations and procedures designed to clarify and expand the nature and scope of this policy will be adopted by the Board of Directors, as appropriate.

FINAL DRAFT
SIGNED BY BOTH PARTIES

ATTACHMENT B

Contract No. TV-50963A

AGREEMENT

BETWEEN

THE TENNESSEE VALLEY CENTER

FOR MINORITY ECONOMIC DEVELOPMENT, INC.

AND THE

TENNESSEE VALLEY AUTHORITY

THIS AGREEMENT made and entered into as of the 27th day of APRIL, 1979, by and between the Tennessee Valley Center for Minority Economic Development, Inc., a not-for-profit corporation organized and existing pursuant to the laws of the State of Tennessee (hereinafter called "Center") and the Tennessee Valley Authority, an agency and instrumentality of the United States of America, organized and existing pursuant to the Tennessee Valley Authority Act of 1933, 48 Stat. 58, as amended, 16 U.S.C. §§ 831-831dd (1976), (hereinafter called "TVA");

W I T N E S S E T H:

WHEREAS it is Federal policy as evidenced by Executive Order No. 11625 and the Small Business Investment Act of 1958, as amended, and other laws and regulations to encourage full participation by minority and disadvantaged persons

in the American free enterprise system in order to obtain social and economic equality for such persons and to improve the functioning of the national economy; and

WHEREAS Center is organized and chartered for the purpose of providing leadership, support, and financial assistance to projects and programs which will improve the social and economic status of minority and disadvantaged persons in the Tennessee Valley and adjoining region; and

WHEREAS Center is also authorized to contract with TVA for the development and implementation of projects and programs which will encourage business and economic development for minority and disadvantaged persons; and

WHEREAS TVA, pursuant to its statutory authority, is engaged in projects and programs directed at demonstrating means by which the status of minority and disadvantaged persons can be improved in accordance with national policy whereby the participation of such persons in the free enterprise system of American business can be fostered and encouraged; and

WHEREAS TVA and Center desire to cooperate in the development and implementation of a demonstration Project which will further the purposes and goals of each party; and

WHEREAS TVA and Center desire by this agreement to define the respective obligations and responsibilities of each party for such cooperation;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants hereinafter contained, Center and TVA agree as follows:

I

THE PROJECT

TVA and Center will cooperate in the development and implementation of projects and programs which will demonstrate means for the improvement of the social and economic status of minority and disadvantaged persons in the Tennessee Valley and adjoining region. Such projects and programs will include, but not be limited to, vendor assistance programs designed to assist the establishment of businesses owned by minority and disadvantaged persons in understanding and meeting the requirements of TVA for procurement of goods and services. Center will also design and operate an economic data bank containing demographic, industrial, economic, and sociological data needed for carrying out Center's projects and programs. In addition, Center, working with interested organizations, will from time to time develop and recommend to TVA other projects and programs which will help in carrying out the demonstration provided for by this agreement. TVA will provide technical advice and assistance in the development and implementation of such projects and programs, and, subject to the provisions of Section II herein, provide Project funding.

TVA desires by this Agreement to enter into a working partnership with Center, whereby TVA and Center shall cooperate to promote, encourage and support the efforts of minority and disadvantaged citizens throughout the seven-state Tennessee Valley region to design, develop and implement broad-based community economic development institution and programs. TVA and Center agree that these institutions and programs represent an effective means of (1) providing minority and disadvantaged citizens of the Valley with the necessary assistance to participate more actively and extensively in the economic programs, benefits, and opportunities generated by TVA; and (2) to provide TVA with the assistance that it needs to effectively include minorities and disadvantaged citizens in the on-going economic development activities of TVA throughout the Valley region.

Center agrees to undertake the responsibility for working directly with minority and disadvantaged communities, leaders, organizations and entrepreneurs to formulate minority economic and business development programs and projects which create jobs, expand business opportunities, stabilize communities and improve the quality of life for minority citizens. Center further agrees to assist and work directly with TVA staff in developing plans, programs, and strategies which incorporate minority economic interests, opportunities and benefits into the economic development programs of TVA.

TVA agrees to provide Center with institutional resources and support in the following areas:

(1) Publicizing of Center's programs as a part of the TVA community relations and community outreach activities.

(2) Assisting the Center in establishing working agreements and relationships with public and private sector organizations involved with TVA in developing and implementing TVA economic programs;

(3) Providing Center with permanent TVA staff liaison and with other TVA technical and managerial personnel from time to time upon request to assist Center in performing the functions described hereinabove as Center's responsibilities;

(4) Participating in joint planning and program development meetings with Center for the purpose of improving working relationships, generating new program concepts and ideas, and evaluating the effectiveness of projects undertaken;

(5) Providing financial assistance and support to Center in the areas of program development and operations and venture capital and business financing at levels adequate to achieve the purposes and objectives of this working partnership.

II

AVAILABILITY OF FUNDS

All undertakings by TVA herein are subject to the availability of appropriated funds adequate for purposes of Project as determined by TVA.

III

OBLIGATIONS OF CENTER

In addition to other obligations contained in this agreement, Center shall:

1. Provide for the development of projects and programs as set out in Section I herein which, in cooperation with TVA, will demonstrate means of improving the status of minority and disadvantaged persons in the Tennessee Valley and adjoining region. Overall project and program objectives shall be approved in concept by TVA prior to study and development by Center and shall be subject to final TVA approval prior to implementation. Such approval shall not be unreasonably withheld. It is understood by the parties that a proposal titled "Proposed Tennessee Valley Center for Minority Economic Development, Inc.," dated January 30, 1979, shall provide the working and conceptual basis for the workplans and budgets submitted by Center to TVA for review and approval, pursuant to this section. As set out in the proposal such projects and programs shall include: (a) capital and resource development; (b) research and regional studies; (c) business, agricultural and industrial development; (d) technology utilization, transfer, and commercialization; (e) community economic development; and (f) program management and quality control.

2. Prepare and submit to TVA for review and approval within sixty (60) days after the effective date of this agreement: (a) a project workplan and budget which will identify proposed project activities, together with estimated expenses for the period ending with September 30, 1979; and (b) a general workplan and budget for the period ending with September 30, 1980. A revised or amended project workplan and budget shall be submitted by Center for review and approval by TVA whenever any significant change is necessary.

3. Submit to TVA during the term of this agreement a bimonthly report describing the status of the project during the preceding two months.

4. Utilize the Project trust fund established pursuant to Section V herein for Project purposes in accordance with TVA-approved workplans and budgets as provided in Section III-2 herein.

5. Provide TVA with such consultations, information, reports, and assistance as may reasonably be required for evaluation of the project.

6. Establish and maintain a system of accounting for project purposes as may be approved by the TVA General Auditor and permit TVA, or its representatives (including the U.S. General Accounting Office), the right to audit at any time during normal working hours Center's books and records relating to administration of the project during the term of this agreement and for one year from the date of termination.

7. Establish and maintain a revolving fund in an amount approved by TVA subject to the requirements of Section V-2 herein, which shall be used for the purpose of providing funds sufficient to meet monthly Project costs on a timely basis. The revolving fund shall also be used for the purpose of paying Project costs incurred by Center prior to the execution of this agreement beginning with February 1, 1979, as approved by TVA. The revolving fund shall be maintained in a separate checking account by Center, and funds from other sources shall not be comingled with the account. Center shall designate three persons to sign checks drawn upon the revolving fund account. A minimum of two of the three persons shall sign all checks drawn upon the revolving fund account. Such persons shall be bonded in amounts approved by TVA. Upon termination of the project, all funds remaining in the revolving fund account shall be disbursed as required by Section V-4.

8. On a monthly basis, or more frequently if reasonably required, prepare and submit to TVA a detailed certified listing of revolving fund expenditures or requirements, and request that TVA authorize the trustee to pay such amount into the revolving fund account; provided, however, that TVA shall have the right to increase or decrease the amount of such payment as may be required for the purposes as set out in Section III-7 herein.

9. Purchase and maintain in full force and effect during the term of this agreement comprehensive liability and property insurance policies in such amounts and subject to such terms and conditions approved by TVA and such other insurance as may be required by State law.

10. Have the right to seek and obtain funds from other sources to carry out projects and programs authorized under Center's articles of incorporation and bylaws.

IV

OBLIGATIONS OF TVA

In addition to other obligations contained in this agreement, TVA shall:

1. Provide Center with such technical advice and staff assistance as may be required for the development, implementation, and administration of the Project which TVA determines to be available. Such technical advice and staff assistance shall be coordinated with Center by the Minority Economic Development Staff of TVA.

2. Within five (5) days of the establishment of the project trust fund by Center as provided in Section V herein, pay into the trust fund an amount to be determined by TVA which shall not exceed Three Hundred Seventy-Five Thousand Dollars ($375,000) in Federal fiscal year 1979, and for succeeding Federal fiscal years such amounts as TVA determines to be available for project purposes.

3. Within ten (10) days of the establishment of the Project trust fund, authorize the trustee to deposit an initial amount determined by TVA and Center to be required to cover project costs for a period of ninety (90) days in the revolving fund established by Center in accordance with the provisions of Section III-7 herein. Such funds shall be in addition to the funds required by Section III-7 to pay for prior Project costs. Subsequent authorizations to deposit funds in the revolving account shall be made within 30 days of receipt of the itemized list and request for authorization as provided in Section III-8 herein.

4. Review all workplans and budgets and any proposed modifications or amendments thereof submitted by Center and notify Center in writing of all approvals, modifications, or changes within 15 days of receipt by TVA.

V

PROJECT TRUST FUND

Center shall establish the Tennessee Valley Minority Economic Development Trust Fund (hereinafter called "trust fund"), which shall consist of all amounts paid into it by TVA in accordance with Section IV-2 herein and all interest, income, or dividends which may accrue on said amounts.

The trust fund shall be administered by a trustee selected by Center and approved by TVA, which approval may

be withdrawn by TVA at any time for reasonable cause upon written notice to Center. Such withdrawal of approval by TVA shall be effective upon receipt by Center and will immediately terminate the trustee's authority to act, unless the notice of withdrawal otherwise states. The trust fund shall be maintained and operated in accordance with a written agreement which shall be subject to prior review and approval by TVA and which shall be subject to the terms of this agreement.

Unless otherwise required for Project purposes, the trustee shall invest trust fund moneys in United States securities or in interest-bearing accounts in banks or savings and loan associations located in the Tennessee Valley and adjoining region; provided, however, that except for funds that are being temporarily held pending investment or deposit, the amount deposited in any such accounts shall not exceed the amount for which such accounts are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or secured by United States securities pledged for that sole purpose.

The trust fund shall be used exclusively for Project purposes, and payments from trust fund shall be disbursed in accordance with directions in writing from TVA acting by and through the Manager of Community Development or her designee and from Center acting by and through the Chairman of the Board or his designee as follows:

1. As requested and upon joint certification by TVA and Center to the trustee that such amount is due and owing, trustee shall make payment to third parties as may be required by any agreement between Center and such parties. The trustee shall make all such payments by check payable to the party designated by Center and TVA, for the benefit of Center.

2. Upon joint certification by TVA and Center, the trustee shall authorize the deposit of such funds in the revolving fund established pursuant to Section III-7 herein as may be appropriate to provide for payment of Project costs in accordance with an approved workplan and budget.

3. Upon joint certification by TVA and Center, the trustee shall pay reasonable expenses, if any, associated with the administration of the trust fund.

4. Upon written notification by TVA of the completion of Project, termination of TVA's participation in Project, or termination of this agreement as provided herein, as may be appropriate, trustee shall repay to TVA, or its designee, any remaining balance of unobligated funds which have not been committed by Center pursuant to an approved workplan and budget, including interest, dividends, or other income which may have accrued to the date of such notice.

The trustee shall maintain the trust fund in accordance with the accounting procedures approved by TVA.

The trustee shall permit TVA accountants or its agents (including the U.S. General Accounting Office) during ordinary business hours to examine related financial records to verify the accuracy of the amounts disbursed by the trustee.

The trustee shall file quarterly statements with TVA and the Center summarizing all transactions involving the trust fund and interest, dividends, and income accruing thereon. The trust fund shall not be subject to lien or attachment by any creditor of Center or on account of any claim or legal action against Center. In the event of any claim or legal action against or on behalf of the trust fund, Center shall notify TVA and TVA shall have the right to handle and dispose of all such legal actions and claims. TVA shall coordinate such actions in this regard with counsel for Center.

Funds from other sources shall not be comingled with the trust fund established by Center pursuant to this section, even though such funds are for the same project purposes.

VI

TERM OF AGREEMENT

This agreement shall be effective as of the day and year first above written and shall terminate five (5) years thereafter, or by TVA at the end of any Federal fiscal year on six (6) months' written notice prior to such termination, or at any time by mutual agreement of the parties.

VII

COST PRINCIPLES

All project expenditures shall be in accordance with any limitations, conditions, or exclusions set forth in applicable workplans and budgets as to type or amount, and in accordance with cost principles to be mutually agreed upon by the parties. Such agreed-upon cost principles shall recognize that the funds utilized for project purposes are public funds and that all costs incurred shall be reasonable, taking into account the nature and amount of the cost, and the following factors: (1) that the cost is of a type generally recognized as ordinary and necessary for the conduct of activities similar to project activities; (2) that the cost arises out of generally accepted sound business practices, including arm's-length bargaining; and (3) that the cost is the result of actions that a prudent person would take under the circumstances.

VIII

DEFINITIONS

For all purposes under this agreement the term "minority and disadvantaged persons" shall mean socially disadvantaged individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities, or economically disadvantaged individuals whose ability

compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged.

IX

REHABILITATION ACT OF 1973

Center shall comply with Section 504 of the Rehabilitation Act of 1973 (Pub. L. No. 93-112, 87 Stat. 355) and any future amendments thereof or future TVA and Federal regulations issued pursuant thereto which apply to activities conducted pursuant to this agreement.

X

AGE DISCRIMINATION ACT OF 1975

Center shall comply with the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-6107 (1976)) and any future amendments thereof or future TVA and Federal regulations issued pursuant thereto which apply to activities conducted pursuant to this agreement.

XI

CIVIL RIGHTS ACT OF 1964

No person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any

program or activity carried out by Center utilizing benefits or assets which it obtains by reason of this agreement, and in conducting such programs and activities, Center agrees to comply with Title VI of the Civil Rights Act of 1964 (Pub. L. No. 88-352, 78 Stat. 252) and regulations implemented by TVA (18 C.F.R. ch. II, pt. 302 (1978)), and future amendments of either.

Center shall include in handbooks, manuals, pamphlets, or other material ordinarily distributed to the public to describe Project the following statement:

> This Project is supported by assistance from the Tennessee Valley Authority (TVA), a Federal agency. Under Title VI of the Civil Rights Act of 1964 and applicable TVA regulations no person shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Project. If you feel you have been excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under this program on the ground of race, color, or national origin, you, or your representative, have the right to file a written complaint with TVA not later than 90 days

from the date of the alleged discrimination. The complaint should be sent to Tennessee Valley Authority, Office of Equal Employment Opportunity, 400 Commerce Avenue, EPB14, Knoxville, Tennessee 37902. The applicable TVA regulations appear in Part 302 of Title 18 of the Code of Federal Regulations. A copy of the regulations may be obtained on request by writing TVA at the address given above.

The foregoing statement shall also be prominently displayed in one or more public notices at locations specified by TVA upon execution of this agreement or at any time during the term of this agreement.

TVA may also provide Title VI posters for display by Center.

XII

CONGRESSIONAL INTEREST

No member of or delegate to Congress or Resident Commissioner or officer, agent, or employee of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to a corporation or unit of government contracting for its or for the public's general benefit.

XIII

CENTER INTEREST

No Center director, officer, agent, or employee, or member of their immediate families, shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, provided that this provision shall not be construed to prevent Center from paying reasonable compensation for services actually rendered or reimbursing expenses actually incurred on behalf of Center. This provision shall not be construed to extend to a corporation or unit of government contracting for its or for the public's general benefit.

XIV

ADMINISTRATION OF AGREEMENT

In all matters relating to this agreement, the Manager of Community Development or her designee shall act for TVA and the Chairman of the Board, or his designee shall act for Center.

XV

ENTIRE AGREEMENT

This agreement contains the entire agreement and understanding among the parties, and there are no oral understandings, terms, or conditions not herein recited, and neither party has relied upon any representations, expressed or

implied, not contained in this agreement. All prior understandings, terms, or conditions are deemed to be merged in this agreement and the same may not be changed or supplemented orally by either party.

IN WITNESS WHEREOF the parties hereto have executed this agreement by their respective duly authorized representatives as of the day and year first above written.

ATTEST:

Helen L. Drummer
Assistant Secretary

TENNESSEE VALLEY AUTHORITY

By Leon E. Ling
General Manager

Law

ATTEST:

Secretary

TENNESSEE VALLEY CENTER FOR MINORITY ECONOMIC DEVELOPMENT, INC.

By
Chairman of the Board

Approved by TVA
Board of Directors
APR 5 1979
ASSISTANT SECRETARY

APPENDIX C

TENNESSEE VALLEY AUTHORITY
MINORITY ECONOMIC DEVELOPMENT HIGHLIGHTS 1969-1980

YEAR: 1969.

TVA's first attempt to provide assistance to minority entrepreneurs and encourage minority economic development took place in 1969. The effort was not carried out by a specific TVA staff, but was shotgunned by the agency as a whole.

MISSION: To approach minority economic development through training and technical assistance programs that gave all potential entrepreneurs an equal opportunity to develop.

ACTIVITY: Submission of a proposal to the Council on Cooperative College Projects encouraging them to organize a roster of consultants to conduct research surveys on the black communities in places where TVA was involved in community development. This was thought to be a meaningful approach to assure that the needs of existing and potential minority group businessmen were fully considered.

ACTIVITY: Provided Colbert County Development Association with assistance in placing three men in the timber harvesting program at Northwest Alabama State Junior College. It was believed that the training would make it possible for the men to engage in the timber harvesting and production business.

ACTIVITY: Aided in the development of the Knoxville Chapter of Opportunities Industrialization Center (OIC). A total of $30,000 was committed by TVA in support of OIC.

ACTIVITY: Assisted the Town of Cherokee, North Carolina, with the identification and planning of industrial sites for the Cherokee Indian Reservation. It was the hope of TVA that a wooden toy manufacturing operation would prove to be feasible for the town.

RESULTS: Nothing tangible.

SHORTCOMING: The effort was not backed by TVA policy; it lacked program goals and objectives; it had no staff; and it lacked a sufficient data base with respect to minority economic development.

YEAR: 1970 and 1971.

MISSION: Same as 1969.

ACTIVITY: The establishment of the TVA Knoxville Minority Investment Forum (MIF) took place in 1971. This effort amounted to TVA's Knoxville employees volunteering to have bi-weekly deductions from their pay checks credited to MIF. This would enable the MIF to have funds available to make loans to local minority business persons. Basically the TVA board, General Manager, Division heads, and black employees participated in the effort. Less than 150 employees initially jointed the Knoxville MIF, and today membership is less than 80 persons. From 1971 to the present, the loans made by the MIF to local minority business persons has not exceeded a combined total of $50,000.

RESULTS: Nothing tangible.

FUNDING: Unknown.

SHORTCOMING: The effort was not backed by TVA policy; it lacked program goals and objectives; it had no staff; and it lacked a sufficient data base with respect to minority economic development.

YEAR: 1972, 1973 and 1974.

MISSION: Same as 1969.

ACTIVITY: MIF membership drive; some limited technical assistance to minority businesses.

BUDGET: At this point in time there was never an item lined budget for minority economic development. Its limited funding came from community development related branches within the Division of Navigation Development and Regional Studies. Between 1972-1974 an average of $60,000 a year was spent on minority economic development activities, which included the salary of one full time person. When asked if financial and other technical assistance would be provided to individual minority concerns, the response by one Division head was, "Any financial assistance required will be provided by MIF, other local groups, or by other sources. Technical assistance will be provided as a part of regular staff activities. However, technical skills not available in the division on Navigation Development, such as accounting, auditing, and architectural

will occasionally be requested of other TVA organizations and from outside sources. However, we recommend keeping open the possibility that TVA might provide seed money for some organizations with proper justification and approval."

RESULTS: Nothing tangible.

SHORTCOMING: The effort was not backed by TVA policy; it lacked program goals and objectives; it was inadequately staffed; and it lacked sufficient data base with respect to minority economic development.

YEAR: 1975, 1976, and 1977.

MISSION: To deliver to minority organizations and entrepreneurs the programs of technical and other assistance provided by TVA in the conduct of its regional resource development programs.

ACTIVITY: Staff activities were carried out in basically the four major metropolitian areas of Tennessee. They included: (1) providing technical assistance to the TVA MIF; (2) aiding the Knoxville Minority Business Bureau in obtaining local funding; (3) presented consumer related educational programs to minorities; (4) developed a working relationship with local and state Minority Business Development organization in the four said locations; (5) provided technical assistance to minority entrepreneurs upon request; (6) attemped to involve Nashville minority contractors in TVA contracts related to the Hartsville Nuclear Plant Project (this effort was unsuccessful); and (7) established a $40,000 revolving fund to aid a Knoxville non-profit minority community group in constructing new low/moderate income housing in the Center city, to encourage private new development in urban neighborhoods.

BUDGET: Averaged just over $100,000 each year.

RESULTS: Nothing tangible.

SHORTCOMING: The effort still lacked the backing of TVA policy; it was still minus meaningful goals and objectives; it remained inadquately staffed; and it continued lacking a sufficient data base with respect to minority economic development.

YEAR: 1978.

This marked the first year the TVA MED program was shown as a budget item--the previous years it was tucked away somewhere in the Division of Navigation Development.

MISSION: To assist minority businesses to participate more fully in business opportunities in the Valley, to improve minority employment opportunities, and in so doing to improve minority per capita income.

ACTIVITY: Disseminated information and assistance to minority business persons desiring to do business with TVA.

ACTIVITY: Provided technical assistance to 22 minority business firms and coordinated the preparation of market feasibility studies for four minority business development organizations.

ACTIVITY: Initiated a series of minority vendor procurement seminars and began working with black colleges to encourage more emphasis on business training for minority students.

BUDGET: $111,000.

RESULTS: Thirty five minority firms successfully competed for TVA contracts valued at $1,574,000 out of the total of $5,574,179,511 spent by the agency.

SHORTCOMING: There was no TVA policy to back its minority initiatives; it remained inadequately staffed; it lacked the proper programming; and strategies to achieve goal.

YEAR: 1979.

MISSION: To assist minority and other socially and economically disadvantaged businesses in participating more fully in business opportunities in the Valley; improve the employment of disadvantaged groups and demonstrate ways of accelerating the development and expansion of minority enterprises.

ACTIVITY: Developed an inventory of all minority-owned firms in the Valley.

ACTIVITY: Developed a bidder's mailing list of minority firms by speciality areas and locations for used by TVA's procurement staff.

ACTIVITY: Conducted limited research and feasibility studies for several minority firms.

BUDGET: $677,000.

RESULTS: Sixty minority vendors received TVA procurement contracts. There was no dollar amount given for the 60 successful contracts, but in the first 10 months of the year only $4,064,728 out of the $1,464,468,551 spent by the agency was awarded to minority contractors.

SHORTCOMING: There was still no firm and clearcut policy within the agency with respect to the role the agency wanted their Minority Economic Development program to play; MED lacked a properly trained staff and continued lacking strategies and programing to achieve goal.

YEAR: 1980.

MISSION: Same as 1979.

ACTIVITIES: Same as 1979 with the exception of the establishment of the TVA Muscle Shoals Minority Investment Forum.

BUDGET: $950,000.

RESULTS: Remains to be seen.

SHORTCOMING: It is anticipated that the shortcomings will remain the same as in 1979 and the years before.

APPENDIX D

PROFILE OF
TENNESSEE VALLEY CENTER'S
BOARD MEMBERS

Board of Directors

The TVC's Board of Directors is comprised of 13 individuals from the seven state region. Among these areas represented by various Board Members are: Tuskegee, Alabama; Carrboro, North Carolina; Asheville, North Carolina; Birmingham, Alabama; Greenville, Mississippi; Petersburg, Virginia; Memphis, Tennessee; Nashville, Tennessee; Knoxville, Tennessee; Louisville, Kentucky; and Paducah, Kentucky.

The TVC's Board Members represent a variety of organizations including banking, state and local governments, a CPA firm, higher educational institutions, the medical profession, minority economic development organizations, and manufacturing industries. Additionally, several Board Members are owners of businesses which include a bank, CPA firm, and a manufacturing company.

Areas of expertise of Board Members include:

- Banking
- Business research
- Accounting
- Financial analysis
- Packaging business deals
- International Business transaction
- Organization analysis and planning
- Economic trend analysis

Members of the Board of Directors meet quarterly with the TVC's corporate management. Additionally, Board Members interact with the TVC staff through four subcommittees chaired by various Board Members. These subcommittees are: Capital Formation Subcommittee, Community Development Subcommittee, Research and Planning Subcommittee and Predominantly Black Colleges and Universities Subcommittee. The following summary is a synopsis of the experiences and affiliations of the TVC's Board of Directors.

BOARD MEMBERS:

NAME	FIELD OF EXPERTISE	AFFILIATIONS
FRANK J. BANKS Chairman Banks, Finley White & Company Memphis, TN	Finance Business Economic Development	Board Member/Southern Cooperative Development Fund Board Member/Memphis Area Chamber of Commerce Board Member/Gilliam Communications Board Member/Memphis Light, Gas & Water (Pension Board) Board Member & Vice President/Muscular Dystrophy Association, Inc. Board Member & Treasurer/Industrial Development Board Member/President's Round Table (LeMoyne-Owen College) Member & Chairman/South Memphis Development Foundation
JOHN B. HARRIS Director Office of Minority Business Enterprise Petersburg, VA	Marketing & Management Economic Developer	Member/Council of Small Business, Chamber of Commerce of United States Member/National Business League Member/Virginia State Chamber of Commerce Member/Richmond Chapter American Marketing Association Member/Churchill Economic Development Corp. Member/Southern Demographic Society Member/Business Unit of Alpha Phi Alpha Fraternity Member/National Economic Association
V. JOSEPH SHIPMAN President Continental National Bank Louisville, KY	Banking and Finance	Member/Executive Committee of American Red Cross/Louisville Chapter Member/National Advisory Council for the Small Business Administration Member/Kentucky Housing Corp. Member/Trustee Board of St. Joseph Hospital, Louisville, Kentucky

BOARD MEMBERS (cont'd)

NAME	FIELD OF EXPERTISE	AFFILIATIONS
DR. CALVIN ATCHISON Vice President Research & Development Tennessee State University Nashville, TN	Management Educational Planning	Consultant/Moton Memorial Institute Consultant/National Alliance of Black School Administrators--Advisory Council Consultant/Phelps Stokes Funds, Inc. Consultant/U.S. Office of Education Consultant/Nashville Metropolitant Ford Foundation Special Project Member/Nashville Human Relations Commission Member/Staff for Council for the Advancement and Support of Education Directed Title Three Program Director/Upward Bound Program, Nashville, TN
JOHN BROWN Director South East Alabama Self-Help Assoc., Inc Tuskegee, AL		Southern Agricultural Corp, Member of Board of Directors Southern Cooperative Development Fund, Member BOD SCDF Investment Corp., Member BOD Federation of Southern Cooperatives Small Farmers Development Foundation, Member BOD
BENNIE MARSHALL Vice President Finance Delta Foundation Greenville, MS	Finances	Board of Election Commissioners, Washington County, MS Washington County Union for Progress, President American Management Association
KENNETH R. PHILLIPS Director Program Planning & Evaluation Western Kentucky Regional Mental Health & Mental Retardation Board, Inc. Paducah, KY	Social Work	National Association of Social Workers Academy of Certified Social Workers American Group Psychotherapy Association National Association for the Advancement of Colored People

BOARD MEMBERS (cont'd)

NAME	FIELD OF EXPERTISE	AFFILIATIONS
GEORGE A. GRAGG, JR. Executive Director Asheville-Buncombe Community Relations Council Asheville, NC	Management Consultant	Buncombe County Manpower Commission Junior Chamber of Commerce Asheville Rotary Consumer Credit Counseling, Board of Directors Association for Retarded Citizens, Board of Directors
ANTONIO L. HARRISON General Partner Exacta Services Contracting Firm Birmingham, AL	Commerce & Business Administration	Alabama State Legislature Democratic National Committee Alabama Civil Liberties Union Alabama Volunteers in Corrections National Coalition of Black Trade Unionist Birmingham Urban League
CHARLES D. GORDON President Gordon's Cosmetics Mfg. Co. Memphis, TN	Business Administration	Member/Memphis Area Chamber of Commerce Board Member/Mid American Association Member/Urban League Board Member/Business Dynamic, Inc. Board Member/Concerned Black Businessmen Association
THEOTIS ROBINSON Vice President Economic Development Expo '82 Knoxville, TN	Economic Development Insurance	NAACP, Knoxville, TN. Chapter Eastside YMCA, Knoxville, TN Urban League, Knoxville TN Chapter Knoxville Minority Business Association
ROBERT W. DRAKEFORD Mayor Carrboro, NC	Municipal Government	NAACP, Chapel Hill, N.C. Chapter North Carolina Conference of Black Mayors, Chairman National Black Caucus of Local Elected Officials National Mayors Conference National League of Cities

BOARD DIRECTORS (cont'd)

NAME	FIELD OF EXPERTISE	AFFILIATIONS
BEVERLY WILLIAMS, M.D. General Practioner Memphis, TN	Internal Medicine	American College of Physicians Memphis & Shelby County Medical Society Bluff City Medical Society National Medical Association Memphis Academy of Internal Medicine Board Member/Memphis Health Center

Mr. BANKS. Congressman Ford has done an excellent job of outlining the purposes of the Center and describing the progress that has been made on several of the major projects the Center has initiated. Therefore, I shall briefly discuss TVA's history with respect to involving minority business persons in its procurement process and with respect to its involvement in minority economic development in general.

The TVA serves an area extending into some seven Southern States. The population of the area served by TVA exceeds 7 million people, 14 to 20 percent of whom are African-Americans. The impact of TVA on the lives of people within its service area is felt in many significant ways.

As an employer, TVA provides jobs for some 48,000 people. As a purchaser of goods and services, TVA contributes billions to the regional economy. In addition to its roles as a major employer and purchaser of goods and services, TVA offers a variety of programs to local governments and citizen groups to improve the quality of life for the people within the Valley, which I might add is a mandate that was given to TVA when the Act was signed in 1933.

The geographic region in which TVA is incorporated contains one of the highest concentrations of African-Americans of any region in the United States, yet the interaction between TVA and black citizens within its service area leaves much to be desired.

PROCUREMENT

The purchasing power of the Tennessee Valley Authority is extensive in terms of dollars expended and its product mix. During the last six fiscal years, TVA procurement expenditures were as follows:

FY 1975: $3,765,465,686 (3.8 billion)
FY 1976: 1,750,110,822 (1.8 billion)
FY 1977: 3,326,741,498 (3.3 billion)
FY 1978: 5,574,179,611 (5.6 billion)
FY 1979: 5,669,178,331 (5.7 billion)

The TVA's procurement budget for FY 1980 alone is expected to be in excess of $2 billion.

With this large amount of expenditures, the economic impact of TVA on its seven State region is indeed substantial. Furthermore, the TVA's demands for goods and services are very broad. Its broad commodity areas such as energy, environmental protection, flood control and socio-economic development offers opportunities for market entry, development and diversification in business sectors with long-term growth potential.

However, the level of participation by minority vendors in TVA's procurement figure for minority vendors from 1975 to 1979 are in my testimony. I will not state those.

In recent years, the level of the TVA procurements going to minority firms has averaged about .1 percent of the total purchasing budget.

For example, in fiscal year 1979 only $4.6 million out of a total $5.6 million procurement budget went to minority-owned firms. In an effort to comply with Public Law 95–507, the Small Business Act Amendments, the TVA will probably set goals at a much higher level.

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To achieve these new goals, a great deal of outreach, technical assistance, venture capital and other types of financial assistance to minority firms and minority development organizations will be required. The Tennessee Valley Center for Minority Economic Development is in a unique position to assist TVA in this effort.

In order to increase the extremely low level of minority participation in the TVA's procurement, TVA should make several internal revisions in its purchasing procedures which would eliminate numerous artificial barriers to minority contractors.

PURCHASING PROCEDURES

An outline of some of these changes is contained in Appendix A to my testimony. Such internal changes will also need to be accompanied by a concurrent external delivery system. This outreach, planning and technical assistance component would complement any internal changes and enhance their possibility of success.

I am indeed optimistic that TVA has recognized the need for any external delivery system and its sponsoring of the Tennessee Valley Center for Minority Economic Development and its decision to enter into a long-term contractual relationship with the Center in a cooperative effort to attack head on the unique problems of minority businesses and economic development.

A copy of the Center's agreement with TVA is attached to my testimony as Appendix B for 1970 to 1979. I have a list outlining those results regarding TVA which I will not discuss at this time, but they are included in my written testimony.

In my opinion, this brief overview of the TVA's Minority Economic Development programs should serve to illustrate the need which formed the basis for the establishment of the Tennessee Valley Center for Minority Economic Development.

It is crucial that the agency continue to have an external delivery system which can bring minority entrepreneurs, minority business enterprises, community based organizations, local and State government officials into the economic development activities of the agency in a structured manner designed to achieve real and substantial results.

The regional development model that TVA has employed over the years should be duplicated in the minority sector because the agency itself has proven that a regional approach is best suited to bring about positive and substantial development results.

The Center in a very short period of time has demonstrated what is possible in this area. Given sufficient funds and manpower the Center, in cooperation with TVA, will be able to achieve even more.

I hope the subcommittee Members will agree with me in this regard and support more vigorous actions to encourage TVA to expand its present internal and external programs designed to enhance participation by minority firms, economic and community organizations in its procurement process and in its development projects and initiatives.

Thank you, Mr. Chairman and Members of this subcommittee, for allowing me the time to testify before you today.

Mr. FORD. I would like to inject at this time that the other Members of the panel who have testimony to be given before the committee be

able to summarize it and let their statements be a part of the record in their entirety.

Mr. BEVILL. That is a very good suggestion, because actually we are running short of time. If you will do that, that will be fine. Summarize it and each of the statements that you have brought with you will be made a part of the record.

That would be good.

Mr. FORD. This is John Harris.

STATEMENT OF JOHN HARRIS

Mr. HARRIS. I am John Harris.

I serve as a member of the Council of Small Business of the U.S. Chamber of Commerce, the United States, and I was a Governor's appointee to the 1980 Conference on Small Business.

This function was highly successful; the White House Conference, and I must say to you that it kind of made many of us who were in the minority delegation proud to be Americans since we left World War II, it gave a feeling of impetus for all that is happening across this country as well as within the region.

I am especially pleased to be involved with the Tennessee Valley Center for Minority Economic Development where I serve as Secretary of the Board and have been with that planning committee from day one.

We spent many long hours developing this concept. It has not been easy but, as my statement will point out, here is the fact that there is necessarily a need to put in place a dynamic organism, not necessarily an organization, but a dynamic organism that serves the needs of that community whereby we can more vigorously involve minorities in the economic development process.

In my years of teaching at Virginia State University, of course, where now I am serving as appointee of my Governor as Director of the State Office of Minority Business Enterprise, we have found at the micro level of economic development in our respective States that this is quite important politically, socially, environmentally, and what have you.

We have also found that at the regional level as we deal with this larger model of the Tennessee Valley Center, we found it is even more impressive. Not only is it taxpaying, it just makes common sense.

I want to congratulate all of those that have something to do with this. We need the motivation to move this thing to fruition, not for his State but for the whole Valley, and I congratulate the fine work of this Subcommittee on Energy and Water Development, where Virginia has to hassle but, nevertheless, we move along very kindly.

I yield to the next gentleman for his statement.

Thank you for giving me the opportunity to say a few words before you.

[The statement follows:]

MR. JOHN HARRIS TESTIMONY
Before the
Subcommittee on Energy & Water Development
of the
U.S. House of Representatives'
Committee on Appropriations

Mr. Chairman, distinguished members of the Subcommittee on Energy and Water Development. I am John Harris and currently serve as Director of Minority Business Enterprise in the State of Virginia. I am also an economics professor at Virginia State University, and I serve as Secretary of the Board of Directors of the Tennessee Valley Center for Minority Economic Development. I am grateful to have the opportunity to testify before this subcommittee today on behalf of the Tennessee Valley Center for Minority Economic Development.

I had the pleasure of serving on the original planning committee which layed the foundation for the Tennessee Valley Center for Minority Economic Development. I got involved in this project because I, along with many other individuals who have worked with or for minority businesses, felt that there was a tremendous need for a comprehensive regional approach to minority economic development.

I say this because soci-economic development has not been equal among the population of the Tennessee Valley. Statistical and other comparisons of the minority population to the general population in the Tennessee Valley show the minority population continues to have a substantial socio-economic lag when compared to the general population.

Given that the minority population has a greater need for socio-economic development than the general population, the minority population has not benefited from the TVA development as much as the majority population. While the minority population benefited in the same way as the general population in receiving electric power and aid in flood control, and selected other public programs, the minority population has not been given the

same access to jobs, housing, economic and business development, education, and other socio-economic development as has the general population.

While the socio-economic lag in the Black population is not a fault of TVA, the lag should be of obvious concern to the TVA. The socio-economic problems of the minority population are problems which the TVA has proven capability in helping to resolve for the general population. Since the minority population is an integral part, amounting to one-fifth, of the overall population of the Tennessee Valley, the TVA has to be concerned with a solution to the problems of this large segment of people.

It was the concensus of the planning committee that there was an immediate need in the seven states for the kind of economic development program and support which would impact significantly on income, business revenues, and employment. A program of this type would work to develop business opportunities for minority firms in the public and private sectors of the area, and work to develop the supporting infrastructure or environment for sustaining this economic development. The program would do more than upgrade skills and find employment; the program would ensure that the jobs and markets exist for utilizing employable skills, this in addition to the overall economic uplift of the population.

The concept of a comprehensive regional approach toward minority economic development was, thus, an idea whose time had arrived, and actually was long overdue.

The task of designing and selling the concept of a regional minority economic development organization was not an easy one, and at times, the planning committee's task appeared to be insurmountable. Yet as we went about our task, we received significant encouragement from other groups and individuals who felt that there was a need for an organization such as the Tennessee Valley Center for Minority Economic Development. In

fact, we received numerous letters of endorsement from elected officials, community leaders and members of various financial institutions. It was this encouragement that inspired the Committee on. We knew that we had a good idea.

The planning committee was comprised of 12 individuals from the states of Alabama, Kentucky, Mississippi, Virginia, Georgia, and Tennessee. These 12 individuals represented private businesses, minority financial institutions, cooperatives, government, the legal profession, and the medical profession, higher education, several community development corporations, and public organizations as well as several staff members from the TVA.

The group mailed questionnaires and informational letters to minority leaders, educators, businessmen, and other organizations to get as much input as possible in formulating the concept of a comprehensive regional economic development corporation. After considerable analysis, the planning committee reduced these many inputs to a comprehensive proposal incorporating the concerns and suggestions communicated by these individuals and organiations. A formal agreement establishing the Center was signed by representatives of the planning committee and the TVA in April, 1979.

I should also mention that Congressman Harold Ford was extremely helpful in providing guidance as we structured the concept of a regional minority economic development organization and those of us who served on the planning committee are indebted to the valuable services that he provided.

In its brief history, the Tennessee Valley Center for Minority Economic Development has gotten off to a spectacular start. Those of us on the planning committee are indeed proud to see the ideas and conepts which we articulated, developed into a living reality of jobs, projects, contracts and business enterprises. My colleagues have mentioned or will mention the various projects in which the Center is engaged. Many of these projects are being developed cooperatively with the TVA staff.

I believe that the accomplishments of the Center will continue in the years to come. I think that with sufficient resources, the Center can and will greatly expand and enhance the tremendous impact that it is having in the seven states. The joint efforts of the Center and the TVA will serve as a model of economic development for minorities and other disadvantaged groups not only in the Tennessee Valley but throughout the nation as well.

Thank you Mr. Chairman for giving me the opportunity to testify today before this distinguished subcommittee.

Mr. BEVILL. Very good.
Mr. Harrison?

STATEMENT OF ANTONIO HARRISON

Mr. HARRISON. I was next but I will spare you mine. You have had enough dealings with me already.

I am for the State, and you know where I stand on it.

Mr. BEVILL. You have told me many times, and that will be very helpful because we are running so close in time.

Your statement will be made a part of the record.

[The statement follows:]

MR. ANTONIO HARRISON TESTIMONY
Before the
Subcommittee of Energy & Water Development
U.S. House of Representatives'
Committee on Appropriations

Good afternoon Mr. Chairman and honorable members of the Subcommittee. My name is Antonio Harrison, and I am a general partner of a contracting firm in Birmingham, Alabama, and a member of the Alabama state legislature. I am also a member of the Board of Directors of the Tennessee Valley Center for Minority Economic Development. I am most appreciative of the opportunity to testify before this distinguished body on behalf of the Tennessee Valley Center for Minority Econmic Development.

In my presentation, I will attempt to discuss the cooperative nature of the Tennessee Valley Center and the Tennessee Valley Authority, and why this arrangement is so essential to implementing the goals of a comprehensive regional approach to minority economic development.

There has never been a question of whether economic development is needed for minorities and other disadvantaged persons in the seven states in which the Tennessee Valley Center for Minority Economic Development operates. Rather the more pertinent question is what type of economic development system is needed and how should it be designed in order to deliver maximum services to the targeted population.

I mention this because it is fairly well-known that the seven state region is one of the poorest in the county. In fact, in the 1930s this region lagged far behind other states and areas in economic and industrial strength. The creation of the Tennessee Valley Authority was the federal government's answer to the solution of the many problems of the region.

Yet even today, despite the best efforts of the TVA in initiating economic growth, the region still chronically lags, the national economy in housing, community and business development, unemployment and education. As usual, the picture is even more dismal for minorities and other disadvantaged groups that live in the seven state area.

For example, the minority unemployment rate in the seven states is twice that of the overall population. The median family income within the seven state region is well below the national median, and the figure is even more distressing when one considers minorities. Forty-one percent of the region's minority families live in poverty. The median number of years of in school is 8.3 for minorities in the seven state region compared to 10.8 for the population of the seven states, and 12.1 for the total population in the U.S.

In recognizing that much work remained to be done in the Valley, the TVA has taken the first step toward fulfilling its to expand its involvement in minority economic development in the seven state region, and thus, the birth of the Tennessee Valley Center for Minority Economic Development--TVA's answer to the problems of minorities and other disadvantaged groups. The Tennessee Valley Center model is a comprehensive regional approach toward minority economic development. A regional approach provides the greatest opportunity for success because it can maximize the economic leverages of the existing resources of minority communities and minimize rural/urban and small/large population differentials. This regional concept also offers a greater variety of opportunities for development programs in the industrial and business sectors,and also employs the cooperative involvement of other public entities as well.

Furthermore, the Center's comprehensive regional minority economic development program will succeed because of its unique cooperative relationship with the Tennessee Valley Authority. This cooperative arrangement permits the Center to draw upon the

vast amounts of knowledge and experience that the TVA has acquired from over 46 years of involvement in areas of regional development. The TVA's successes as a developmental agency have, as you are quite aware, been extremely impressive.

The TVA has provided a variety of assistance to the Center as the young organizations has become involved in numerous projects during the past year. Also, the two organizations have worked jointly on various special projects. For example, the two staffs worked diligently and cooperatively to develop and submit a comprehensive proposal for a joint TVA and Center participation in the Economic Development Administration's Development Finance Program. The TVA has also provided technical assistance to many of the Center's projects.

The success of both organizations in this comprehensive regional approach toward minority economic development is dependent upon the ability of the two organizations to work cooperatively toward the obtainment of mutual goals that they share.

These innovative and novel approaches toward minority economic development and the cooperative arrangement between the TVA and the Center have proved to be extremely successfull. Within a short time, a staff team of outstanding members has been assembled. This team has made its presence felt in all seven states, despite its limited resources. My colleagues will provide greater details on the numerous projects that have been initiated by the Center's staff. You will find not only are projects located in all seven states, but they are located in both urban and rural areas, large, medium and small towns, involved private businesses, public organizations, cities and higher educational institutions, and range from initiating an industrial park developing plans for a hotel, utilizing solar technology to agricultural activities, including gasohol projects, rabbit and chicken farms.

Think what this organization can do in two years, or five years if given the adequate resources for it to accomplish its

mission. I am happy that we have a model organiation that works. It works because it has involved local leadership, enterpreneurs the TVA, and public and private organizations in its program development and delivery system. This alliance will continue to enhance and strengthen economic development for minorities and other disadvantaged groups in the seven state region. In this way, perhaps one day, all segments of the regional population can experience the benefits and services that everyone, by virtue of his birth right in this country, should enjoy.

Thank you Mr. Chairman and members of the Subcommittee for allowing me the time and the opportunity to testify today.

Mr. BEVILL. Mr. Brown?

STATEMENT OF JOHN BROWN, JR.

Mr. BROWN. Let me make one comment, and I will submit my written testimony to be added to the record.

My name is John Brown, Jr., and I am president of South East Self-Help Association of a rural development corporation of 12 counties in Southeast Alabama and headquarters in Tuskegee.

I am also vice-chairman of the Board of the Tennessee Valley Center for Minority Economic Development.

I just want to say, Mr. Chairman, that as a fellow Alabamian, I am extremely pleased to be here today, especially to have the opportunity to say a few words before your committee.

I have heard a lot about you and, of course, I have heard many good things about you.

Mr. BEVILL. All those good things are true. Thank you, Mr. Brown.

Mr. BROWN. I will submit my statement.

[The statement follows:]

MR. JOHN BROWN'S TESTIMONY

before the Subcommittee on

Energy and Water Development of the

U.S. House of Representatives'

Committee on Appropriations

Tennessee Valley Authority's FY 1981 Budget Request Hearing

March 24, 1980

Mr. Chairman, distinguished members of the Subcommittee, fellow panelists, and ladies and gentlemen. My name is John Brown, and I am President of the South East Alabama Self-Help Association, Inc., which is a rural, community development corporation of 10,000 members located in Tuskegee, Alabama. I am also the Vice Chairman of the Board of Directors of the Tennessee Valley Center for Minority Economic Development. It is my honor to have the opportunity to testify before you today on behalf of the Tennessee Valley Center for Minority Economic Development.

As many of you might already know, the seven states in which the Tennessee Valley Center for Minority Economic Development operates are basically rural. Tennessee, Kentucky, North Carolina, Alabama, Mississippi, Virginia and Georgia have rural populations which are nearly double the national average.

Furthermore, many of the counties in the region have minority populations in excess of 50%. For example, Fayette County in Tennessee and Tallahatchie and Marshall counties in Mississippi have minority populations that are more than 60% of the total population of each county.

Unemployment and underemployment are extremely high in these rural areas. Jobs were once plentiful, but agricultural automation has eliminated hundreds of thousands of job opportunities for the socially and economically disadvantaged.

My organization is extremely happy that the Tennessee Valley Center for Minority Economic Development has committed much of its efforts to assisting the rural areas of the seven states. The staff of this young organization is working hard to help expand and enhance economic and community development opportunities in the rural areas.

For example, in Greenville, Mississippi, the Center is working with a producer's cooperative in order to establish a $1.5 million commercial rabbit production farm at a former Air Force Base. This project is expected to produce 1,000 jobs in the area when it becomes fully operational. Plans call for the construction of a processing plant, a manufacturing plant for cages and a tanner. The Center's staff is also providing technical assistance to several groups that are developing plans for gasohol production projects in North Carolina and Alabama. The latter project involves a minority farm cooperative, and will create 50 permanent jobs when the $2.5 million project is completed.

Furthermore, the Center is also assisting several minority investors obtain funds for an egg-laying farm located on 419 acres of land in Fayette County, Tennessee and Marshall County, Mississippi. This farm will yield 140,000 eggs daily. The farm's poultry waste will be utilized to produce methane gas to generate electricity for the operation of the entire farm. Also, carbohydrates extracted from corn will be used to produce alcohol. This project will result in the creation of over 40 jobs in the area.

TVA's Agricultural and Chemical Development, Natural Resources, and the Solar Applications branches have provided their expertise to complement the Center's involvement in this activity.

It should also be noted that the Moscow Industrial Park project which will be located in a rural area and was spearheaded by the Center, is the first industrial park project of TVA which has had significant involvement of minorities and other disadvantaged groups.

Finally, I should mention that the Center's Research and Planning staff is developing a major study on minority youth unemployment in select urban and rural areas of the seven state region.

These rural projects have all been undertaken in the Center's brief history. These projects are only the beginning. With sufficient funds the Center will be able to continue to ehnance and leverage its programming in the seven states' rural areas--which have been often overlooked and neglected by those who, many times, think only the urban areas are plagued with various social and economic problems.

Mr. Chairman and members of the Subcommittee, thank you for allowing me the time to testify before you today.

Mr. BEVILL. Mr. Range?

STATEMENT OF LESLIE RANGE

Mr. RANGE. Mr. Chairman, from my neighboring State in Alabama, Members of the subcommittee, fellow panelists, my name is Les Range, and I am Manager for the Office of Black Economic Development at the Mississippi Research and Development Center in Jackson, Mississippi.

I am pleased to be here today to testify on behalf of the Tennessee Valley Center for Minority Economic Development.

There are some very startling statistics about Mississippi. Mississippi is on the bottom of the economic ladder in every economic indicator and the same holds true in the Tennessee Valley region.

There are some 30 counties in our State of Mississippi that are in the Tennessee Valley region, and those 30 counties in Mississippi contain the highest concentration of some 31.7 percent of minorities in TVA's entire 210 county service areas, and the minority population in this area has extremely severe and serious problems with unemployment, low educational attainment and family incomes at or below the poverty level.

Approximately 59 percent of the minority families in the Mississippi 30 counties have incomes less than the poverty level with a 7.5 median. The region has the lowest minority education level in the Valley, and an unemployment rate of 14.8 percent for the total black population is one of the highest in the country. It is one of the highest in the entire country.

Of particular importance to me in my work at the Mississippi Research and Development Agency, which is the State Planning Agency, is the establishment of a research and planning division. The major objectives of an institutional establishment are developing an institutional research program and designing and performing minority-oriented socio-economic studies that will enhance work that is already under way in Mississippi.

As a professional manager in a State planning and research agency, I feel strongly that the foundation of all successful economic development projects is good solid research and planning. Thus, I am looking forward to a continued working relationship with the Center, as we work jointly and cooperatively to provide for minority economic development within the Valley.

Speaking on behalf of my agency, the R&D Center, my associates in the State and local government and the business community, we welcome and fully support the Center's efforts on minority development.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF MR. LESLIE RANGE

Mr. Chairman, distinguished members of the Subcommittee, and fellow panelists, I am Les Range, Manager of the Office for Black Economic Development of the Mississippi Research and Development Center in Jackson. I am very pleased to appear before this outstanding subcommittee to testify on behalf of the Tennessee Valley Center for Minority Economic Development.

The Mississippi Research and Development Center is a unique state agency concerned with developing Mississippi's economy. Our basic mission is to increase

the economic well-being of all Mississippians. The Center employs a varied staff with wide ranging expertise in the field of economic development, engineering, city planning, computer programming, accounting, management, and other fields.

Work of the entire staff focuses on the major objectives of developing effective leadership, good government, healthy communities, educated people, and adequate jobs.

The Office for Black Economic Development (OBED) was established toward the end of 1975 when a review of the state's economic data clearly indicated that black citizens were not sharing equally in the economic gains made by the white population. The office has as a prime responsibility the coordination of the talents of all the R & D Center's divisions to help stimulate minority developments.

TVA serves some 30 counties in my state of Mississippi. Those 30 counties contain the highest concentration, 31.7%, of minorities in TVA's 201 county service area. The minority population in this area has extremely severe and serious problems with unemployment, low educational attainment, and family incomes at or below the poverty level.

To illustrate the severity of the economic problems faced by minorities in Mississippi, a few statistics are revealing.

Approximately 59% of minority families have income less than the poverty level. With a 7.5 year median, the region has the lowest minority educational level in the Valley. The unemployment rate of 14.8% for the total black population is one of the highest in the entire country. Just as grim is the decline in ownership of businesses by blacks. For example, in Marshall County in north Mississippi, there were over 50 black enterprises in 1950. Today there are only 16 such businesses and available information points to continual losses.

Needless to say, there is definitely a need for the Tennessee Valley Center for Minority Economic Development whose mission is to provide the mechanism for translating TVA's new commitment to minority economic development into viable development projects and programs.

After only a relatively short period of operation, the Center is assisting in the development of minority business enterprises in Mississippi. If these identified enterprises are successfully established they would provide a projected total of 1040 new jobs and generate combined revenues in the first full year of operation of $8 million. We in Mississippi are looking forward to the Center establishing a Minority Enterprise Small Business Investment Company to make sorely needed capital available to our minority business community. Also the implementation of the Center's minority vendors purchasing program to assist minority firms in obtaining TVA contracts will be beneficial.

Of particular importance and interest to me in my position at the Mississippi Research and Development Center is the Tennessee Valley Center's establishment of a research and planning division. Its major objectives of developing an institutional research program and designing and performing minority-oriented socio-economic studies will enhance work already underway in Mississippi.

As a professional manager of a state economic research and planning agency I feel strongly that the foundation of all successful economic development projects is good solid research and planning. Thus, I am looking forward to a continued working relationship with the Center as we work jointly and cooperatively to provide the minority economic development community with the vital research and planning needed to develop and implement successful projects.

Speaking on behalf of the Mississippi Research and Development Center and my minority associates in the state and local government and the business community, we welcome and fully support the Center's efforts in minority economic development.

Thank you Mr. Chairman and members of the Subcommittee for giving me the opportunity to testify before you today.

Mr. BEVILL. Thank you for your very fine statement.

Mr. Robinson?

STATEMENT OF THEOTIS ROBINSON, JR.

Mr. ROBINSON. Mr. Chairman, Members of the Subcommittee on Energy and Water Development, I am Theotis Robinson, Jr., Vice President for Economic Development, the Knoxville International Energy Exposition, sponsors of the 1982 World's Fair. I am also a

member of the Tennessee Valley Center for Minority Economic Development's Board of Directors.

I am honored to appear before this distinguished subcommittee on behalf of the Tennessee Valley Center today.

Congressman Ford and my colleagues have presented to you an overview of the Tennessee Valley Center's purposes and some of the current business development activities. You have been told of projects such as a rabbit production farm in Greenville, Mississippi, a gasohol production project in North Carolina and an Industrial Park in Tennessee.

Those projects, as sound business ventures, seem feasible. But after all the feasibility studies are done, after all the market research has been completed, there still remains one substantial barrier that historically has impeded the economic progress of the African American population in the Southeast region. That barrier is venture capital and its lack of availability for minority business ventures.

In the seven State area served by the Center are located some 12 black owned banks. In 1978 these 12 banks had $242,597,000 in total assets. That compares to $226 million in assets in the Florida Coast Bank, a majority held bank and the 100th largest bank in the South.

Given the direct linkage between banks as sources of venture capital and business development, it is exceedingly clear that the problem of capital formation and development is critical to any regional program to address minority economic development. The attraction of capital to black-owned banks and other minority owned investment entities is essential.

In order to play a major role in the economical development process black owned banks must increase their deposits and assets significantly. Traditionally, racism, carefully nurtured personal and business relationships between majority persons, and a lack of political clout have been factors that have prevented black owned banks from obtaining substantial deposits from the major sources of deposits, the majority owned corporations and Federal, State and local government.

Clearly, black banks can use all of the assistance available to increase their deposits and profiability. The Tennessee Valley Center for Minority Economic Development is instituting an advisory council, the Capital Roundtable, to assist minority banks as a part of its overall capital formation program.

The Roundtable will be comprised of top executives from the region's majority and minority banks, minority entrepreneurs and members of the venture capital industry.

Without a strong capital formation program, no people, especially the minority community, can reasonably look forward to improving their economic status. Thus, as a minority resident of the Tennessee Valley region, and a board member of the Center, I strongly support its efforts to help finance good minority economic development projects and program.

Mr. BEVILL. Thank you very much. We will insert your prepared remarks in the record.

[The statement follows:]

MR. THEOTIS ROBINSON, JR's TESTIMONY

Before the

Subcommittee on Energy & Water Development

of the

U.S. House of Representatives'

Committee on Appropriations

Mr. Chairman, members of the Subcommittee on Energy and Water Development, I am Theotis Robinson, Jr., Vice President for Economic Development, the Knoxville International Energy Exposition, sponsors of the 1982 World's Fair. I am also a member of the Tennessee Valley Center for Minority Economic Development's Board of Directors. I am honored to appear before this distinguished Subcommittee on behalf of the Tennessee Valley Center today.

Congressman Ford and my colleagues have presented to you an overview of the Tennessee Valley Center's purposes and some of the current business development activities. You have been told of projects such as a rabbit production farm in Greenville, Mississippi, a gasahol production project in North Carolina and an Industrial Park in Tennessee. Those projects, as sound business ventures, seem feasible. But after all the feasibility studies are done, after all the market research has been completed, there still remains one substantial barrier that historically has impeded the economic progress of the regions African American population. That barrier is venture capital and it's lack of availability for minority business ventures.

In the seven state area served by the Center are located some 12 Black owned banks. In 1978 those 12 banks had $242,597,000 in total assets. That compares to $226,000,000 in assets in the Florida Coast Bank, a majority held bank and the 100th largest bank in the South. Given the direct linkage between banks as sources of venture capital and business development, it is exceedingly clear that the problem of capital formation and development is critical to any regional program to address minority economic development. The attraction of capital to Black-owned banks and other minority owned investment entities is essential.

In order to play a major role in the economical development process black owned banks must increase their deposits and assets significantly. Traditionally, racism, carefully nurtured personal and business relationships between majority persons, and a lack of political clout have been factors that have prevented black owned banks from obtaining substantial deposits from the major sources of deposits--the majority owned corporations and federal, state and local government.

Clearly black banks can use all of the assistance available to increase their deposits and profitability. The Tennessee Valley Center for Minority Economic Development is instituting an advisory council, the Capital Roundtable, to assist minority banks as a part of its overall capital formation program. The Roundtable will be comprised of top executives from the region's majority and minority banks, minority enterpreneurs and members of the venture capital industry. One of its major goals is to develop strategies to increase deposits of black banks and thus enhance their ability to make loans to black consumers and businesses.

The problems of capital formation are not limited to black banks but to the minority business community as a whole. The reasons for limited capital investments in minority businesses include:

1. Inflation with its tendency to inspire investors' preference to make investments in large companies at the expense of smaller ones;
2. The growing concentration of equity funds among highly conservative, large institutional investors;
3. A growing trend favoring debt over equity investments; and
4. Taxes and other government imposed burdens on small business.

The Center's Capital Formation program is a worthy effort to address the problems I just outlined. It consists of two principal strategies--a project identification strategy and a financing and investment strategy.

The project identification strategy is designed to identify worthy economic development opportunities, programs and projects. Through its information networks and linkages with minority business enterprises, community based economic development groups, and financial institutions, the Center will identify projects deserving financing.

The Center's financing and investment strategy is designed to obtain the financing required for projects identified. This strategy is implemented employing two approaches:

1. Providing equity and debt financing directly to entrepreneurs and community economic development groups through its proposed Minority Enterprise Small Business Investment Corporation (MESBIC), and revolving loan fund. The establishment of the MESBIC is crucial to addressing the severe lack of equity and venture capital in the seven state region. Without sufficient equity investments many otherwise deserving projects have gone and will go unfinanced. The revolving loan fund will provide short and long-term loans to minority enterprises to help meet working capital needs and to purchase equipment.

2. Utilizing available services of financial institutions and funding agencies, for example, the Small Business Administration and the Economic Development Administration to provide funds. The Center will establish institutional linkages between financial institutions and governmental agencies in order to maximize the leverage potential of private and public investment dollars.

Without a strong capital formation program, no people, especially the minority community, can reasonably look forward to improving their economic status. Thus, as a minority resident of the Tennessee Valley region, and a board member of the Center, I strongly support its efforts to help finance good minority economic development projects and program.

STATEMENT OF THEODORE DEBRO

Mr. BEVILL. Mr. Debro?

Mr. DEBRO. Mr. Chairman and distinguished Members, my name is Theodore Debro. I am with the Mississippi Industrial College, Holly Springs, Mississippi.

I am honored to have this opportunity to testify before you today and would just like to reiterate what Congressman Ford said, that there are 62 predominantly black colleges and universities in this seven State region.

This represents approximately 105,000 students. There are several programs at the TVC that are currently operating with black colleges and universities, but I would like to highlight just the one that is connected with my institution, Mississippi Industrial College.

We are studying the feasibility of establishing a number of small businesses that will provide both employment and educational opportunities for the people in our region.

With Federal funds being cut off in most of the programs for black higher education, we find that we need some source of income to maintain and continue the growth of black higher education in the seven State region.

We think that we will have an opportunity to demonstrate to other black colleges a possibility of establishing some businesses to provide an economic base and income in the future.

Without the Tennessee Valley Center, we would not even have the possibility of starting such a study, starting such a project. It is my hope that the Tennessee Valley Center would be continued for many years to come in order that we could even have the survival of the black colleges and the black universities in the area of the seven States.

Thank you very much, Mr. Chairman, and I will submit my testimony for recording in the record.

[The statement follows:]

STATEMENT ON THE TENNESSEE VALLEY CENTER FOR MINORITY ECONOMIC DEVELOPMENT AND ITS RELATIONSHIP WITH HISTORIC BLACK COLLEGES AND UNIVERSITIES

TO

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
(COMMITTEE ON APPROPRIATIONS) OF THE
U. S. HOUSE OF REPRESENTATIVES

BY

Dr. Theodore R. Debro, Jr., President
Mississippi Industrial College
Holly Springs, Mississippi

March 24, 1980

Mr. Chairman and distinguished members of the subcommittee on Energy and Water Development, my name is Theodore Debro, a native of the 1st TVA City, Tupelo, Mississippi, and President of Mississippi Industrial College, which is located in Holly Springs, Mississippi. I am honored to be given the opportunity to testify before you on the Tennessee Valley Center for Minority Economic Development and its relationship with predominantly black colleges and universities in the seven state region it serves.

There are 62 predominantly black colleges and universities in this seven state region with a total enrollment of approximately 105,000 students. Over half of the black students earning baccalaureates in the region receive them from these black institutions. Historically black colleges have proven themselves to be a vital national resource. Seventy-five percent of Black Americans with Ph. D. degrees are products of historically black colleges as are 75 percent of black military officers, 80 percent of black Federal judges and 85 percent of Black physicians.

Many of these colleges are over 100 years old. My own institution is preparing to celebrate its seventy-fifth anniversary next fall. While these institutions differ in their age, size, and type of programs offered, they all share the same historic mission of providing educational opportunities for the disadvantaged, who all too often were denied admission to other institutions. Today many years after the Brown decision, we still find that Black students are often denied admission to institutions of higher education because they cannot meet certain test score requirements as a result of the poor quality of their primary and secondary schooling. It is the mission of the historically Black college to take in such students and equalize their educational opportunities. We believe that we have been successful in this mission because we have been able to develop educational programs which are sensitive to the needs of minority students.

The project which the Tennessee Valley Center is currently exploring with Mississippi Industrial College is an example of an innovative approach to both the educational needs of Black students and the need for economic development in the seven state region. Our College is located in Northwestern Mississippi approximately fifty miles Southeast of Memphis. The counties surrounding the College are largely rural. Agriculture is important economically, but the nature of agricultural employment has changed dramatically in the past few decades with the advent of mechanization. There are now fewer jobs available in this sector, and those who have been displaced have limited skills; thereby creating a serious problem of structural unemployment. Sixty-two percent of the population of our country is black, and thus the burden of this structural unemployment has fallen heavily on the minority community. Fifty-four percent of the black families in the country have family incomes that are less than 75 percent of the poverty level. The unemployment rate for black males runs around nine and one half percent and the rate for black females approaches 20 percent. These statistics make clear that the economy in our local area has failed to meet the employment needs of all people and especially minority people.

In the face of the problems, of minority unemployment a decline in the independent Black owned business has been the major tragedy in our area. A study conducted by our Social Science Department found that in the 1950's there were over 50 Black enterprises operating in our county compared to 16 such businesses today. The erosion of the black economic base in the region is being further compounded by the loss of black land ownership as land development to meet the demands of the Memphis regional population forces up land prices. Small black farmers are becoming less and less able to make a living from farming, and thus they are bought out by the land developers. Because they are otherwise unskilled they are unable to employ their capital in new enterprises, and it is quickly lost in meeting the needs of survival.

With the assistance of the Tennessee Valley Center, Mississippi Industrial College is studying the feasibly of establishing a number of small businesses that will provide both employment and educational opportunities for the people in our region. In the long run we hope that our program will lead to the establishment of many black owned and operated businesses. To accomplish these goals we are borrowing some ideas that we have learned from educating minority science students. Typically Black youngsters are turned off by science early in their school career. They have limited success experiences with science in school, and thus they avoid taking further courses in science. One result, of course, is that the nation suffers greatly from the dearth of minority scientists.

Our College found that it was impossible to interest our black students in pursuing science by enrolling them in typical lecture courses. We did find a surprising thing however. If given an opportunity to work along side a research scientist in his laboratory, these same students became very excited by science. They learned by imitation to do the same things the scientist did. They experienced success in an area that had previously been perceived to be impossible to succeed in. These same students then became very interested in learning more about the theory behind the research. We call this the Scientist-Mentor approach to science education.

We believe that the Scientist-Mentor model of science education can be adapted to meet the educational needs of minority students who wish to pursue a business career. As in science, most blacks have not had much experience with business. Models of successful black enterprise are limited and far from the every day experience of rural black youth. We propose to establish a series of business enterprises on land that is part of the Mississippi Industrial College campus. Each business enterprise would provide a business learning laboratory similar in nature to the scientist's research laboratory. The research laboratory provides real life experience in science as actual new scientific knowledge is being developed. A business enterprise would provide the same real life business experience for our business management students. The manager of the business would also be a faculty member and would serve as a mentor for business students, who would work along side him in meeting the daily requirements of operating the business. For example, when new marketing strategies must be developed to move merchandise, the Manager-Mentor would work through the solution of the marketing problem with a small team of students. In the process students would begin to develop marketing skills in real life situations, and the world of business would no longer be something alien to their experience or a text book abstraction.

Such real life experiences are critical for minority students because enterpeneurship and the managerial function has not been much a part of the experience of the black community. Working with a successful black businessman, the Manager-Faculty member in this case, will reinforce in our minority students the notion that success in business is indeed an obtainable objective for them.

The development of campus based businesses would also generate employment for minority inhabitants in the community, and it would allow them to channel their considerable purchasing power to black enterprises. Small Black businessmen whose operations are presently hampered by lack of technical expertise would also have an important resource of technical assistance in the Manager-Faculty member. For example, the majority of Black businesses in our area have difficulty maintaining good accounting systems. As part of the College's business development.

Another important aspect of this project would be the testing of the feasibility of developing new sources of revenue for Black colleges. Black education today is extremely dependent on Federal programs for financial support since Black students are typically poor and unable to finance their education. Federal programs change rapidly in their funding levels and in the types of projects they support. Thus the financial base of the Black college is not only unstable, but academic programs are often subject to abrupt curtailment. A new model for financing Black education must be provided if the longest term survival of Black colleges is to be assured. We believe that the many positive aspects of our free enterprise system should be harnessed to guarantee the survival of Black institutions that have contributed so greatly to our country's growth.

Mr. Chairman, we believe that we have a concept of business education and development that would greatly benefit the Black community and our region as a whole. We feel fortunate to have an organization such as the Tennessee Valley Center to turn to for assistance in attempting to put this concept into practice. The Tennessee Valley Center has been most helpful and the only source available in working with us to study whether such a project is feasible. Because they share the same commitment that we do to the economic development of our region and the same commitment to the concept of providing equal opportunity to all, we believe that it is essential that Congress do all that it can to support the valuable work of the Tennessee Valley Center.

In closing, I would like to point out that our proposed project is only one of many ways that the Tennessee Valley Center is working with and assisting Black colleges and universities in promoting economic development. We are particularly excited by the Center's possibility of collecting data for research activities of of our colleges relative to energy, and economics and social problems and helping to get the results of these efforts implemented so as to our nation. We are excited by the Center's proposal to establish a Technology Innovations Center at a predominantly Black university in the seven state region. Black colleges and universities can make a real contribution to this center in terms of the research and other expertise they have to offer. The Technology Innovations Center would help to unlock the great potential that the Black colleges and universities have in assisting in regional economic development.

These resources when coupled with those of TVA and the Tennessee Valley Center itself should make a major impact on our region.

Mr. Chairman and committee members, we as minorities in this nation must not only train for jobs but we must create jobs. Our ultimate aim is and must be to become involved in the full circle of national and international economics and affairs.

This goal means organization, discovering of the worth of capital and knowing how to put a dollar to profitable use, attracting additional dollars and gaining additional purchasing power. As blood circulates in a body, keeping it warm, breathing and alive, so money must flow and flow, and circulate through and through the concentrated rural communities of the Tennessee Valley area, passing around in order to breath life into it and provide new aspirations and opportunities for the young minority of America that is coming along.

Mr. Chairman, we need the Tennessee Valley Center. Thank you and all the members of the subcommittee for this opportunity to hear our needs and how they can be met through the Tennessee Valley Center for Minority Economic Development.

STATEMENT OF MARION REX HARRIS

Mr. BEVILL. Thank you. Mr. Harris?

Mr. HARRIS. My name is Marion Rex Harris. I am the Chairman of the Board of International and Domestic Cooperation, and I am located in Fayetteville, North Carolina.

I also think that I was their first client and I am here to testify before you today that my companies are involved in coal and oil, that if it had not been for the TVC that we could have never got off dead center with TVA in the coal industry.

Not that I think the problem there is that the TVA really just has not learned how to deal with small business, whether they are minority or what they may be, the TVC has laid the ground work for the TVA that allows small businesses and minority businesses to have a greater input without a higher expense.

To give an example, I have been able to coordinate with TVC through Percy Harvey, who is president; that would have cost me many dollars of travel back and forth in submitting evidence. I say to you if TVC does not continue to work with TVA, not only the minority, the small business input in TVA would be a disaster, because it is such a giant that they have not learned to deal with the minority, the small business in this country.

Mr. BEVILL. This committee is certainly impressed with this delegation. You obviously brought a blue ribbon panel in here, Congressman Ford.

You know this committee is very interested in the Center. As a matter of fact, this committee put the $500,000 in last year at the request of Congressman Ford. So we are very interested in this Center and we are, I know I speak for the committee when I say, pleased to know that men of your capability and your caliber are working on this. You have the keen interest and the leadership that is needed. This subcommittee is going to work with Congressman Ford as we did last year on this item.

We appreciate each of you appearing and your fine statements.

Thank you very much for a very fine presentation, Congressman Ford. Mr. Drakeford's statement will be placed in the record at this point.

(The statement follows:)

MR. ROBERT DRAKEFORD'S TESTIMONY
Before The
Subcommittee on Energy & Water Development
of the
U.S. House of Representatives'
Committee On Appropriations

Mr. Chairman and honorable members of this Subcommittee. My name is Robert Drakeford, and I serve as the Mayor of Carrboro, North Carolina. I am also a member of the Board of Directors of the Tennessee Valley Center for Minority Economic Development. I am honored to have the opportunity to testify before you today on behalf of the Tennessee Valley Center for Minority Economic Development.

As the Mayor of a small town in North Carolina, I am impressed with the efforts of the Tennessee Valley Center for Minority Economic Development. The Southern region has the largest number of minority elected officials in the nation. Several of my collegues were involved in the planning of the Center, and over 100 minority elected officials sent letters of endorsement to the Chairman of the Board of the Tennessee Valley Authority in support of the concept of a comprehensive regional minority economic development center.

A large number of minorities and other disadvantaged groups live in the numerous small towns in the seven state region. Certainly, unemployment and underemployment are of major concern to us, as well as the lack of minority owned businesses. Benefits of various federal programs are never realized in these small towns because minorities and other disadvantaged groups lack adequate capacity building capabilities. Oftentimes, the process or the machinery does not exist that can mobilize people to take advantage of these valuable federal programs.

You can see why we elected officials would be so enthusiastic about a regional organization that could assist our communities in not only developing and expanding minority economic and community development, but also in capacity building which ensures that a permanent process of economic and community development will exist.

Capacity building is an extremely important concept of the Center which is committed to strengthening this capacity in communities where it already exists, and in developing capacity building processes in communities where they do not exist.

For example, the Center in cooperation with the TVA recently secured one hundred twenty one thousand dollars ($121,000) toward the acquisition of land to be used in the development of an Industrial Park in Fayette County, Tennessee in the city of Moscow. Fayette County, Tennessee, is the fourth (4th) poorest county in America, with a population of approximately 22,000 citizens of which 61% are Black.

However, the Center's involvement in the Moscow project does not end here. In fact, its work has, to coin a popular phrase, only just begun. In an effort to create infrastructure and local capacity, the Center's office of Community Development is now assisting residents of Moscow in the organization of a Local Development Corporation. This Corporation will be composed of representatives of minority and disadvantaged sectors of Fayette County. The Center plans to deed the land which it purchased to the Local Development Corporation. This asset can then be used to leverage loans from the Small Business Administration, other Federal Agencies, and private financial institutions. This process guarantees that the people of the community will have considerable involvement in the decision-making process that determines what type of businesses will be located in the Industrial Park. Of course, the Center will be available to lend technical assistance to the Local Development Corporation whenever there is need.

This is only one of numerous examples of how the Center is involved with small towns and rural areas of the seven states, and not just the large urban areas. My colleague, Mr. Harris, has mentioned some of the other projects in his presentation. But I would also like to mention that the Center and TVA have become involved with the community of Triana, Alabama, a rural minority community that has been stricken by DDT contaminated waters that affected the town's major economic resources - its fishing industry. The Center is also involved in projects in Tuskegee, Alabama. Both Tuskegee and Triana have minority mayors.

In addition, the North Carolina Conference of Black Mayors, comprised of 15 mayors of various sized towns and cities, developed a technical proposal for the production of acetone-butanol-ethanol as a substitute for gasoline. The object of this effort is to make our small towns energy independent by producting this product for municipal uses. Working with the Center and the TVA, we are confident that this project will succeed.

The minority elected officials from throughout the Tennessee Valley region will continue to support the efforts of the Tennessee Valley Center for Minority Economic Development. We are sure, that with increased funding, and the continued commitment of TVA and its vast resources this viable organization will be able to expand its programs, activities and resources so that minorities and other disadvantaged groups can see that minority economic and community development can, indeed, be a living and dynamic reality.

Thank you Mr. Chairman and members of the Subcommittee for your time and consideration.

BASIC ENERGY RESEARCH PROGRAM

WITNESS

DAVID S. SAXON, PRESIDENT, UNIVERSITY OF CALIFORNIA, CHAIRMAN OF THE SCIENCE AND RESEARCH COMMITTEE OF THE ASSOCIATION OF AMERICAN UNIVERSITIES

Mr. BEVILL. The committee will come to order.
You may proceed, Mr. Saxon.

STATEMENT OF DAVID S. SAXON

Mr. SAXON. I have submitted a written statement for the record, Mr. Chairman, and I will not read it in full.
I will summarize it for you, with your permission.
Mr. BEVILL. Thank you, that will be fine. Your complete statement will be in the record.
[The statement follows:]

HOUSE APPROPRIATIONS SUBCOMMITTEE
ON ENERGY & WATER DEVELOPMENT

DAVID S. SAXON, PRESIDENT
UNIVERSITY OF CALIFORNIA

WASHINGTON, D.C.
MARCH 24, 1980

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM DAVID SAXON, PRESIDENT OF THE UNIVERSITY OF CALIFORNIA AND CHAIRMAN OF THE SCIENCE AND RESEARCH COMMITTEE OF THE ASSOCIATION OF AMERICAN UNIVERSITIES. I AM DELIGHTED TO REPRESENT AMERICA'S PRINCIPAL RESEARCH UNIVERSITIES TO YOU TODAY. THIS COMMITTEE HAS A MOST RESPONSIBLE AND CONTROVERSIAL TASK: NOTHING LESS THAN TO ESTABLISH OUR COUNTRY'S ENERGY PRIORITIES. I HOPE THAT MY COMMENTS WILL BE HELPFUL.

NEWSWEEK MAGAZINE IN A LONG FEATURE EDITORIAL LAST JULY 16 ATTEMPTED TO ANSWER ITS HEADLINE QUESTION, "WHY WE MUST ACT NOW." WITH THE FOLLOWING WORDS:

> "THE PROBLEM IS AS GRAVE AS ANY AMERICA HAS FACED SINCE WORLD WAR II--A NATIONAL SECURITY ISSUE OF SUCH SCOPE AND COMPLEXITY THAT IT IS TRANSFORMING THE ECONOMY, THREATENING TO DESTROY POLITICAL CONSENSUS AND UNDERMINING TRADITIONAL LIFE-STYLES."

I AGREE WITH THE NEWSWEEK ASSESSMENT. AND, IF ANYTHING, AMERICA IS IN WORSE SHAPE TODAY WITH 20% INFLATION THAN IT WAS LAST JULY. I ADMIRE THE COURAGE OF THE MEMBERS OF THIS COMMITTEE WHO MUST MAKE THE CRITICAL SPENDING DECISIONS THAT WILL SHOW US THE WAY OUT OF THIS CRISIS . . . OR THAT WILL WORSEN IT.

It is, therefore, with some humility that I offer advice.

My principal message today is that our research universities are making important contributions to the national effort but they can do more. Much more.

The Office of Energy Research budget request for university research in FY 1981 is $176 million, an increase of 22% over FY 1980. Even with inflation that represents a real increase and a step in the right direction. Total DOE research conducted in universities will increase from $320 million in FY 1980 to $361 million in FY 1981 if the President's budget is approved. Finally, let me note that DOE now ranks fourth (behind HEW, NSF and DOD) among federal agencies that support university research. If current trends continue, DOE will overtake DOD in 1982 or '83. All of this represents significant progress. On behalf of my colleagues in research universities, I commend the Congress.

What else needs to be done? I would like to make these recommendations--one for improving the way that DOE relates to universities, and two for improving the research program of DOE.

With respect to the first, our institutions are by and large, quite satisfied with their relations with the Office of Energy Research. Dr. Frieman and Dr. Deutch before him both understand how to deal with universities. My faculty tell me, however, that it is not so easy to relate to some other DOE program offices.

SINCE THOSE OTHER OFFICES TEND TO BE "MISSION-ORIENTED," THEY APPEAR TO BE MORE COMFORTABLE WHEN THEY SUPPORT INDUSTRIAL RESEARCH. THEY ARE A GREAT DEAL LESS COMFORTABLE WITH THE UNCERTAINTIES OF UNSOLICITED PROPOSALS FROM UNIVERSITY FACULTY.

I PROPOSE THAT EACH MAJOR RESEARCH GROUP IN DOE ESTABLISH AN OFFICE FOR ADVANCED RESEARCH AND TECHNOLOGY (PERHAPS SIMILAR TO THE ONE RECENTLY ESTABLISHED FOR FOSSIL ENERGY) WHICH WOULD BE THE PRINCIPAL CONTACT POINT FOR UNIVERSITIES AND WHICH WOULD WELCOME UNSOLICITED PROPOSALS.

THAT PROPOSED STRUCTURAL IMPROVEMENT IN DOE LEADS ME TO MY NEXT RECOMMENDATION. THE CONGRESS SHOULD, I THINK, URGE THE DEPARTMENT TO EMBARK ON A SERIES OF LONG RANGE RESEARCH PROGRAMS IN EACH OF THE DEPARTMENT'S MAJOR RESEARCH AREAS. ADMITTEDLY OUR COUNTRY IS SUFFERING FROM AN ENERGY CRISIS AND IMMEDIATE ANSWERS ARE NEEDED. BUT I FEAR THAT IN A HALF GENERATION FROM NOW, WE WILL BE NO CLOSER TO SOLUTIONS THAN WE ARE NOW. UNIVERSITIES ARE THE PRINCIPAL SOURCE OF LONG RANGE AND FUNDAMENTAL RESEARCH AND THEY SHOULD BE BETTER USED BY THE DEPARTMENT. THE OFFICES FOR ADVANCED RESEARCH AND TECHNOLOGY THAT I SUGGEST COULD HELP GIVE EACH AGENCY IN DOE THE PROPER LONG RANGE FOCUS.

FINALLY, I WANT TO ENDORSE THE NEW DOE INITIATIVE FOR UNIVERSITY ENERGY RESEARCH WHICH IS REQUESTED IN THE ADMINISTRATION'S BUDGET. DR. FRIEMAN IN HIS TESTIMONY BEFORE THE HOUSE COMMITTEE ON FEBRUARY 26 DESCRIBED THE PROGRAM USING THE TERM

"GOAL-ORIENTED" RESEARCH. GOAL-ORIENTED BASIC RESEARCH IS INTENDED TO FILL THE GAP BETWEEN DISCIPLINARY RESEARCH SUPPORTED BY BES AND DEMONSTRATION PROJECTS IN DOE MISSION-ORIENTED GROUPS.

A LITTLE BACKGROUND MAY BE HELPFUL. NEARLY A YEAR AGO AT A MEETING OF THE ASSOCIATION OF AMERICAN UNIVERSITIES, FRANK PRESS, DIRECTOR OF THE OFFICE OF SCIENCE AND TECHNOLOGY POLICY, AND STUART EIZENSTAT, ASSISTANT TO THE PRESIDENT FOR DOMESTIC AFFAIRS AND POLICY, CHALLENGED THE PRESIDENTS OF AMERICA'S 48 GREATEST RESEARCH UNIVERSITIES TO PROPOSE HOW THEY MIGHT MAKE A MORE SUBSTANTIAL CONTRIBUTION TO AMERICA'S ENERGY NEEDS. IT FELL UPON ME AS CHAIRMAN OF AAU'S COMMITTEE ON SCIENCE AND RESEARCH TO CONVENE AN ADVISORY COMMITTEE REPRESENTING THE PUBLIC AND PRIVATE SECTORS AND CHAIRED BY DR. JACK M. HOLLANDER, ASSOCIATE DIRECTOR OF LAWRENCE BERKELEY LABORATORY, TO MAKE RECOMMENDATIONS AND TO PREPARE A PROPOSAL FOR THE GOVERNMENT. DOE'S $3 MILLION NEW INITIATIVE IS THE OUTCOME OF THAT PROPOSAL. IT REPRESENTS AN IMPORTANT FIRST STEP IN RESPONSE TO THE AAU PROPOSAL.

THE ADVISORY COMMITTEE ALSO IDENTIFIED AN IMPORTANT GAP IN CURRENT DOE RESEARCH EFFORTS. THERE IS NOW NOT ENOUGH OF A RELATIONSHIP BETWEEN THE BASIC RESEARCH SUPPORTED BY DOE AND THE APPLIED AND DEVELOPMENTAL RESEARCH SPONSORED BY THE MISSION-ORIENTED R&D AGENCIES IN THE DEPARTMENT. FOR CONVENIENCE THEN WE LABEL THE MISSING TYPE OF RESEARCH "GOAL-ORIENTED BASIC RESEARCH."

IF YOU APPROVE THE PROGRAM, THE $3 MILLION WILL BE USED TO BEGIN ESTABLISHING A SPECIAL RELATIONSHIP BETWEEN UNIVERSITIES AND THE DEPARTMENT OF ENERGY. USING WHATEVER ADMINISTRATIVE STRUCTURE THAT IS MOST SUITABLE TO THEIR PURPOSES AND THEIR RESEARCH ENVIRONMENT, SELECTED UNIVERSITIES WOULD MARSHALL THEIR RESOURCES TO CONDUCT RESEARCH ON AREAS AGREED UPON WITH THE GOVERNMENT. THE UNIVERSITIES MIGHT CONDUCT ADVANCED RESEARCH INTO BOTH ENERGY SUPPLY AND ENERGY END-USE, OR DEMAND. THE AREAS OF RESEARCH CHOSEN WOULD BE DETERMINED BY CRITICAL INFORMATIONAL NEEDS, AND WOULD ENCOMPASS THE NATURAL AND ENGINEERING SCIENCES, AND THE SOCIO-ECONOMIC AND ENVIRONMENTAL SCIENCES.

TO MAKE SURE THAT EACH UNIVERSITY IN FACT DOES THE JOB PROPOSED IN THIS PROGRAM, IT WOULD BE REQUIRED THAT A CLOSE RELATIONSHIP BE DEVELOPED WITH INDUSTRIAL AND GOVERNMENT LABORATORIES THAT ARE CONDUCTING APPLIED AND DEVELOPMENTAL RESEARCH IN THE SAME GENERAL AREAS. INCIDENTALLY, THIS GENERAL APPROACH HAS BEEN ENDORSED BY THE BUSINESS-HIGHER EDUCATION FORUM SPONSORED BY THE AMERICAN COUNCIL ON EDUCATION. THAT FORUM IS MADE UP OF CHIEF EXECUTIVE OFFICERS OF MAJOR UNIVERSITIES AND INDUSTRIAL CORPORATIONS.

A FINAL BUT IMPORTANT ATTRIBUTE OF THE PROPOSED PROGRAM IS EDUCATION. AN IMPORTANT CRITERION FOR SELECTING UNIVERSITIES TO SERVE WILL BE STUDENT INVOLVEMENT. UNDERGRADUATE AND GRADUATE DEGREE CANDIDATES WILL PARTICIPATE ACTIVELY IN THE RESEARCH AND WILL BECOME AN IMPORTANT SOURCE OF SPECIALISTS AND LEADERS IN ENERGY. THE BEST HOPE FOR CONTINUED EFFECTIVENESS IN DEALING

WITH THE COMPLEX PROBLEMS ASSOCIATED WITH THE PRODUCTION AND USE OF ENERGY IS A STEADY FLOW OF TALENTED AND WELL-TRAINED SCIENTISTS AND ENGINEERS. THIS ELEMENT IS CRITICAL TO THE NATION'S ABILITY TO MEET THE EXTRAORDINARY DEMANDS THAT WILL BE POSED IN THE COMING DECADES FOR PEOPLE HIGHLY TRAINED IN THE ENERGY-RELATED SCIENCES. IT IS A CONTRIBUTION UNIQUE TO UNIVERSITIES AND DEPENDS UPON A VITAL RESEARCH PROGRAM.

MR. CHAIRMAN, I WOULD NOT BE HERE TODAY IF I DID NOT THINK THAT THIS NEW INITIATIVE IS A SIGNIFICANT DEPARTURE FOR OUR COUNTRY. $3 MILLION DOES NOT MEASURE ITS POTENTIAL FOR IMPROVING THE TOTAL RESEARCH PRODUCT OF DOE. WHAT WE ARE ASKING FOR IS A CHANCE TO GET A PILOT PROGRAM STARTED IN 1981. WE WILL ASSESS ITS WORTH AND SUGGEST IMPROVEMENTS NEXT YEAR. WE ARE PROPOSING A SMALL AND CONSERVATIVE BEGINNING FOR AN IMPORTANT NEW PROGRAM. I BELIEVE ITS CHANCES OF SUCCESS ARE GOOD AND THAT WE MUST PLAN ON REASONABLE EXPANSION AND STABILITY OF FUNDING OVER THE NEXT DECADE.

SUMMARIZING, MR. CHAIRMAN, WE HAVE PROPOSED THAT:

1. UNIVERSITIES BE SUPPORTED IN COHERENT GOAL-ORIENTED BASIC RESEARCH PROGRAMS DIRECTED TO THE ENERGY AREA;
2. SUCH A PROGRAM INCLUDE A SIGNIFICANT ROLE FOR THE ENERGY INDUSTRY;
3. THE MISSION R&D AGENCIES WITHIN DOE COUPLE THEIR APPLIED AND DEVELOPMENTAL RESEARCH WITH LONG RANGE GOAL-ORIENTED BASIC RESEARCH;

4. THOSE AGENCIES ORGANIZE OFFICES TO DEAL MORE EFFECTIVELY WITH UNIVERSITIES; AND
5. THE COMMITTEE SUPPORT THE NEW DOE INITIATIVE FOR GOAL-ORIENTED UNIVERSITY ENERGY RESEARCH.

Basic Research
Energy Supply Research and Development - Operating Expenses
(Tabular dollars in thousands. Narrative materials in whole dollars.)

	FY 1979 Appropriation	FY 1980 Appropriation	FY 1981 Base	FY 1981 Request
University research support (ER)				
University institutional agreements:				
Operating expenses	800[a]	2,300	2,300	7,700
Subtotal	800	2,300	2,300	7,700
University reactor fuel assistance:				
Operating expenses	2,000	1,700	1,700	2,500
Subtotal	2,000	1,700	1,700	2,500
University/laboratory cooperative program:				
Operating expenses	3,155	2,800	2,800	3,800
Subtotal	3,155	2,800	2,800	3,000
Program direction:				
Operating expenses	244[b]	267[b]	278	320
Subtotal	244	267	278	320
Total, university research support	6,199	7,067	7,078	14,320

[a] Additional $1,400,000 budgeted under other programs.

[b] Reflects comparability adjustment for transfer of three positions from former Assistant Secretary for Institutional Relations to Energy Research in the amounts of $95,000 and $96,000 respectively.

Authorization: Sec. 209, P.L. 95-91

Summary of Changes

FY 1980 Appropriation enacted	$7,067
Built-in increases and decreases:	
Pay cost supplemental	11
FY 1981 Base	$7,078
Program Increases and Decreases	
University Research Support Program	
Support five new university institutional research awards (three awards on a replacement basis for projects completed in prior years)	$+ 800
Support goal-oriented and/or multidisciplinary university energy research programs	$+3,000
Add five new research projects in minority institutions research program	$+ 600
Increase number of minority research apprenticeships to 500	$+1,000
Establish low enriched fuel fabrication line, reinstate support for reactor sharing	$+ 800
Increase operating levels at 12 contractor sites in University/Laboratory Cooperative Program	$+1,000
Provide for salary, fringe benefit increases in program direction	$+ 42
FY 1981 Budget Request	$14,320

	FY 1980 Appropriation	FY 1981 Base	FY 1981 Request
University institutional agreements	$2,300	$2,300	$7,700

The university institutional agreements program provides support at universities and colleges for energy-related research focused on longer-term research problems which, in many cases, cut across the individual energy technologies under development by the Department.

Three program subactivities are included in this program. The first is directed at strengthening the energy research and management capabilities at a small number of major universities with significant and deep involvement in energy research and development. Research awards are made following review and acceptance of unsolicited research proposals prepared and submitted to the Office of Energy Research by the principal campus official concerned with scientific and technical research, for example, a vice president for research or a director of a campus-wide energy laboratory or institute. Awards are normally made for three years, subject to the annual review of program performance and the availability of funds. Significant flexibility is provided to the participating universities in this program to propose and carry out a mix of research and education-oriented projects. Normally, these awards include support for the following general activities: (1) small-scale or exploratory energy research projects supported for the purpose of testing promising new research ideas and concepts; (2) the development of university-wide energy education programs including new courses at the graduate level, workshops, and symposia; (3) information dissemination efforts including conferences and training sessions, and personnel exchanges directed at improving the flow of research findings to development groups in industry.

Special emphasis in these awards is placed on involving postdoctoral researchers and young faculty in applied energy research. Cost sharing is also provided by the participating universities from industrial and other private sources. Cooperative research projects with industrial research groups may also be included as part of an institution's overall plan as a means of enhancing and expediting the transfer of university research results to commercial application. This is the only Department of Energy program which provides opportunities to universities to contribute to the National Energy Program on a campus-wide and multidisciplinary level.

Seven universities currently are supported under this program: the University of Puerto Rico, the Massachusetts Institute of Technology, the California Institute of Technology, Stanford University, the Utah Consortium for Energy Research and Education (consisting of the University of Utah, Brigham Young University, and Utah State University), the University of Illinois at Urbana, and Purdue University. The University of Puerto Rico's support is part of the Department's commitment to the University to assist in the development and operation of a university-wide Center for Energy and Environment Research. Two new research awards are scheduled for FY 1980 to replace projects which were completed in FY 1979.

The second program subactivity in the university institutional agreements program is a new initiative proposed for FY 1981, directed at the gap in DOE support of energy R&D between the disciplinary-oriented research programs supported on a project-by-project basis through the Basic Energy Sciences Program and the engineering scale and demonstration-oriented programs in the technology development programs. This initiative is designed to fill that gap through the support of interdisciplinary teams focused on goal oriented basic research in areas critical to the technologies. Support would be provided for scientific and technical research and for socioeconomic and environmental research, as appropriate to the nature of the problem under study. Emphasis would be placed on novel concepts and on problems common to more than one technology requiring a multidisciplinary scientific attack. Incremental improvements of existing technical approaches, properly the responsibility of the technology programs, will not be supported. Examples of initial research areas for this program effort include advanced energy conversion systems, high temperature materials, electrochemistry, surface science and energy risk analysis. Further identification of high priority program areas will

be carried out in close coordination with the DOE technology programs. Close collaboration would also be maintained among the participating universities, the DOE National Laboratories and private industry.

This program effort would be initiated by DOE through the release of a broad competitive solicitation. Each university interested in developing proposals for this program will have to meet certain minimum eligibility requirements including evidence of superior established research and educational competence in energy-related fields, the potential pool of involved faculty and students, and strong institutional commitment to the program. Criteria used to evaluate and select the projects for support will include the scientific/technical merit of the proposed research (particularly in terms of new concepts or approaches) the demonstrated superior capabilities and experience of the faculty to be involved in the program, the existing research facilities and equipment available for the proposed program, multidisciplinary and/or goal-oriented research experience at the proposing university, and the likelihood of significant contributions that would either contribute directly to technology development programs or lead to development projects attractive to those programs. Evidence of institutional commitment such as dedicated faculty positions and, if appropriate, private sector interest such as cost-sharing would be evaluated within the context of specific proposals. The research program subsequently supported would build on existing research capabilities, while at the same time providing the program stability necessary to attract new people and ideas into energy R&D. If proposals are of sufficiently high quality, additional awards under this new effort would be made in subsequent budget years. The inter-disciplinary teams will typically require the commitment of several senior faculty supported by postdoctorals, graduate students and other technical experts over a several year period. The need for additional domestic doctoral-level engineering students is particularly critical in terms of future advanced energy R&D efforts. This program will be highly selective and only superior institutional proposals that fully meet these criteria will be funded.

The third program subactivity included in the university institutional agreements program is the minority institutions research and education program. Here, the intent is to develop new energy research capability at smaller, traditionally minority universities and colleges in order to broaden the base of participation and contributions to the National Energy Program by these institutions. An important related objective is to enhance the training received by minority science and engineering students working toward future careers in energy research and related fields.

Research projects supported in this program are based on the annual review of unsolicited research proposals submitted to the Office of Energy Research. In FY 1979, eleven research projects were supported with the following institutions: Howard University, Washington, D. C.; Atlanta University, Georgia; Tuskegee Institute, Alabama; North Carolina A&T State University, North Carolina; Alabama A&M University, Alabama; North Carolina Central University, North Carolina; Jackson State University, Mississippi; Prairie View A&M University, Texas; Bowie State College, Maryland; and Texas Southern University, Texas. Energy research supported in these projects ranged from basic energy science to environmental assessments, solar technology development, and coal conversion research. All projects included support for students. Total support in FY 1979 was $654,450 ($550,000 from ER and $104,450 from ET), with a similar amount planned for FY 1980.

The budget request of $7,700,000 in FY 1981 for the university institutional agreements program, an increase of $5,400,000 over the total available in FY 1980 will provide continued support for three current university institutional awards (the University of Puerto Rico, Stanford University, and Purdue University), second year support for the two new projects initiated in FY 1980, and five new awards to be made in FY 1980. These new awards will principally emphasize joint research efforts between university research groups and industry on selected energy research problems with strong potential for industrial application. Cost sharing will be required from participating industries in this effort. The total of ten research awards in this program subactivity is considered the optimum number of awards in the program based on the number of meritorious proposals received and program staff oversight responsibilities. In the proposed new initiative for the support of goal-oriented, multidisciplinary research

SUMMARY

Mr. SAXON. I am President of the University of California and Chairman of the Science and Research Committee, the Association of the American Universities.

I thus represent America's principal research universities in appearing before you today.

Newsweek Magazine in a feature story last summer tried to answer its headline question, "Why We Must Act Now", with the following words:

They said: "The energy problem is as grave as any America has faced since World War II, a national security issue of such scope and complexity that it is transforming the economy, threatening to destroy political consensus and undermining traditional life styles."

I agree with that assessment, and yet we are in worse shape today than we were last summer or a few years ago when that crisis first came to our attention.

In talking about that crisis, Mr. Chairman, it is probably important to recognize that in a sense we are facing a scarcity in the midst of plnty.

We are like the Ancient Mariner sitting in his boat in the middle of an ocean dying of thirst, surrounded by water, and not being able to use it, so it is with us at energy.

The energy is there. The question is how to transform it into usable form.

I will be brief. I have three recommendations:

One, for improving the way that the Department of Energy relates to universities; two, for improving the research program of the Department of Energy.

First, I am proposing that each major research group in the Department of Energy establish an office for advanced research and technology, perhaps similar to the one recently established for fossil energy, which would be the principal contact point for universities and which would welcome unsolicited kinds of proposals, research proposals that universities are accustomed to submitting.

Secondly, I believe that the Congress should urge the Department to embark on a series of long-range research programs in each of the Department's major research areas.

Of course, our country is suffering from an energy crisis right now and, of course, immediate answers are needed, but I fear that in half a generation from now we will be no closer to solutions than we are right today.

The Offices for Advanced Research and Technology that I suggest would help give each agency in the Department of Energy proper long-range focus and, third and finally, I want to endorse the new initiative of the Department of Energy that is in the Administration's budget, a level of $3 million for university energy research, which has been described by Dr. Frieman in his testimony in February.

He called the program Goal-Oriented Research, and this kind of goal-oriented basic research is intended to fill the gap between disciplinary research supported by the Basic Energy Sciences and the demonstration projects in the agency's mission-oriented groups.

Let me just come to my final summarizing statement, Mr. Chairman.

Basically, we are proposing the following, that the Department of Energy's $3 million initiative to establish coherent goal-oriented basic

research programs receive your support. That program is in the President's budget.

Secondly, such a program include a single role for the energy industry, a very important part of the program.

Thirdly, that the mission research and development agencies within the Department of Energy couple their applied and developmental research with long-range goal-oriented basic research.

Fourth, those agencies organize offices to deal more effectively with universities and, fifth, this committee support the new Department of Energy initiative for goal-oriented basic university energy research.

Thank you very much.

Mr. BEVILL. Thank you very much for a very fine presentation. We certainly appreciate your three suggestions.

Mr. SAXON. Thank you very much.

Mr. BURGENER. Mr. Fazio and I are particularly proud of President Saxon, who is President of what we believe is one of the greatest universities in the world.

We are honored to have you here and honored you would take the time to serve as Chairman of the Science and Research Committee of the Association of American Universities.

We appreciate it.

Mr. BEVILL. I think you are right. I think it is next to the greatest university in the country.

Mr. FAZIO. The President has been a great leader for the University. Last year at a meeting in Mr. Burgener's District in La Jolla, we had an opportunity to discuss this issue of basic research. A number of the new Members of Congress had just gone through a campaign which included a campaign against frivolous research in the Federal Government. We made it very clear to President Saxon that we felt the University had a significant role in interpreting what it was doing to make it possible for policy-makers to continue to provide money for basic research.

I am glad to see the term "goal-oriented". Most people want to know it is not frivolous. We agree that the purpose of energy research has got to rank very high. So I would like to welcome you here and second your comments.

Mr. BEVILL. You can go back to California feeling better about the country now. Congressmen Fazio and Burgener, a Democrat and a Republican, working together on behalf of the whole country.

Mr. SAXON. I leave with a smile on my face.

LASER FUSION PROJECT

WITNESS

PATRICK B. LONG, CHAIRMAN, KSM FUSION, INC.

Mr. BEVILL. Mr. Long from KMS Fusion is next.

Mr. LONG. I am the Chairman of KMS Industries and Vice-Chairman KMS Fusion, Inc.

I would request that my statement which I have supplied be made a part of the record.

Mr. BEVILL. It will be made a part of the record.

[The statement follows:]

STATEMENT OF PATRICK B. LONG
VICE CHAIRMAN, KMS FUSION, INC.

INERTIAL CONFINEMENT FUSION

KMS Fusion, Inc. (KMSF) of Ann Arbor, Michigan, has been involved in inertial continement fusion since 1971 and has invested over $20 million of its private capital in research and development work designed to establish inertial confinement fusion as a viable source of energy.

As many of you know, we originally were quite optimistic that a relatively modest investment would accomplish this objective. We now recognize that the task of bringing inertial confinement fusion on stream as an energy source will require substantial investments of money and talent. The Government is presently funding a national inertial fusion program which has two goals. In the short term, this research should contribute significantly to the area of nuclear weapons reserach and development. Over the longer term, it will become an alternate source of energy.

We are committed to making a siginificant contribution in both fields as part of the national inertial fusion program. Our role has been defined as a long term support role to the national program, working with the other participants, in the areas of pellet development and interaction physics. We are the only industrial participant in this program with a recognized, defined long term role.

The national inertial fusion program has been reconfigured to allow for the introduction of the "lead lab" management concept. Lawrence Livermore National Laboratory has been designated as the lead lab for the Nd:Glass Laser Development and One Micrometer or Less Coupling Experiments. Since the introduction of this management concept, we have been working continuously and successfully to implement the basic objectives of the lead lab program.

KMSF believes that the lead lab system offers the promise of a structured approach to a technologically challenging program. While it is too early to offer proof of its wisdom, we are confident that if it continues to operate as positively as it has in its initial stages, it will be a major success.

We are now in the process of becoming integrated into the national program in a very meaningful way. As a consequence, we are coming to grips with a new set of scientific and technical problems and are able to offer some fresh insights to the national labs on these problems. This has involved us more deeply in the area of "classified" research. We are confident that this process will result in more meaningful cooperation between all of the program participants.

1979 was a year of transition for KMSF. We completed the installation of our new 2 trillion watt laser system and began to conduct a set of experiments designed to test the effect of operating the laser at a shorter wavelength. In theory, the shorter the wavelength, the more effective the experiment should be in terms of energy coupling. It is critical that the national programs understand whether the theory is correct because inter alia, it will have a profound impact on the type of driver that the program ultimately selects. We are conducting these experiments in concert with our lead lab, Lawrence Livermore, which is similarly conducting a set of experiments to test the same phenomenon. KMSF was honored as one of a hundred outstanding participants in the annual IR100 Award Contest by Industrial Research magazine for its development of the inertial confinement fuel pellets.

During 1980 we see our tasks as two-fold: first, to support pellet activities at our own facility and at other labs and second, to conduct both classified and unclassified experimental program in support of the national program at our facility and perhaps at other labs. We are working in close conjunction with our lead lab and are attempting to establish a basis for co-operative efforts at The University of Rochester Laboratory for Laser Energetics as well as with other participants in the program.

We see a bright future for this program because of the promise of enhanced cooperation among the participants resulting from the lead lab concept. KMSF believes that given adequate funding from Congress, the national program can provide meaningful answers over the next several years. While we are anxious to see our own funding increased, we believe it is important that the whole program grow so that the most cost-effective work may be done by the participants. No other investment is likely to yield this Nation as useful information.

KMSF has secured technical approval from its lead lab for an expanded budget during FY-1981 of some $11.7 million. We have submitted this approved budget request to DOE which is giving it serious consideration. Unfortunately the President's FY-81 budget does not account for a $11.7 million program at KMSF. Our FY-81 program is designed to enhance the probability of delivering meaningful results to the national program in a timely fashion. KMSF considers itself fortunate to be moving in the direction of supporting a vital team effort at this critical moment in our history.

KMSF is addressing the issue of coupling, which is the transfer of energy from the laser beam to the target, as its main contribution to the national program. We are pursuing a careful, aggressive, experimental program to investigate the basic physics of laser-pellet interactions at shorter wavelengths of laser light. As an integral part of this experimental program, KMSF is expanding its target capabilities. This work is part of the national program is coordinated with our lead lab and is recognized as having the capacity to make a very significant impact on the whole inertial fusion field. In short, the work at KMSF will make highly leveraged contribution to inertial fusion.

CONCLUSION

KMSF respectfully submits that it would be very cost-effective for the national program to expand the DOE Inertial Fusion Budget

I am confident that if Congress increases the DOE funding to permit an expansion of the basic physics program to investigate wavelength dependency and related phenomena, the U.S. will realize a very sizeable return on its investment.

I would like to point out that the President's Budget most unwisely fails to provide funding for the development at Lawrence Livermore National Laboratory of the NOVA laser system. This is a devastating blow to the progress of government sponsored, long-lead-time high technology development. The United States government must encourage, and in many cases pay for, such long-lead-time projects. Once a decision to proceed with such a program as NOVA is made, the government must follow through, absent clear and convincing evidence that it is doomed to failure or some major shift in priorities by the user agency. NOVA is important to our government and to private industry, both for the progress which will be made as it is built and as a tool to investigate the boundaries of science. NOVA has the capacity to help solve many critical scientific and national security questions. It must be funded in this current budget.

Mr. LONG. KMS Fusion has spent approximately $20 million of its own funds in an effort to develop inertial fusion and is a prime contractor to the Department of Energy.

The inertial fusion program has two goals. One is a new term goal of nuclear weapons research and development and a longer term goal of energy.

At this point we are the only industrial participant in this program. The program was restructured late last fall, and early this year to implement what is called the "lead lab" management concept. The Lawrence Livermore National Laboratory has been designated for the lead lab concept with the University of California.

For the first time KMS Fusion will be doing classified research on its facilities in Ann Arbor.

1979 was an interesting year for us and one in which we accomplished a great deal; and the 1980s is working out very nicely. We installed a 2 trillion watt glass laser which is 2 trillion watts and working in the short wavelength regime which is very important to the national program.

We are the most powerful laser working in that regime at this time, and we are hopeful that the answers we get from this research will prove very useful to the program. During 1980 our mission is basically to work in the shorter wavelength and to develop some pellets for the program.

We have worked with the Department of Energy, and would like to congratulate and compliment the Department of Energy for their cooperation and leadership in our program, and I think that KMS Fusion is playing a more meaningful role in this program.

NOVA LASER SYSTEM

In conclusion, I would like to say a word on behalf of the NOVA Laser System at the Lawrence Livermore Laboratory. The President's budget has most unwisely failed to provide funding for that system today. Those of us involved in high technology research development programs have come to realize that long-lead time programs cannot just be turned on and off like a light switch. Once the government commits to something of this nature which is so utterly useful for both weapons research and energy development, it is incumbent upon the government to follow through.

We can't stop and start, stop and start. There are many subsystems that are dependent upon long lead time planning here, and it will be a great waste of money if we did not restore the NOVA project.

Thank you.

Mr. BEVILL. Thank you for a very fine statement.

ORME DAM, ARIZONA

WITNESSES

DON REEVES, LEGISLATIVE SECRETARY, FRIENDS COMMITTEE ON NATIONAL LEGISLATION; STEVE LINSCHEID, LEGISLATIVE ASSISTANT ON INDIAN AFFAIRS

Mr. BEVILL. The Chair recognizes Mr. Don Reeves.

Mrs. SMITH. Mr. Chairman, I want to join you in welcoming Mr. Don Reeves who comes from one of the most highly respected Christian

families in the Third District of Nebraska. Mr. Reeves is my good friend and he is the National Legislative Secretary of the American Friends Committee. We are glad to have you here, Don.

STATEMENT OF DON REEVES

Mr. REEVES. Thank you.

Mr. BEVILL. We know you are pleased with the good work that Mrs. Smith does here too.

Mr. REEVES. Once in a while we disagree, but I think a lot of Virgina Smith.

Mr. BEVILL. She does a great job on this committee, and we all appreciate her.

Mr. REEVES. I am accompanied by Steven Linscheid, a young Mennonite who is working with the Quakers.

The statement we have was drafted by Dan Shaffer on behalf of the Friends Committee on National Legislation and the Tempe Arizona Friends Meeting.

[The statement follows:]

TESTIMONY BY DANIEL SHAFFER IN BEHALF OF THE FRIENDS COMMITTEE ON NATIONAL LEGISLATION AND THE TEMPE (ARIZONA) FRIENDS MEETING BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT, REGARDING FUNDING OF THE ORME DAM, ON MARCH 24, 1980.

We appreciate this opportunity to appear before your Subcommittee to express our opposition to funding of the Orme Dam. While no one person or organization can represent the views of all Friends, there is a long-standing tradition of friendship and concern for American Indians among members of the Religious Society of Friends. I am currently a member of the Executive Committee of the Friends Committee on National Legislation. I also serve as Economic Planner for the Ft. McDowell Indian Community.

The Friends Committee on National Legislation is deeply concerned about the current attempt in the state of Arizona to construct a dam at the confluence of the Salt and Verde Rivers northeast of the City of Phoenix. There are many persuasive arguments against the proposed Orme Dam, including the existence of less costly alternatives and the fact that the dam would flood critical nesting habitat of the endangered bald eagle. Our primary concern, however, is with the devastating impact that Orme Dam would have on the Yavapai people of the Fort McDowell Indian Reservation. The reservoir behind the proposed dam would flood about 16,000 acres, nearly two-thirds of their reservation. Within these 16,000 acres are more than 6,000 acres of prime farm land and the best sand and gravel deposits in Central Arizona. Economists at the University of Arizona have estimated that these deposits over the next thirty years could generate revenues in excess of $200,000,000 for the Indian community. The Fort McDowell Indian Community, using its own funds, has already established a sand and gravel enterprise, and a tribal farm is scheduled to begin operation in the fall of 1980. Construction of Orme Dam would destroy the economic base of the Fort McDowell Indian Reservation and require the relocation of the more than 550 community members. It would also flood hundreds of archaeological and historic sites, two water plants which employ about a dozen Fort McDowell residents, a community cemetery, a new gymnasium, four churches, rodeo grounds, ballfields, and a thriving Indian-owned trading post.

We are now living in the final decades of the Twentieth Century, and we speak to the world of our commitment to the fundamental human rights of life, liberty, and the pursuit of happiness. Yet we persist in violating these very rights in our continuing exploitation of the American Indian.

Presented by Don Reeves, Legislative Secretary, Friends Committee on National Legislation, 245 Second St NE, Washington DC 20002 T-4a

DANIEL SHAFFER, Orme Dam, House Appropriations Subcommittee, 3/24/80 - 2

To a shameful extent the history of reclamation and flood control projects during this century has been a history of the taking and flooding of choice Indian lands. Dams have been built for the economic benefit of non-Indians and to rescue them from the consequences of their own mis-management of flood plains and water resources.

The Grand Coulee Dam took the best lands of the Colville Confederated Tribes. In the Northern Plains, Garrison, Oahe, Yellowtail, and Kerr Dams flooded choice lands of the Cheyenne, Flathead, Sioux, Crow, Arikari, and Mandan Tribes. The Cochiti Dam in New Mexico flooded lands of the Cochiti Pueblo.

In Arizona no fewer than four dams have been built which required the taking of Indian land and the relocation of Indian communities. Coolidge Dam flooded villages of the San Carlos Apache and the Gila Bend Papago were relocated by the Painted Rock Dam. Mohaves were displaced by Parker Dam, and the Navaho by Grand Canyon Dam.

There is almost universal bitterness and sadness among the Indian peoples so affected as they look back upon what was lost and what they received in exchange.

In the early 1960 the Allegheny-Seneca Indians of New York State staged a valiant struggle against the ill-conceived Kinzua Dam, which flooded one-third of their land--land which had been given to them in perpetuity in a treaty signed by George Washington.

The Religious Society of Friends assisted the Seneca in the negotiations of their 1794 treaty and we were at their side, too, when, 175 years later, they went to the Supreme Court to try to prevent the breaking of that treaty by the U. S. Government. In the words of a minute passed unanimously by the Tempe Friends Meeting on February 24, 1980, "We do not wish to see a similar injustice visited upon the Yavapai Indians of Fort McDowell."

For too long we have perpetuated the double standard of justice which upheld the property and water rights of non-Indians while ignoring those of the Indian people who were here long before us.

If we are an honorable and just nation, we are honorable enough to uphold the commitment that President Theodore Roosevelt made to the Yavapai in establishing the Fort McDowell Reservation seventy-seven years ago.

It is our recommendation that no funds be authorized or appropriated for construction or for advance engineering and design studies for any structure at the confluence of the Salt and Verde Rivers. The Central Arizona Water Control Study must be completed, as mandated by Congress. Secondly, we recommend that the legislation authorizing the Central Arizona Project be amended to preclude the taking of lands belonging to the Fort McDowell Indian Community without their consent. We further recommend that legislation be passed assigning flood control responsibilities to the federally chartered Salt River Project so that they may utilize the six existing dams upstream from Phoenix for flood control.

# # #

Mr. REEVES. Dan also serves as an economic planner for the Fort McDowell Mohave-Apache Indian community.

I am a little bit embarrassed to be speaking ahead of the representatives from that community who are here. They are scheduled next, and they will detail some of the things that I refer to, but I am here to express our concern that there seems to be renewed interest in the building of Orme Dam at the confluence of the Salt and Verde Rivers near Phoenix.

It comes out of the recent flooding of the Salt and Verde Rivers.

The thing I want to say here, when most people come asking for money, we are proposing that you spend less money than either has been or will shortly be proposed. There are a number of reasons to oppose the building of the Orme Dam, and one is that there are apparently alternatives, that the alternatives probably will be less costly than the Dam, but our principal concern is for the Yavapai Indians and the community they live on, Fort McDowell.

The Dam would flood most of the reservation and force the removal of the tribe. I have been on the reservation, and I am excited by some of the things that are happening there. They just now have actually started moving gravel. They have a tremendous sand and gravel resource which they are finally getting developed.

They have plans to get their tribal farm project off the ground this fall.

As an irrigated farmer in Nebraska, I recognize the potential that is there, and I am excited for that community and some of the things that could happen. Aside from this concern over the physical resource base of this tribe, I am concerned what going ahead with Orme Dam would say about the posture of the United States.

In the world we make quite a lot of human rights but this is one of the series of instances in which we have made promises to groups of people and going ahead with the Dam would mean violating that promise and that commitment.

I am not sure that reclamation and flood control projects are any worse than any other kinds of development that we have gone ahead with, but the record is pretty dismal, and we can supply quite a long list of projects which have forced the removal of Indian communities in spite of promises that have been made to them.

In 1749, which is quite a while back, the Quakers were with George Washington when he negotiated the Treaty with the Allegheny-Seneca Indians and promised them a reservation in New York State for as long as the rivers flow.

One hundred seventy-five years later than that we stood beside the Seneca Indians when they appeared before the Supreme Court in a field of effort to try to delay that project, and it was another instance in which there were alternatives that might have done better, or at least have provided the flood control there that was needed.

So we are here to say that we really hope that there will be no money in this bill for this project, at least until all of those alternatives have really been thoroughly explored.

We make three specific recommendations:

One, that no funds be authorized or appropriated for construction or advanaced engineering and design studies for any structure at the confluence of the Salt and Verde Rivers;

Second, we recommend that legislation authorizing the Central Arizona Project be amended to preclude any taking of land belonging to Ford McDowell Indian Community without their consent;

Third, we recommend legislation be passed giving flood control authority to the Salt River Project, and I think that the tribal testimony will develop the reasons for that.

Mr. BEVILL. Thank you very much for a very fine presentation. We are pleased always to have you come and give us your views and make your contribution.

OCOEE #2 HYDRO PLANT, TENN.

WITNESS

MARC HUNT, SUNBURST WILDERNESS ADVENTURES

Mr. BEVILL. It has been called to my attention that I overlooked Mr. Marc Hunt. Mr. Hunt, we would be glad to hear from you at this time.

Mr. HUNT. Thank you, Mr. Chairman. I have some statements I would like to submit.

Mr. BEVILL. They will be made a part of the record.

[The information follows:]

Testimony of Marc Hunt to the House Sub Committee on Energy and

Water Development of the Committee on Appropriations.

I am the president of Sunburst Wilderness Adventures, Inc., we are a commercial river rafting outfitter on the Ocoee River in Tennessee. I am presenting this testimony in regard to a five million dollar appropriation that would change the Tennessee Valley Authority's Ocoee #2 Hydro Plant from single to multiple purpose, and ensure the future of whitewater recreation on the river. The appropriation would go to offset lost power benefits, and guarantee water releases for recreation on 82 days each season for the life of the project, 35 years. I support the proposed appropriation, as reccomended by the T.V.A. I feel that my testimony accurately reflects the feeling of nearly all recreational users of the Ocoee.

People have been running whitewater rivers around the country for years. On the Ocoee, however, recreation has only recently developed. In September of 1976, the T.V.A. shut down its aged Ocoee #2 Hydro Plant for repair feasibility studies. The power project was considered single purpose by T.V.A., for power generation only. Another use soon made its presence felt. In 1977, 7,000 people came to ride the rapids of the Ocoee. It was becoming obvious that there was demand for recreation on the Ocoee. Controversey arose as to the best use of this resource, for power generation or recreation. In 1978, 23,000 people used the river, and a use compromise was suggested. It was felt that power could be generated most days at the plant, and water could be released on a schedule to satisfy recreation demand. In 1979, 38,000 people used the river, and T.V.A., having completed a cost-benefit analysis for the plant as a multi-purpose facility, proposed an 82 day schedule of recreation that would result in maximum overall benefits for the project. The proposed schedule would allow for more than 90% of possible power benefits to be realized, while providing an adequate schedule for recreation.

I feel that the recreational aspect of the Ocoee River is worth preseving for two reasons.

First, the Ocoee would provide a major recreational resource for the American public. In an 82 day season as proposed, about 80,000 people would enjoy the river. Use has increased dramatically. The Ocoee would be used to near capacity on all 82 days.

Second, the economy of the area would greatly benefit from the tourism resulting from recreation on the Ocoee. The Ocoee is located in one of the poorest areas in the South. Recent mass layoffs at the areas largest industry, a copper smelting plant, have worsened the situation. Ten commercial outfitters supply jobs for about 50 people each season. It is estimated that in an 82 day recreation season, about $2 million would enter the local economy.

I ask you to consider this appropriation as a priority item. As far as I know there is no opposition to the plan. Our Congresswoman, Marilyn Lloyd Bouquard, has expressed her support for our position. Local and state government leaders have expressed their support. The compromise plan resulted from consultation between T.V.A. staff and recreationists, and both sides are in full agreement. Recreation on the Ocoee is unique and worthwhile, and should be preserved. Recreation on the Ocoee means dollars that the local economy desparately needs. Please consider my thoughts.

MARILYN LLOYD BOUQUARD
3D DISTRICT, TENNESSEE

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PUBLIC WORKS
AND TRANSPORTATION
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February 26, 1980

Honorable Tom Bevill, Chairman
Subcommittee on Energy and Water Development
2362 Rayburn HOB

Dear Mr. Chairman:

The Tennessee Valley Authority has recently approved the reconstruction and reopening of the Ocoee #2 project which includes a crib, dam and a wooden flume line. As part of its proposal to reopen this facility, the TVA is requesting $5 million in appropriated funds to offset the cost of recreational releases of water below the Ocoee #2 Dam on an 82 day per annum schedule. This plan reflects a broadly supported compromise between the recreational users of this waterway and the demand for increased power generation in the area.

The Ocoee #2 project is a hydroelectirc generating facility located on the Ocoee River in Polk County in southeast Tennessee. The project consists of a diversion, or crib, a dam, and a wooden flume connecting the reservoir at the dam to a powerhouse 4.5 miles downstream. During normal operation of the project, water is directed from the reservoir behind the Ocoee #2 dam down the flume to turbines in the Ocoee #2 powerhouse. Water reenters the natural course of the river at the powerhouse just above the Ocoee #1 reservoir. When power turbines are not in operation, water spills over the crib dam, creating an exceptional 4.5 mile whitewater recreational section in the river between the dam and powerhouse.

Inspection of the wooden flume in 1976 revealed that the flume was in very bad condition, and operation was closed down. Since that time, water has been available for recreational use below the dam. The river is easily reached from U.S. Highway 46 and the river is near population centers. As a result, the normally dry Ocoee riverbed is used by whitewater enthusiasts and floaters. Thirty-eight thousand visits were documented during 1979.

Reconstruction of the Ocoee #2 dam and wooden flume will restore 19 megawatts of clean, low-cost hydro power at the existing Ocoee #2 plant. Operating 90 percent of the time, Ocoee #2 will yield about 120 million kilowatt hours of electricity each year. Production cost for a coal-fired alternative would be 6 to 7 times that of the rehabilitated Ocoee #2. The value of this power would be about $2,800,000 annually. These figures reflect provision of 82 days' flowage for recreation.

Unfortunately, releases to provide continuing recreational use of this stretch of the river between the dam and the powerhouse can only be made by bypassing the turbines at Ocoee #2 powerhouse. This makes the water unavailable for hydroelectric generating use. In contrast, diversion of the water during power operations preculdes recreational use of the river.

To accomodate river users after rehabilitation is completed, TVA could schedule water releases for recreation 82 days per year (weekends and national

holidays during the spring, summer, and early fall months). To compensate for this power loss during the 35-year life of the completed project, TVA would need a congressional appropriation of $5 million. This would guarantee recreational releases during the life of the project.

Under the TVA Act, TVA uses power system funds to pay for costs relating to power production. These funds are generated by the rates that are charged for the power consumed. Congressional appropriations, in contrast, fund those portions of TVA's programs unrelated to power generation, such as flood control, navigation, and recreation. Since as presently designed, Ocoee #2 is a single-purpose power project, the TVA Act would preclude the proposed recreational releases without some means of offsetting the losses to the power system. The secruing of appropriated capital funds will guarantee recreation benefits on a permanent basis after rehabilitation and would transform Ocoee #2 into a multipurpose power and recreation project.

Reclassification of this project from a single purpose facility (power generation) to a multipurpose facility (power generation and recreation) appears to be the best hope of accomodating the interests of all the groups involved in the project. The cost-benefit ratio that can be developed for the $5 million federal contribution is highly favorable, especially when the federal funds are amortized over the 35 year life of the project. Any consideration which your Subcommittee can give to recommending approval of the $5 million appropriated funds request, will be deeply appreciated.

With best regards.

Sincerely,

Marilyn

MARILYN LLOYD BOUQUARD
Member of Congress

Mr. HUNT. My name is Marc Hunt. I am from the southeastern corner of Tennessee, Polk County. The reason I am here today, I would like to testify in reference to a bill that involves a $5 million appropriation that would go to change the Ocoee #2 Hydro Plant, operated by TVA, from a single-purpose power generating unit to a multipurpose power-generating and recreation-serving facility.

I would like to emphasize the appropriation would guarantee recreation for the life of the project, which would be 35 years.

I run a commercial river rafting outfitter and take people down the river, and people have been running rivers around the county for years. President Jimmy Carter a year and a half ago went whitewater rafting io the Grand Tetons and was in the limelight once again.

What is so special about Ocoee; back in 1913, a private power company built a hydroelectric plant operated by diverting water out of the river for a stretch of five miles, and there re-entered the river and generated power. TVA bought the project when they came into being, and in September of 1976, TVA decided the power project was too old and run down to operate, and they shut it down, and that put the water back in the river bed for the first time in over 70 years.

Almost immediately, people found out; people who were interested in running whitewater rivers, and myself included, because I lived nearby, and in that first season in 1977, 7,000 people ran the Ocoee; the second season, 23,000 people used it; and the third season, this past summer, 38,000; so you have a rapidly expanding use trend.

Things that make the Ocoee unique, number one, it is very accessible to the public; it parallels U.S. Highway 46; it is surprisingly safe as a whiteriver river conpared to others. Not one drowning has occurred in 68,000 uses, and it is very close to several major metropolitan areas: Atlanta, Chattanooga, Knoxville, and others.

The reason I am here is I would like to express my support for appropriation in hopes that the recreation on the Ocoee will continue. The first reason is the Ocoee will provide a major recreational resource for the American public. TVA proposes an 82-day use season, and I might emphasize this is a compromise situation. TVA will still generate power at their power plant, and provide for recreational use only on 82 days out of the year, and in the 82-day season, 80,000 people could use the Ocoee River. That is more than this past summer. Use is increased dramatically.

When the time comes for the 82-day season, I think that recreation will be at capacity.

The second reason that I support recreation on the Ocoee is because of the economic benefit to the area from tourism on the river. The area around the Ocoee is in the southern Appalachia; it is a very, very poor area, especially the county we are in there. Recent layoffs of a copper smelting plant up the road has sent the unemployment rate sky-high in the country. It is kind of in a bad situation.

The Ocoee has already generated quite a lot of tourism in the area. Presently, there are 10 commercial river outfitters that supply jobs for 50 people in the area, and it is estimated in the 82-day recreation season, as proposed by TVA, $2 million would flow into the local economy. That is quite a substantial amount for that area.

Citizens in the Ocoee area do support recreation there on the Ocoee. They may think it is weird, but they like it.

In conclusion, I would ask you to consider the appropriation. I think it is important that the public have this recreation resource available. I would like to emphasize that TVA has supported this compromise plan for power and recreation. Our Congresswoman, Marilyn Lloyd Bouquard, has expressed her support for our position. The State government, the local government, everybody likes the idea. Actually, I don't know of a single person or group that is against the appropriation at all.

Mr. BEVILL. Congresswoman Bouquard has talked to me about this several times. She is very interested in this, and I am personally impressed with it. Of course, with the money situation, we are going to have to wait and see. I hope we can be of some help. We do appreciate your coming and presenting your views on this. Certainly this committee will consider your testimony.

Mr. HUNT. Thank you very much.

ORME DAM, ARIZONA

WITNESSES

CLINTON PATTEA, PRESIDENT, FORT McDOWELL MOHAVE-APACHE INDIAN COMMUNITY
BEVERLY BAPTISTO
LETICIA OSIFE
JOAN ENOS
NORMAN AUSTIN
LLOYD DOKA

Mr. BEVILL. Mr. Pattea, the Chair recognizes you. We are pleased to have you with us. If you wish, we will include your formal statement in the record. You have several people with you. If you would like to introduce them and have them at the table. We are pleased to have each of you here.

Mr. PATTEA. Thank you, Mr. Chairman, members of the subcommittee. I have a group here that is representing the Indian community. On my right is Llovd Doka; Norman Austin, Mrs. Joan Enos, Vice President; Beverly Baptisto, Councilwoman; Leticia Osife, our Secretary of the Council.

Thank you, Mr. Chairman. We have submitted a written statement for the record.

[The information follows:]

TESTIMONY GIVEN IN WASHINGTON

ON MARCH 24, 1980

3:30 P.M.

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON WATER AND ENERGY DEVELOPMENT.

MY NAME IS CLINTON PATTEA. I AM PRESIDENT OF THE FORT MCDOWELL MOHAVE-APACHE INDIAN RESERVATION. ON BEHALF ON OUR TRIBAL COUNCIL AND MEMBERS OF THE TRIBE, I WOULD LIKE TO EXRESS OUR SINCERE APPRECIATION FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TO ISSUE A STATEMENT OF THE CONCERNS OF OUR PEOPLE.

MY PEOPLE RESIDE ON A RESERVATION IN THE CENTRAL PART OF ARIZONA LOCATED 30 MILES NORTHEAST OF PHEONIX. HISTORICALLY, THE FORT MCDOWELL RESERVATION WAS ESTABLISHED AS THE CAMP MCDOWELL MILITARY RESERVATION ON JANUARY 1, 1873. IT CONTAINS NEARLY 25,000 ACRES. THE PURPOSE FOR CAMP MCDOWELL AS A MILITARY RESERVATION WAS TO WAGE A CAMPAIGN AGAINST THE INDIANS OF CENTRAL ARIZONA. MY PEOPLE WERE DRIVEN FROM THE MOUNTAINS AND DESERTS AND THEN RELOCATED, OUTSIDE THEIR ABORIGINAL TERRITORY.

DURING THE PERIOD OF 1895-1900 MY PEOPLE WERE PERMITTED TO RETURN TO THE VERDE VALLEY OF FORT MCDOWELL. UPON THEIR RETURN, THEY FOUND MUCH OF THEIR ABORIGINAL LAND HAD BEEN SETTLED BY OTHER PEOPLE. IN SEPTEMBER OF 1903, THE PRESIDENT OF THE UNITED STATES GOVERNMENT THROUGH EXECUTIVE ORDER CREATED THE FORT MCDOWELL INDIAN RESERVATION.

TODAY, ONE CENTURY LATER, MY PEOPLE ARE AGAIN BEING THREATENED WITH RELOCATION. THE LAND WE LIVE ON TODAY REPRESENTS A MERE REMNANT OF THE 10 MILLION ACRES OF CENTRAL ARIZONA THAT WAS ONCE THE TERRITORY OF MY TRIBE. THIS LAND THAT WE CALL FORT MCDOWELL WOULD BE FLOODED BY WATERS STORED BEHIND ANY MAN-MADE STRUCTURE BUILT AT THE CONFLUENCE OF THE SALT AND VERDE RIVERS

IN CENTRAL ARIZONA.

IN THE HISTORICAL PROCESS WHEN OUR LANDS WERE FORFEITED BY FORCE, OUR FOREFATHERS SUFFERED LONG AND HARD UNDER EXTREME AND PAINFUL CONDITIONS. THEY ENDURED SO THAT OUR TRIBE COULD SURVIVE. THEY REMAINED AND HELD ON TENANCIOUSLY TO THESE LANDS WHICH WE HAVE INHERITED. OUR TRIBE FEELS IT HAS AN OBLIGATION TO UPHOLD THIS HERITAGE, JUST AS ALL TRUE AMERICANS WOULD FEEL RESPONSIBLE FOR PROTECTING THE HERITAGE LEFT THEM BY THE FOUNDERS OF THE UNITED STATES GOVERNMENT. TODAY, OUR ABORIGINAL LANDS HAVE BEEN REDUCED TO 25,000 ACRES WHERE WE NOW LIVE AND WHERE WE ATTEMPT TO SUSTAIN A LIVEIHOOD THAT WE FEEL IS MOST FITTING TO OUR TRADITIONAL INDIAN WAYS.

IN THESE FEW MINUTES I HAVE ATTEMPTED TO ENLIGHTEN YOU ON THE HISTORY OF MY PEOPLE AS TO WHY WE ARE WHERE WE ARE TODAY.

WE RECOGNIZED THAT THE ISSUE OF A NEED FOR INTELLIGENT FLOOD PROTECTION IN THE SALT RIVER VALLEY IS OF GREAT CONCERN IN CENTRAL ARIZONA. DAMAGE TO ROADS, BRIDGES AND PROPERTY IN FLOOD-PRONE AREAS IN 1978 AND AGAIN IN 1980 HAVE GENERATED MUCH DISCUSSION BY PUBLIC AND THE MEDIA AND ARIZONA'S OFFICIALS CONCERNING THE APPROPRIATENESS OF A STRUCTURE AT THE CONFLUENCE OF THE SALT AND VERDE RIVERS. WE BELIEVE, HOWEVER, THAT ALL OF THESE SO-CALLED FLOODS ARE ESSENTIALLY MAN-MADE. THE MOST RECENT FLOOD DAMAGES COULD HAVE BEEN PREVENTED IF THE SALT RIVER PROJECT HAD OPERATED AND MANAGED THE EXISTING DAMS ON THE SALT AND VERDE RIVERS IN SUCH A WAY AS TO MINIMIZE THE AMOUNT OF WATER FLOWING THROUGH PHOENIX, ARIZONA.

STUDIES BY THE ARMY CORPS OF ENGINEERS AND OTHERS INDICATED THAT DAMAGES TO ROADS AND BRIDGES WOULD HAVE TAKEN PLACE EVEN IF THERE HAS BEEN A STRUCTURE AT THE CONFLUENCE OF THE SALT AND VERDE RIVERS.

THERE ARE STUDIES AND FACTS TO SUPPORT OTHER PRACTICAL ALTERNATIVES THAT

WOULD BE LESS COSTLY AND STILL PROVIDE A COMPLETELY ADEQUATE LEVEL OF FLOOD PROTECTION. A RECENT NEWSPAPER ARTICLE IDENTIFIED MAJOR LOCAL PROJECTS ALREADY UNDERWAY TO CONTROL FUTURE FLOODS AND TO EASE TRAFFIC PROBLEMS. LARGER BRIDGES AND REGULATION OF DEVELOPMENT IN FLOOD-PRONE AREAS IS LESS COSTLY AND MORE PRACTICAL THAN THE CONSTRUCTION OF A GIANT DAM.

WE, AS A TRIBE, ARE PARTICIPATING IN STUDIES AND REVIEWS OF ALTERNATIVES FOR THE CONTROL OR MANAGEMENT OF WATER RUNOFF. CAREFUL REVIEW SHOULD BE MADE OF ALTERNATIVES THAT ARE NOW BEING IDENTIFIED BY THE CENTRAL ARIZONA WATER CONTROL STUDY MANDATED BY CONGRESS, AND ALL FACTS RELATING TO WATER RUNOFF CONDITIONS IN THE CENTRAL ARIZONA AREA SHOULD BE RESEARCHED AND EXAMINED BEFORE ANY DECISIONS ARE MADE OR ACTIONS TAKEN CONCERNING ANY PROPOSED STRUCTURE AT THE CONFLUENCE OF THE SALT AND VERDE RIVERS.

THE PROPOSED STRUCTURE AT THE CONFLUENCE OF THE SALT AND VERDE RIVERS, ORME DAM, WOULD TAKE APPROXIMATELY 17,000 ACRES OF THE 25,000 ACRES THAT MY PEOPLE OCCUPY--ALL THAT REMAINS OF OUR MILLIONS OF ACRES OF ABORIGINAL LANDS.

THE IMPACT ON MY PEOPLE OF BEING RELOCATED BY THIS DAM WOULD BE DEVASTATING. WE WOULD LOSE THOUSANDS OF ACRES OF RICH BOTTOM LANDS WHICH SUPPORT OUR ECONOMY. THE RESOURCES ALONG THE FRESH-FLOWING VERDE RIVER AND THE WILDLIFE HABITAT THAT IS ALSO THE HOME OF OUR NATION'S SYMBOL--THE BALD EAGLE--WOULD BE LOST FOREVER. THE SURVIVAL OF MY PEOPLE AND THE PRESERVATION OF OUR LIFE STYLE WOULD BE THREATENED.

IN 1976, MEMBERS OF OUR TRIBE HELD AN OFFICIAL VOTE ON THE ISSUE OF ORME DAM. THE DAM AND THE FLOODING IT WOULD CAUSE WERE REJECTED BY A LARGE MAJORITY OF THE VOTERS.

WITHIN THE PAST FEW WEEKS, WE HAVE BEEN PRESSURED AGAIN BY THE MEDIA AND OTHER GROUPS WHO WANT ORME DAM BUILT. WE HAVE BEEN FRAUDULENTLY ACCUSED IN THE MEDIA OF BEING RESPONSIBLE FOR ALL OF THE PROBLEMS AND DISCOMFORTS CAUSED BY

THE ABUNDANT RAINFALL RECEIVED IN CENTRAL ARIZONA. SUCH CHARGES, WE CLAIM, ARE UNTRUE.

IN LIGHT OF THE INFORMATION I HAVE PRESENTED, IT IS OUR POSITION THAT TO DISCUSS THE ISSUE OF ORME DAM ANY FURTHER AT THIS TIME WOULD BE PREMATURE. WE NEED TO AWAIT THE OUTCOME OF THE STUDIES CURRENTLY UNDERWAY.

I WOULD CAUTION AND RECOMMEND AT THIS TIME THAT THE CONGRESS NOT HASTILY ENDORSE THE ORME DAM PROJECT WITH THE INTENTION OF EXPEDITING ITS COMPLETION AS IS BEING SUGGESTED. CAREFUL AND PRUDENT PLANNING IS ESSENTIAL IN YOUR MODERN SOCIETY. THE ENVIRONMENTAL IMPACT STATEMENT PROCESS WHICH YOU, THE CONGRESS, ENACTED SHOULD NOT BE IGNORED OR BY-PASSED. FUNDS MUST BE MADE AVAILABLE FOR COMPLETION OF THE CENTRAL ARIZONA WATER CONTROL PROJECT SO THAT IT CAN COMPLETE AN OBJECTIVE EVALUATION OF ALL FLOOD CONTROL AND WATER STORAGE ALTERNATIVES.

IN LIGHT OF TODAY'S INFLATION AND THE NEED FOR BUDGET TIGHTENING, WE THINK IT WOULD BE UNWISE FOR THE FEDERAL GOVERNMENT TO FUND AN EXPENSIVE AND WASTEFUL PROJECT LIKE THE ORME DAM. IT WOULD BE VERY DIFFICULT TO JUSTIFY SUCH A PROJECT IN TERMS OF ITS COST/BENEFIT RATIO. WE COMMEND YOUR EFFORTS TO CONTROL INFLATION AND FEEL THAT REJECTION OF FUNDING FOR ORME DAM WOULD BE A WISE STEP IN THIS DIRECTION.

IF YOU WANT TO SOLVE THE FLOODING PROBLEM IN CENTRAL ARIZONA NOW, YOU MIGHT APPROPRIATE FUNDS FOR SEVERAL FULL-SIZE BRIDGES, FOR RAISING ROOSEVELT DAM AS RECOMMENDED BY SENATOR DENNIS DECONCINI, AND FOR RELOCATING THE MERE HANDFUL OF FAMILIES--LESS THAN 100--CURRENTLY LIVING IN THE FLOODPLAIN OF THE SALT AND GILA RIVERS. IN ADDITION, YOU SHOULD ASSIGN RESPONSIBILITY FOR FLOOD CONTROL TO THE FEDERALLY-CHARTERED SALT RIVER PROJECT IN ITS OPERATION OF THE SIX EXISTING DAMS UPSTREAM FROM PHOENIX ON THE SALT AND VERDE RIVERS.

FOR LESS THAN 50 MILLION DOLLARS, YOU COULD DO MORE TO PREVENT FLOOD DAMAGE IN CENTRAL ARIZONA THAN ORME DAM COULD EVER DO AT A COST OF NEARLY TEN TIMES THAT AMOUNT.

IN CONCLUSION, I WOULD LIKE TO LEAVE YOU WITH A REMINDER THAT THE ACTION THAT YOU TAKE COULD DESTROY AN INDIAN CULTURE AND THEREBY PERPETUATE THE DEPLORABLE HISTORY OF INDIAN RELATIONS THAT CONTINUES TO BE A BLOT ON AMERICA'S SOCIAL CONSCIENCE.

THANK YOU, GENTLEMEN, FOR YOUR PATIENCE AND INDULGENCE.

STATEMENT SUMMARY

Mr. BEVILL. You may want to summarize it.

Mr. PATTEA. However, rather than reading all of it, I would like to read a couple of pages here that would bring out the point why we are here.

We do recognize that the issue of a need for intelligent flood protection in the Salt River Valley is of great concern in Central Arizona. Damage to roads, bridges and property in flood-prone areas in 1978 and again in 1980 have generated much discussion by public and the media and Arizona's officials concerning the appropriateness of a structure at the confluence of the Salt and Verde Rivers. We believe, however, that all of these so-called floods are essentially man-made. The most recent flood damages could have been prevented if the Salt River Project had operated and managed the existing dams on the Salt and Verde Rivers in such a way as to minimize the amount of water flowing through Phoenix, Arizona.

Studies by the Army Corps of Engineers and others indicated that damages to roads and bridges would have taken place even if there has been a structure at the confluence of the Salt and Verde Rivers.

There are studies and facts to support other practical alternatives that would be less costly and still provide a completely adequate level of flood protection. A recent newspaper article identified major local projects already underway to control future floods and to ease traffic problems. Larger bridges and regulation of development in flood-prone areas is less costly and more practical than the construction of a giant dam.

We, as a tribe, are participating in studies and reviews of alternatives for the control or management of water runoff. Careful review should be made of alternatives that are now being identified by the Central Arizona Water Control Study mandated by Congress, and all facts relating to water runoff conditions in the Central Arizona area should be researched and examined before any decisions are made or actions taken concerning any proposed structure at the confluence of the Salt and Verde Rivers.

The proposed structure at the confluence of the Salt and Verde Rivers, Orme Dam, would take approximately 17,000 acres of the 25,000 acres that my people occupy—all that remains of our millions of acres of aboriginal lands.

In 1976, members of our tribe held an official vote on the issue of Orme Dam. The dam and the flooding it would cause were rejected by a large majority of the voters.

In light of the information I have presented, it is our position that to discuss the issue of Orme Dam any further at this time would be premature. We need to await the outcome of the studies currently underway.

I would caution and recommend at this time that the Congress not hastily endorse the Orme Dam Project with the intention of expediting its completion as is being suggested. Careful and prudent planning is essential in your modern society. The environmental impact statement process which you, the Congress, enacted should not be ignored or bypassed. Funds must be made available for completion of the Cen-

tral Arizona Water Control Project so that it can complete an objective evaluation of all flood control and water storage alternatives.

In light of today's inflation and the need for budget tightening, we think it would be unwise for the Federal Government to fund an expensive and wasteful project like the Orme Dam. It would be very difficult to justify such a project in terms of its cost/benefit ratio. We commend your efforts to control inflation and feel that rejection of funding for Orme Dam would be a wise step in this direction.

Mr. Chairman, this more or less brings out our position on the discussion of Orme Dam.

Mr. BEVILL. Thank you very much. It was a very fine statement, and certainly this committee will consider everything you have presented.

Mr. PATTEA. In addition to that, we have a packet here that we would like to leave for the record.

Mr. BEVILL. The packet we will make available to the committee.

Again, we appreciate each of you coming here and giving us your views. You are speaking for the entire group?

Mr. PATTEA. Yes, in the interest of time.

Mr. BEVILL. Each of you endorse and support the statement. Thank you so much.

LOUISVILLE LAKE, ILLINOIS

WITNESSES

MAXINE MILLS, SECRETARY, COMMITTEE OPPOSING LOUISVILLE DAM
ELMA JONES, COMMITTEE MEMBER

Mr. BEVILL. We have Mrs. Maxine Mills with us today. You may proceed.

Ms. MILLS. Mr. Chairman, I am Maxine Mills, Secretary of the Committee Opposing Louisville Dam, of Louisville, Illinois. I want to thank the committee for this opportunity to appear in opposition to the Louisville Lake Project, Louisville, Illinois. I am here with Elma Jones, a committee member, representing the landowners and taxpayers of Clay and Effingham Counties. My concern is for the land, the people who live on it presently, and those who will live on it when we are gone.

According to Agribusiness in Illinois, each year 100,000 acres of prime farm land are lost to highways, shopping centers, housing developments and lakes. Consequently, the day will come when Americans will need all the productive farm land. We are in favor of any reclamation efforts put forth by the State and Federal Government to preserve land. Agriculture is the principal source of livelihood in the area of the proposed lake project.

The Army Corps of Engineers book, "Design Memorandum No. 3 Draft," states that the Corps wants joint use fee, 24,000 acres; recreation, 2,835 acres; wildlife mitigation, 15,000 acres, totaling 28,335 acres taken out of production. Sixty-five percent of the farm land taken for the lake will come from Clay County and 35 percent from Effingham County.

The "Environmental Impact Statement," published by the Corps, estimates that the counties will lose $3,364,000 annually from grain, plus income from livestock and hay. This money goes back into the

counties. The spiraling effect of this makes it difficult to imagine the total loss to the counties.

"Federal Reservoirs and Community Effects," published by the University of Missouri, states that Read Lake in Jefferson County, southwest of this proposed lake site, removed 28,000 acres from the tax rolls of their county for a lake and received $518.32 to replace their tax loss. Franklin County, containing the other half of Read Lake, received $2,200, which is less than 10 cents per acre on land lost to the lake. Also stated was that Shelbyville Reservoir in Moultrie County lost $32,599 annually from tax loss. After annual tax increases the last four years the amount lost would be a large sum of money.

It appears that many of the figures used by the Corps for this project cannot be justified. Figures used for feasibility of the lake project are based on 3¼ percent interest instead of the present interest rate. The interest rate tends to mask the basic issue of whether the project is economically justified.

We also challenge the Corps' figures on loss of productivity from this land. At today's grain and livestock prices, we believe the values used by the Corps are outdated.

ENVIRONMENTAL EFFECTS

The Environmental Impact Statement states that the following must be relocated: Seven pipelines crossing the river, one large pipeline carrying crude oil from Patoka, Illinois, to Robinson, Illinois refinery, thirteen miles of roads, 11 miles of transmission lines, 16 miles of telephone lines, 8 miles of power distribution line, the Illinois Central Railroad, American Transcontinental Telephone Cable, 14 cemeteries and an Indian burial ground.

In addition, there are 6 oil fields in the area, with 8 producing wells, and 7 water injection wells producing. Leasing is being done at this time, and oil well sites are presently being staked off, one location being in the river bottoms.

There were 800 tons of coal marketed from the Iola Quarry in 1963. Coal of possible minable thickness at the proposed lake site are Herrin No. 6 and Harrisburg No. 5. Herrin No. 6 is found at depths that range from 860 to 1,075 feet below the surface. The Harrisburg No. 5 lies approximately 30 to 45 feet below the Herrin No. 6. Thickness estimates indicate that coal layers average four feet in most areas of the proposed lake. Evaluation for future development would require a coal test to define the quantity and quality of the coal. Coal has been mined extensively elsewhere in Illinois under similar conditions at shallower depths. The Environmental Impact Statement estimates that there are 833 million tons of coal under the proposed lake site.

The soil type in the proposed area for the lake is prone to erode and cause problems with sediment. It is clay soil with subordinant amounts of sand. Geological conditions are comparable to Carlyle Lake, another Corps project, where shore line erosion is considered serious.

The costs the proposed lake will impose on the counties, if it is built, is tremendous. Flora, Clay City and Louisville, small towns in Clay County agreed to pay the entire annual water development costs of $685,000. The share to be paid by Louisville is $126,000 each year for

50 years. Flora would pay $185,000 each year for 50 years. These figures are taken from the "Design Memorandum No. 3" book, exhibit 19c, by John Plowe. These are 1977 figures. Inflation has increased costs to the point that these estimates are far below actual costs. The governing board of each town voted to do this, but the residents were not aware of their commitment.

This project plan does not spell out the costs which will be levied against local and State government for bridges and road relocations and road maintenance. The increase in traffic will necessitate additional law enforcement officers and equipment. Garbage removal and cleanup will also be required. Rescue equipment and qualified personnel to operate it around the clock is another cost not anticipated by the Corps. Another direct cost not anticipated is the higher taxes put on remaining properties to compensate for the tax loss on acreage proposed to be taken by the lake. Unfortunately, school students will be the hardest hit by the lost revenue.

The Effingham County Board, the Effiingham Mayor and Commissioners and the Effingham County Farm Bureau have all passed resolutions against the construction of the Louisville Lake. Effingham County would lose many acres of land from their tax rolls, and there would be a long-range problem of land availability and land costs to the displaced people.

The Effingham County Farm Bureau wants funding stopped and the project totally deauthorized so that the farmers in the area can plan for the future without the threat of the lake looming above them. Some farmers want to expand their farming operations, but hesitate to do so until the issue of the lake is resolved.

The three State Representatives of the 54th District, and U.S. Congressman of the 22nd District, oppose the Louisville Lake being built in their district.

In 1979, our organization circulated petitions, and we were successful in securing approximately 4,000 names in a rural community with quite sparce population. We considered our petition drive to be an unprecedented success. Certainly this success indicates the strong opposition to the project.

WATER SUPPLY

The main argument of supporters is that the lake is needed for water supply; however, there are many options available. Other small towns in the area have built small 50- or 60-acre lakes for their water supply at a minimum cost to their community. Communities could build side channels on the little Wabash River to supplement water needs.

Flora, the largest community in Clay County, is close enough to two lakes already existing to pipe water to their town. The Sam Dale Lake or the Forbes Lake are capable of supplying much more water than Clay County will ever need. As to the outcry that we need the lake for recreation purposes, we would again say that Sam Dale and Forbes Lakes are closely located and open for that purpose. There are also several recreational lake areas within 30 miles radius of Louisville. Astoundingly enough, there are 11 State monuments and 23 State parks within a 90-mile radius of our area.

In summary, I would like to add that this project started in 1966 and thousands and thousands of dollars have been spent in study of the

project. There has been opposition during these past 14 years. We would like all funding stopped now and in the future. Furthermore, we want the project deauthorized. We believe this project is wasteful and unneeded relative to the cost-benefit ratio and cost to the counties in loss of tax base, displaced people, as well as the detrimental economic impact on the area and well being of our community.

We appreciate the time you have given us, and we hope our requests merit your consideration.

Thank you.

Mr. BEVILL. Thank you so much.

Ms. MILLS. I brought with me letters from our three State Representatives, Effingham County Farm Bureau, the City of Effingham, Effingham Equity, Siemer Milling Company, County Board Resolutions, and Ken's Sunoco, and I would like to have all of those in the record.

Mr. BEVILL. They will be made a part of the record. Thank you for coming.

(The information follows:)

United States House of Representatives
Committee on Appropriations
Subcommittee on Energy and Water Development
Honorable Tom Bevill, Chairman

Additional statements opposing the building of Louisville Lake, Illinois Project, to be put in the records of the hearings before the Committee on Appropriations.
We, the following oppose the Louisville Lake Project.

Illinois State Representative Richard Brummer
Illinois State Representative Glen Bower
Illinois State Representative Clyde Robbins
Effingham County Farm Bureau, Kent Logan,Manager, Phillip Hartke, Pres.
The City Of Effingham, Charles W. Stephens, Mayor
Effingham Equity, Laverne Buhnerkempe, General Manager
Siemer Milling Company, Quintin A. Siemer, Pres.
Effingham County Board Resolutions,Ernest Garbe Chairman of the Board
Ken's Sunoco, Kenneth Buhrmann, Owner

Greater Effingham Chamber of Commerce and Industry

P.O. Box 643 • 307 North Third Street • Effingham, Illinois 62401
Telephone 217 342-4147

Community Development

Economic Development

Public Affairs

Legislative Action

Congressional Action

Business Development

Leadership Development

Market Data

Community Information

Research

Special Events

Bad Check Alerts

National Affiliations

March 20, 1980

Congress of the United States
House Appropriations Committee
Subcommittee on Public Works

To Whom It May Concern:

On April 21, 1979, the Board of Directors of the Greater Effingham Chamber of Commerce and Industry passed a resolution opposing the Louisville Lake Project.

The Effingham Chamber remains opposed to the project today for the same reasons the organization adopted its 1979 resolution...any benefits from such a massive undertaking will be far outweighed by the project's liabilities.

We can see no reason to flood over 20 percent of an Effingham County township to provide a reliable water source for communities downstream. That problem can be solved in other ways, and I refer specifically to the City of Effingham constructing its own lake (and reservoir) in the 1950's.

Again, the Louisville Lake project would be one whose costs, both financial and social, will be staggering. We support the examination of alternative plans, and request that the House Subcommittee on Public Works deny federal funds for the project.

Respectfully,

GREATER EFFINGHAM CHAMBER OF COMMERCE & INDUSTRY

John M. Prickett
Executive Vice President

JMP:sg

"Crossroads of America"

THE CITY OF EFFINGHAM

CITY HALL
201 SOUTH BANKER
EFFINGHAM, ILLINOIS 62401

MAYOR:
CHARLES W. STEVENS
PUBLIC AFFAIRS

COMMISSIONERS:
HENRY J. STEPHENS
ACCOUNTS AND FINANCES

JAMES D. CALHOON
PUBLIC HEALTH SAFETY & WATER DEPT

JAMES KUHNS
STREETS AND PUBLIC IMPROVEMENTS

SANFORD S. FIELD
PUBLIC PROPERTY

JACK J. PARKS
CITY CLERK

THOMAS F. TAYLOR
CITY ATTORNEY

DALE FITZPATRICK
CITY ENGINEER

DON ELMORE
BUILDING OFFICIAL

LOWELL WINES
STREETS & SEWERS DEPT DIRECTOR

JOHN CHAMBERLAIN
WATER DEPT DIRECTOR

March 18, 1980

TO WHOM IT MAY CONCERN:

On April 3, 1979 the Effingham City Council unanimously passed a Motion opposing the Louisville Dam Project.

Charles W. Stevens

CHARLES W. STEVENS, Mayor

CWS/nd

Since 1882 SIEMER'S Gold Standard THE EMBLEM OF QUALITY

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March 19, 1980

Hon. Tom Bevell, Chairman
Subcommittee on Energy & Water Resources
Committee on Appropriations
United States House of Representatives
Washington, DC 20013

Dear Rep. Bevell

Siemer Milling Company wishes to state its opposition to the proposed Louisville Reservoir Project of the U.S. Army Corps of Engineers. Our opposition is based on two principal reasons:

1) We do not believe the project is cost-efficient. Many millions of taxpayers' dollars are to be spent to supply water to Clay County communities and to provide flood control on the Little Wabash River. The water supply problems can certainly be dealt with by smaller, less expensive reservoirs more conveniently located to the communities involved. Effingham's Lake Sara is an excellent example of how a small lake can be designed to serve as an adequate reserve water supply and as a fine recreational and residential area.

The utility of these large reservoir projects for flood control has always been questionable to us. As someone said during the hearings on this lake, it is not so much "flood control" as it is "controlled flooding." Instances we have seen involving other Corps lakes in Illinois indicate that the flooding is not even very well controlled, and flooding problems downstream from the dam appear to be about as great post-lake as they were pre-lake.

2) We cannot afford the continuing permanent loss of croplands. The uncontrollable loss of prime farm ground from the expansion of urban areas is beginning to take on the aspects of a serious national problem. Where such loss can be controlled, as in this instance, it should be allowed only under the most compelling circumstances. Many families will lose their farms due to this project. Leaving aside the question of whether they will be adequately compensated for that loss, it is certain that the country's economy as a whole will suffer in the future from the cumulative disappearance of good production land. Local units of government will suffer from the loss of property tax revenues (from our observation of similar projects we are skeptical of the claim that they produce offsetting economic growth in the surrounding area). The

local economy will be hurt because farm-related businesses will lose hundreds of thousands of dollars in sales once made to the now-displaced farmers. In short, unless the project is absolutely vital, the loss of farm land would justify its abandonment.

Thank you for taking the time to read this letter. We have been prompted to write it by our concern for the economic and social well-being of the Effingham-Clay County area. We hope that those in whose hands the decision-making power rests will likewise be moved by that concern to quickly bring the Louisville Reservoir Project to an end.

Sincerely yours,

Quintin A. Siemer
President

QAS/cjb

EFFINGHAM EQUITY

P. O. BOX 488

PLANTERS®

PHONE 217-342-4101

EFFINGHAM, ILLINOIS 62401

March 19, 1980

I, Laverne Buhnerkempe, Secretary and General Manager of Effingham Equity, a farmer cooperative owned by 2661 area farmers in a 50-60 mile radius of Effingham am opposed to the Louisville Lake project because:

1. Flooding of this area will take thousands of acres of land out of production. This will affect the livelihood of many farmers. It will also reduce the amount of crops produced and the need for fertilizer and supplies to produce them, hurting the area agricutural economy. These jobs and profits will be permanently lost.

2. Drainage into this lake will come from a very large amount of tillable land, much of which has a considerable slope resulting in a high sediment content in the runoff. This lake will effectively be a large sedimentation basin with a rather short life due to the large volume of this type water received.

3. In practice, the benefits of flood control and recreation are not compatible. If water levels are reduced to provide flood control recreation will suffer and vice versa. Thousands of boats, campers and fisherman complaints seem to take precedure over the needs of a few hundred farmers downstream. This has been our observation in our area particularly at Shelbyville.

4. We already have Lake Shelbyville, Lake Mattoon, Lake Sara, CIPS, Lake at Newton, Carlyle Lake, Rend Lake all within a 50-60 mile raduis.

5. The promised effects of the lakes constructed in the area, notably at Shelbyville, have failed to improve the local economic situation. If anything, the increased needs for roads, law enforcement, etc. have been a disadvantage. As to flood control and in many ways recreation, this construction is a failure.

6. The high cost of this project will put another burden on taxpayers. At the same time, this local tax base will be permanently lost.

7. The cost-benefit ratio of this lake is impossible to justify if you use the Coop of Engineers figures realistically.

8. The human pain and burden of taking land from its owners without a very compelling social reason is repugnant to the American sense of fair play.

I am sure that this money could be used better by otherwise developing water resources for communities needing them thru smaller lakes, improving access to river water, developing underground sources, etc. As for flood control an expenditure of this magnitude in this drainage area could easily take care of all the terraces, diversion ditches, farm ponds, levies and other soil management practices which could really control flooding and make the land more productive. Permanently covering thousands of acres with water is not a sensible solution. We are fast approaching a time when every acre of land will be needed to produce so we can eat.

I think we should start putting our priorities in order now.

Laverne Buhnerkempe
General Manager, Secr/Treas
Effingham Equity

RICHARD H. BRUMMER
STATE REPRESENTATIVE
54TH DISTRICT

COMMITTEES
AGRICULTURE
INSURANCE
JUDICIARY I

STATE OF ILLINOIS
HOUSE OF REPRESENTATIVES

HOME OFFICE
307 NORTH THIRD
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CAPITOL OFFICE
305S STRATTON BUILDING
SPRINGFIELD 62706
217/782-8058

March 20, 1980

Honorable Tom Bevill, Chairman
Subcommittee on Energy and
Water Development
Committee on Appropriations
U. S. House of Representatives
Washington, D. C.

Dear Mr. Chairman and Committee Members:

The purpose of this letter is to express my opposition to Louisville Lake as proposed and request that additional appropriations not be authorized for this project. The project is within the 54th Legislative District, which I represent and I feel I speak on behalf of the majority of constituents within that District.

I have had approximately 1,500 items of mail concerning this project with an opposition to support ratio of approximately 7 to 1.

Opposition centered on the cost and size of the project with dubious flood control benefits. Additional opposition exists both within the "take" area and outside of it to the concept of using the governmental power of condemnation for this project.

Condemnation is a harsh governmental remedy which is alien to our general concepts of private ownership of property. This extraordinary remedy should be used in my opinion only when the evidence of public good is overwhelming. That overwhelming evidence in this case simply does not exist.

The original benefit to cost ratio was positive using a very low rate of interest. If current rates of interest were used, this project would have a negative benefit to cost ratio.

A majority of those who supported the project indicated to me that they were doing so because of the needs for water supply and recreation. Yet the benefit to cost ratio of the U. S. Army Corps of Engineers indicates primary allocation of benefits to those of flood control. There is little indication of demand from the public for the flood control benefits envisioned in the proposed Louisville Lake.

The needs for water supply and recreation are valid objectives. Those needs, however, can be met by a much smaller project.

This project has been studied since 1962 and has been authorized since August of 1968. The continuing uncertainty of Louisville Lake

has prevented both supporters and opponents from making definite plans for the future. After almost 18 years I believe it is time to deauthorize this project so that the uncertainty can be removed and we can examine alternatives for water supply and recreation.

I would respectfully request that this letter be entered in the record as part of the Subcommittee testimony.

Sincerely yours,

Richard H. Brummer
State Representative

RHB:jr

Officers of the Board
PHILLIP H. HARTKE, *President*
MICHAEL BUZZARD, *Vice-President*
JOHN F. WESTFALL, *Secretary*
MELVIN L. SCHORMANN, *Treasurer*
R. KENT LOGAN, *Manager*

Effingham County Farm Bureau
SERVING YOU SINCE 1918

March 17, 1980

Tom Devill, Chairman
Subcommittee On Energy and Water Development
House Appropriations Committee
Subcommittee on Public Works
Rayburn Building
Washington, D. C.

Dear Mr. Devill,

Please find enclosed the testimony of the Effingham County Farm Bureau, Effingham, Illinois regarding the Louisville Lake Project. The testimony was presented at a recent hearing on the project sponsored by the U.S. Army Corp of Engineers.

Thank you for your time and consideration of this matter.

Sincerely,

R. Kent Logan

R. Kent Logan, Manager
Effingham County Farm Bureau

RKL/cn

encl.

Officers of the Board
PHILLIP H. HARTKE, President
MICHAEL BUZZARD, Vice-President
JOHN F. WESTFALL, Secretary
MELVIN L. SCHORMANN, Treasurer
R. KENT LOGAN, Manager

Effingham County Farm Bureau
SERVING YOU SINCE 1918

STATEMENT OF EFFINGHAM COUNTY FARM BUREAU BOARD OF DIRECTORS ON LOUISVILLE RESERVOIR

The Board of Directors of Effingham County Farm Bureau representing a membership of 2,580 members are deeply concerned with the proposed Louisville Reservoir and it's effect on the county and a number of it's members.

The points we would like to question are:

1. The taking of land out of production and the possible unfair prices paid to individuals through the use of "eminent domain" principles.

2. Loss of funds to Effingham County with a reduced number of acres being taxed.

3. The displacement of farmers of the area.

4. Minimum benefit of the Reservoir to Effingham County.

We are concerned with the fact that the proposed reservoir will take needed farm ground out of production. This, at a time when other state and federal agencies and land developers are also reducing the number of acres on which agricultural products are grown and raised. This will eventually affect the country's balance of trade figures. We are also concerned about the pricing of land to individuals if this situation does occur. We are afraid that the fair market price will not be paid to some or all due to the "Eminent Domain Powers" that some government bodies have.

In point two, we can see a deep cut into the tax funds of Effingham County with the construction of the reservoir. At a time when citizens are already in a tax cutting mood, we imagine the possible outcome of removing the proposed amount of land from tax roles. It would either mean increased tax rates to the other lands and individuals or a significant reduction in county services.

Our main concern in point three, is the displacement of farmers in the proposed flood areas. Some important questions will be raised as to: where will these individuals go if their land is purchased at lower than market prices? Where will they find comparable land at a price comparable to what they paid?

These are important questions at a time when the numbers of farmers are decreasing.

The last point we would like to discuss is the benefit that the reservoir would have in Effingham County.

At this time we can not see any benefits of the reservoir to our county. When rains are heavy, areas in Effingham County will be flooded. At other times the area will tend to be marshy or possibly swampy as the water drains and flows from the reservoir.

The benefits we see would be in the Flora area, with boating and recreation,as well as water at the expense of farmers and citizens of Effingham County.

These are some of the concerns expressed to us by our members in the proposed flood area. We hope that before any final plans are made and construction is begun, that these and possibly many other problems will be considered prior to instead of after the fact.

Effingham County Farm Bureau
Board of Directors
Phillip H. Hartke, President

Ken Lukemann
Rt. 4
Louisville, Il.

U S. House of Represenatives
House Appropeations Comm.
Honorable Tom Bevill, Chairman
Sub. Comm. on Energy + water dept.

Dear Sir:

Im writing this letter in opposition to the Louisville Lake project.

If this proposed project is brought to completion, it will have a very bad effect on this farming community.

Having spent 5 of the last 8 years on the Community School

board. we just completed building a new school. This lake project will take a large part of the tax base real estate.

In our area we have almost all services supported by Real Estate tax: (School bonds, Road + Bridges); Fire District, and many County services.

Business such as mine, which are about 80% farm oriented will be adversely affected.

Any Consideration to help stop this project will be appriciated.

Thank you-

Sincerely
Ken Lukmann

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302 1/2 E. MAIN STREET
FAIRFIELD, ILLINOIS 62837
618/842-2572 • 2873

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COMMITTEES:
COUNTIES/TOWNSHIPS
ENVIRONMENT, ENERGY
AND NATURAL RESOURCES

ILLINOIS HOUSE OF REPRESENTATIVES
CLYDE W. ROBBINS
STATE REPRESENTATIVE • 54TH DISTRICT

March 20, 1980

The Honorable Tom Bevill, Chairman
Appropriations
Energy & Water Development Commission
Washington, D. C.

Dear Mr. Bevill:

Last summer people from the Army Corp of Engineers, State Representatives and Senators and the Congressman from our area flew over the proposed Louisville Dam Site. The project is basically being considered as a water supply for the immediate area of Flora and as a possible flood control measure. In our briefing by the Corp, there were questions as to the value or feasibility of building the Louisville Lake as a flood control measure.

The amount of money to be charged to the cities between the Louisville Lake Dam Site for the use of the water in the creek creates some opposition. The need for a water supply for the city of Flora and Louisville in particular, is not questioned.

As we toured the area, smaller and much less expensive sites for impounding water were available. Money has been or needs to be appropriated for the feasibility studies on these smaller sites.

There is very great opposition to the Louisville Lake Dam because of the amount of land taken; it would destroy the tax base of the community and place more on the federal tax roles. It would take the homes of many people, cause the relocation of a state highway and in general, create great problems for the people of the area while creating a big fishing hole. There isn't any plans to use the water in the lake for worthy purposes such as the irrigation of land or creation of electrical energy.

The alternative sites would waste less land and still supply the water that these cities need at a fraction of the cost.

The flood control benefits are doubtful because of the way waters have been released downstream from the Carlyle Lake.

In its present form, I cannot support this Lake.

Sincerely yours,

Clyde

CLYDE W. ROBBINS
State Representative

CWR/bd

COMMITTEES:
APPROPRIATIONS II
HUMAN RESOURCES
TRANSPORTATION

CRIMINAL SENTENCING COMMISSION

JOINT COMMITTEE ON
ADMINISTRATIVE RULES

STATE OF ILLINOIS
HOUSE OF REPRESENTATIVES
GLEN L. BOWER
STATE REPRESENTATIVE - 54TH DISTRICT

CAPITOL OFFICE:
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217/782-8186

DISTRICT OFFICE:
P.O. BOX 1106
105 E. JEFFERSON
EFFINGHAM, ILLINOIS 62401
217/347-5200

March 20, 1980

COMMITTEE OPPOSING LOUISVILLE DAMN

Mrs. Maxine Mills
RR #4
Louisville, IL 62858

Dear Maxine:

As you know, I am opposed to the construction of the Louisville Lake by the Army Corps of Engineers. My decision was reached after studying data on the proposed lake, viewing the proposed site, and hearing the views of my constituents.

I believe the lake would be ill-advised for many reasons; among them are the following: 1. a great deal of land would be taken from the tax rolls; 2. a great deal of valuable farm land would be taken; 3. the proposed lake would have many very shallow areas during a great part of the year; 4. too many families would have to be uprooted; 5. the water needs of the communities who would get water from the proposed lake can be met with a much smaller lake or lakes.

Please let me know if I can be of service to you.

Sincerely,

GLEN L. BOWER
State Representative

GLB/1

RESOLUTION

OPPOSITION TO LOUISVILLE LAKE

WHEREAS, the Army Corps of Engineers is planning to build a lake known as the Louisville Lake at Louisville, Illinois, and

WHEREAS, the People of Effingham County are taxpayers at the Federal Level, the State Level and the Local County Level, and

WHEREAS, the construction of the Louisville Lake will increase the taxes paid by the residents of Effingham County at one or more of these levels of government in the following ways:

A. Federal Cost of construction, maintenance and operation.

B. State cost of construction, maintenance and operation.

C. County Cost of construction and maintenance of roads and bridges.

D. Increased pressure for available farm land by displaced people will cause an increase in the sales ratio factor of property tax and thus an increase in land taxes.

E. Increased pressure for available housing and/or building materials will cause an increase in the sales ratio of private homes and thus an increase in real estate taxes for all county residents.

F. The loss of 13% of assessed valuation in Union Township and the loss of lesser percentages in three other townships will cause an increase in taxes at both the township and county level to maintain services at the current level.

G. The need for expanded police, fire and ambulance protection in the lake area will need an increase in taxes or a reduction of other services to provide the necessary money.

H. The loss of sales tax revenue from lost machinery and other farm supplies in the proposed lake area will either cause a reduction in County services or an increase in other types of taxes.

I. Subsidizing the interest rate between the 3½% the Army Corps of Engineers will pay to the Federal Government and the current 10¼% interest the Federal Government pays to get money through Treasury Bills; and

J. Other tax effects, such as effects on Revenue Sharing at both the township and county level; and

WHEREAS, other negative effects will accrue to the County of Effingham and to the Townships involved to-wit:

A. Increased land/housing costs artificially induced above the inflation rate by the pressure of displaced people seeking to reinvest in land and housing.

B. Lost business and the associated profits to Farm Equipment Dealers and other Farm Suppliers by the loss to the lake project of thousands of acres of farm land.

C. Increased fuel usage and increased cost of travel in the lake area caused by miles of detouring to effect East-West travel, and

WHEREAS, the costs of the Louisville Lake Project appear to be grossly under estimated, to-wit:

A. Purchase or flood easement acquisition of 20,950 acres of land at a cost of $20,490,000.00 or less than an average of $1,000.00 per acre. Current sales and cost of acquisition for other projects in the area indicates a more realistic cost would be two to three times this amount.

B. The cost of the water supply component is a responsibility of the State of Illinois and the local governments and is not included in the Corps cost projections.

C. One-Half of the cost of construction fo Recreation areas and the Fish and Wildlife Recreation areas and all of the costs of maintenance, operation and replacement of these areas are a responsibility of the State of Illinois and are not included in the Corps cost projections.

D. The cost of road relocations, road elevations, bridge replacements, bridge elevations and the increased costs of operation and maintenance of the same are apparently not included as they are not itemized in the cost projections.

E. The cost of annual operation of the lake is not included since only first costs have been projected, yet the benefits have been annualized from 100 years flood control projections.

WHEREAS, The Corps proposes that by the acquisition of 21,000 acres, 13,500 of which will be under water at flood pool and approximately 9,000 of which are cropland to give some type of flood relief to an area below the dam. At the typical 2 year flood level about 14,400 acres in the first 73 miles below the dam would receive some type of protection. At the level of the 5 year typical flood only 8,600 acres would receive any type of protection in the same 73 miles. The projected flood control benefit of $2,544,000.00 per year appears to be very unrealistic when 21,000 acres is being used to "protect" from 8,600 to 14,400 acres below the dam. It would appear to be an average net loss rather than a flood control benefit.

WHEREAS, the Cost benefit ration of $1.40 return for each $1.00 spent is based on the cost of $68,910,000 which does not include the above listed costs, and is based on a 3½% interest rate and also on a Flood Control Benefit of $2,544,000 annually, and if the actual inclusive costs were included, a true interest rate were used and a realistic flood control benefit were used, the cost-benefit ratio would be only a few cents benefit on the dollar of cost, and

WHEREAS, the support of the Lake project is most vocal from three municipalities below the dam desiring a water supply, which must be paid for by the State of Illinois and the local governments, and although the need for water is recognized and valid, this water supply can be more economically provided in a number of alternate ways, such as small 200 to 600 acre lakes on stream tributiaries, and

WHEREAS, there are currently a large number of lakes, state parks, city parks, swimming areas, recreation areas, etc. within a fifty mile radius of the proposed Louisville Lake Project which adequately provides for the people of the area, and

WHEREAS, the final impact is the social uplevel caused by the relocation of the people in the Lake Project area. A type of robbing "Peter" to pay "Paul" with the Corps of Engineers taking away the property and lifelong dreams of the people above the dam to give a type of "Protection" to some people below the dam with no apparent economic justification.

THEREFORE, be it resolved by a motion of Tom Althoff, seconded by Gilbert Klitzing and a unanimous vote of the Board, that the Effingham County Board of Effingham County, Illinois go on record in OPPOSITION to the Louisville Lake Project.

BE IT FURTHER RESOLVED that this Resolution be sent to the Army Corps of Engineers, Louisville District, Louisville, Kentucky for inclusion in the testimony on the Louisville Lake Project. Copies of this resolution are also to be sent to Governor Thompson, State of Illinois, Senator Charles Percy, Senator Adali Stevenson, Representative Dan Crane, State Senator Terry Bruce, State Representative Richard Brummer, State Representative Glen L. Bower, State Representative, Clyde Robbins, and it is to be made a part of the official minutes of the Effingham County Board.

Dated this 20 day of March, A. D., 1980.

Ernest E. Garbe, Chairman of the Effingham County Board

Witness: Lawrence Sur
Effingham County Clerk

GARRISON DIVERSION UNIT, N. DAK.

WITNESS

CHARLES VERN DINGES, WATER PROJECTS ANALYST, NATIONAL AUDUBON SOCIETY

Mr. BEVILL. Next we have Mr. Charles Dinges.

You have submitted your statement. We will have that in the record, and you may proceed as you wish.

Mr. DINGES. Mr. Chairman, and members of the committee, I would first like to thank you for granting me time to testify at these hearings. My name is Charles Dinges. I am a water projects analyst for the National Audubon Society.

Recent pronouncements calling for funding of the Garrison Diversion Unit in North Dakota in fiscal year 1981 have caused great concern among my colleagues at National Audubon. Audubon, a 400,000-member nationwide conservation organization, has been involved in the Garrison controversy for almost a decade.

I have studied Garrison and its many ramifications for the last four years; three years in an academic setting where the project served as a focal point for my undergraduate Honors Thesis, and more recently in an activist-oriented posture for National Audubon.

Once labeled the engineering challenge of our time, the Garrison Unit is now seen by many as a slumping 3-mile ditch that slices across North Dakota's rolling, wind-swept prairie in the name of McClusky Canal. For years. Garrison represented a commonly shared dream of North Dakota farmers embodied in the aspiration that Missouri River water could be diverted across the State to facilities irrigation farming. Now the State's largest farm organization, the Farmers Union, is calling for a halt to project construction until the entire blueprint, including all lands to be taken for mitigation and project development, is made public.

Ten years ago, farmers in the Turtle Lake area had their farmland condemned in the path of McClusky Canal. Ten years later, the Water and Power Resources Service has returned asking if the Service may purchase tons of rock off the farmers' land so as to rip-rap a forever slumping McClusky Canal.

In order to fathom Garrison's awesome size, one should note that if every canal, ditch, lateral and drain in the Garrison project were connected end-to-end, it would virtually stretch across the entire Continental United States, some 2,947 miles.

In these times of raging inflation, many citizens turn to the U.S. Congress, as representatives of the people, seeking responsible action to combat inflation's pervasive impact. Entangled in a web of environmental destruction, international controversy, and the wrath of an evergrowing contingent of North Dakota farmers, the Garrison Unit stands, rather conspicuously, as a national symbol of fiscal waste.

COST INCREASES

Skyrocketing project costs, currently $835 million, have nearly quadrupled since Garrison was authorized at $212 million. Anticipating 15 percent annual inflation, we can expect a Garrison pricetag one

year from today of $960 million. Two years from now, and presupposing a declining inflation rate—an assumption that may be objectionable to some—we will be considering a total project cost of $1.16 billion—a billion dollars to irrigate six-tenths of one percent of all the agricultural land in North Dakota. 250,000 acres of already productive farmland will be irrigated while 220,000 acres of land, most of which is now productive farmland, will be taken for project features.

The direct benefit/cost ratio calculated at the current discount rate of 7.25 percent, as established by the Federal Government and still well under realistic borrowing rates, would drop below unity to a shaky figure of .92 to 1. The Department of Interior's 96,000-acre modified plan also fails to reach unity in a benefit/cost analysis computed at a 6.875 percent discount rate.

The amount to be repaid by irrigators over the 50-year repayment schedule remains at $77 per acre, while the Federal investment per acre is $2,717 for irrigation. This investment comprises 80 percent of the anticipated total costs. Irrigators will repay only $19.3 million, while most of the balance will be repaid by revenues generated at Garrison Dam on the Missouri River. For all intents and purposes, Garrison Diversion will initially be subsidized by the taxpayer, later to be subsidized by Garrison Dam electricity users.

INTERNATIONAL JOINT COMMISSION

For 11 years, official Canadian concerns regarding the transboundary impacts of the Garrison Diversion Project have been met with State Department assurances that Article IV of the 1909 Boundary Waters Treaty would be honored. The authorized Garrison Unit cannot be built without violating this treaty.

The International Joint Commission reached this conclusion in 1977, stating that Garrison "would cause significant injury to health and property in Canada as a result of adverse impacts on the water quality and on some of the more important biological resources in Manitoba." There is no doubt that the introduction of polluted return flows, rough fish and other foreign biota to the Hudson Bay watershed would have an adverse impact on Canada's multi-million-dollar fishing industry in Lakes Winnipeg and Manitoba. A report prepared for the Manitoba Indian Brotherhood estimates the present value of all future losses to range from a low of $30 million to a high of $281 million.

In 1976, the House Government Operations Committee recommended that "land acquisition and construction on the Lonetree Reservoir and on the New Rockford Canal and portions of the project to be served by the canals should be deferred until it is clear that the Canadian and U.S. Governments have agreed upon an acceptable alternative to the present project plan. If funded in fiscal year 1981, construction on these features will proceed.

The House Government Operations Committee has expressed its concerns. The I.J.C.'s verdict is in, the Canadian position is clear, and the U.S. Congress should act in a manner consistent with our treaty obligations to Canada, a friendly nation.

I might point out that several weeks ago, in a daring maneuver, Canadian officials engineered the stunning escape of six Americans from Iran. During a very dark hour for us, Canada, at considerable

risk to her own people, stood beside us. As the Canadians cogently demonstrated, actions can speak very loudly.

Zero-funding of Garrison in fiscal year 1981, although short of outright deauthorization, would demonstraate to Canada that the U.S. Congress, as representatives of the people, is at least half serious about Canadian concerns.

North Dakota's unique landscape of shallow alkaline lakes, sloughs, prairie marshes and potholes provide ideal breeding, feeding and resting areas for an immense number and variety of geese, ducks, shorebirds, gulls, and other wildfowl. North Dakota produces more ducks annually than any other State excepting Alaska.

The Garrison Project, once claimed to benefit wildlife, would have a devastating impact on prairie marshes, National Wildlife Refugees and their associated wildlife. The Garrison Unit would result in the greatest single unit loss of prairie wetlands in North Dakota history—over 70,000 acres of prime waterfowl marshes. In addition, the project will destroy or damage 13 congressionally-authorized National Wildlife Refuge areas—more than any other water project in the nation's history. These refuges are located on the critical Central Flyway for North American Birds.

The U.S. Fish and Wildlife Service is on record saying that Garrison's 146,000-acre wildlife mitigation plan will not offset quantifiable losses to wildlife habitat. These quantifiable losses would actually require 197,000 acres of habitat replacement, an impossibility under the present authorization. This figure does not include unquantified impacts such as loss of habitat resulting from stream channelization.

In view of the aforementioned impacts on fish and wildlife resources in North Dakota and Canada, the North Dakota Chapter of The Wildlife Society just last month went on record calling for a complete halt to the project.

Since energy is of national importance, it should be noted that the Institute of Ecology reported in 1975 that, "in terms of relative energy efficiency, the energy input per acre for the Garrison Diversion Unit is nearly nine times the national average for irrigation." In addition, the Institute concluded that "the total energy cost of construction of the Garrison Diversion Unit is equivalent to 231 million gallons of diesel fuel or 259 million gallons of gasoline."

No discussion of Garrison is complete without allusion to the sentiments of North Dakota farmers. In a recent news release, Senator Milton R. Young, of North Dakota, noted that project support had "dwindled sharply." Responding to press accounts that have labeled Garrison "Milt Young's pet project," Senator Young said, "hopefully there are some other supporters left." The Senator concluded by saying, "This is a great project and even though I am taking a beating for my support, I will continue to fight for it."

AGRICULTURAL ORGANIZATIONS

North Dakota farmers once supported the concept of Garrison Diversion almost unanimously. Now the North Dakota Farmers Union, the State's largest farm organization, which represents 34,000 farm families, has requested that "the Interior Department suspend the letting of construction contracts and condemnation proceedings until

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complete information on the total project is developed and the issues that are creating the uncertainty over the future of this project are properly resolved."

Garrison Diversion is quagmire of controversy slowly spreading across the prairie of the northern Great Plains. Garrison is a litmus test for how far an ill-conceived water project can proceed before the populace—be it North Dakota farmers, taxpayers, conservationists, or Canadians—rises up to demand a halt to such fiscal waste.

Just as the environmental impact statement process was segmented so as to minimize the overall impacts and the degree of potential opposition, the draft memorandum of understanding that emerged from a closed-door February 21–22, 1980 meeting between Interior Department and North Dakota officials suggests that Garrison promoters still have piecemeal planning in mind. Concomitantly, it seems that project promoters wish to keep the concerned public out of any negotiations to deal with Garrison's many problems.

Such actions, I contend, only confirm the many suspicions North Dakota farmers and conservationists already have for the Water and Power Resources Service and the Department of Interior.

It is, I believe, incumbent upon this committee, as the taxpayers' guardian, to recommend to the full committee that in view of the controversial circumstances surrounding the authorized project, Garrison Diversion should be zero-funded in fiscal year 1981.

Thank you.

Mr. BEVILL. Thank you very much, Mr. Dinges, for your statement. I am certain the committee will give it every consideration.

DICKEY-LINCOLN SCHOOL LAKES PROJECT, MAINE

WITNESS

JACK WARK, NORTHEAST PUBLIC POWER ASSOCIATION

Mr. BEVILL. Next, we have Mr. Jack Wark. You may submit your statement. That will be in the record, and you may proceed as you wish.

Mr. WARK. I am here in support of the Northeast Public Power Association, more specifically for the $795,000 for the advanced planning and engineering appropriation.

One of the most efficacious arguments against the project has been that there is no support for the project in Maine.

The fact of the matter is that every public opinion poll ever conducted in the State of Maine shows more people support the project than oppose it.

The most recent survey conducted late in 1979 by the University of Maine's Social Science Research Institute at the request of the Maine Office of Energy Resources showed 41.5 percent of the Maine public favoring the project's construction, 35.8 percent against.

It is my understanding Senator Muskie is going to be here later this week with advocates of the project, so I think you will have an adequate supply of testimony.

[The statement follows:]

STATEMENT OF THE

NORTHEAST PUBLIC POWER ASSOCIATION

PRESENTED BY JACK WARK

INFORMATION DIRECTOR OF THE ASSOCIATION



Northeast Public Power Association

148 Linden Street, Suite 104, Wellesley Massachusetts 02181

March 26, 1980

Mr. Chairman and members of the Energy and Water Development Subcommittee on Appropriations, my name is Jack Wark. I am information director of the Northeast Public Power Association, a non-profit service organization based in Wellesley, Massachusetts and representing the 81 consumer-owned electric utilities in New England. I appreciate the opportunity to appear here today to express my organization's enthusiastic support for Dickey-Lincoln, the hydroelectric project planned for the St. John River in northern Maine, and, more specifically, for the President's proposed $795,000 advanced planning and engineering appropriation now being considered by this subcommittee.

New developments make Dickey-Lincoln more attractive -- and more necessary -- than ever before. Foreign oil supplies are becoming more costly and less reliable. Domestic energy options are shrinking. Fossil fuels are being consumed at an alarming rate. Set against this gloomy backdrop, the case for Dickey-Lincoln becomes especially compelling. Dickey-Lincoln would utilize a "fuel" -- namely, the waters of an American river -- that costs nothing, that is inflation-proof, that is safe, abundant, clean and renewable.

That Dickey-Lincoln's value is growing, is a reality that can be expressed in terms of real dollars, real jobs and real energy. Consider, if you will, some of Dickey-Lincoln's economic advantages:

-- First, the U.S. Army Corps of Engineers has determined that the value of Dickey-Lincoln's power is increasing four times faster than is the cost of constructing the 830 megawatt facility. Between Fall, 1978 and Fall, 1979, the estimated construction cost of the project increased about 11 percent to $825.5 million. Meanwhile, Federal Energy Regulatory Commission statistics indicate that, as a result of oil price hikes, power costs in New England are 45.2 percent higher this year than last for the type of power that Dickey-Lincoln would supply.

-- Second, Dickey-Lincoln's low-cost power would help stabilize New England's electric rates, which are, according to a recent U.S. Department of Energy report, 31 percent above the national average. Various studies support this point. One such study, commissioned by Municipal Electric Association of Massachusetts and performed by R.W. Beck and Associates of Wellesley, Massachusetts, indicated that Dickey-Lincoln would save Massachusetts consumers some $20 million in the project's first year of operation, with escalating annual savings for the 100-year life of the project. Another study, this one made by Robert V. Clark, Eastern Maine Electric Cooperative, Inc. general manager, showed that Dickey-Lincoln would save Maine consumers more than $20 million in the project's first year of operation and that the savings would annually escalate for the project's life. Another study, this one conducted by the Maine Department of Conservation, showed that the benefits of Dickey-Lincoln to Maine would outweigh its costs by $53 million.

-- Third, Dickey-Lincoln is particularly valuable because its primary function would be to provide peaking power -- that is, power used when electric demand is greatest. The project would provide 17 percent of New England's peaking requirements in the 1980's, a fact whose significance is underscored by projections indicating that the region's demand for peaking power will leap by more than 70 percent in the 1980's.

-- Fourth, Dickey-Lincoln would lessen New England's economically debilitating dependence on imported oil. To generate the same amount of power as Dickey-Lincoln, would require 2.3 million barrels of oil annually, or about 230 million barrels over the project's 100-year life. The value of this oil -- using the extremely conservative assumption that oil prices will not rise above current levels -- is well over $4 billion.

Other factors argue for Dickey-Lincoln's construction. Among them are these:

-- Although it would probably cost the federal government close to $1 billion to build Dickey-Lincoln, the government would recoup about 98 percent of its construction costs through the sale of power from the project. Moreover, the power would sell for prices considerably lower than if the project were built by a privately-owned utility.

-- The project would mean jobs -- about 2000 on-site construction jobs plus thousands of others that would result from the improved New England economy that Dickey-Lincoln could be expected to foster.

-- Dickey-Lincoln offers numerous advantages to Maine, the state in which it would be built. First, of the power generated by the project, 44 percent would remain in Maine -- or, in other words, Maine, with less than 10 percent of New England's population, would receive almost half of the power output from a regional project financed by federal money. Moreover, Dickey would provide 25 percent of Maine's total peaking power requirements. In addition, the project would provide badly-needed protection from floods that now, on an almost annual basis, devastate communities along the St. John River.

Opponents of the project have advanced many arguments which are incorrect, incomplete or entirely misleading. For example, they have claimed that there is no public support for Dickey-Lincoln. In fact, every major public opinion poll of Maine residents shows more people support the project than oppose it. A survey, conducted late in 1979 by the University of Maine's Social Science Research Institute at the request of the Maine Office of Energy Resources, showed 41.5 percent of the Maine public favoring the project's construction and 35.8 percent opposing it. Another poll -- this one commissioned by L.L. Bean, a Maine-based manufacturer of outdoor clothing and equipment and avowed opponent of Dickey-Lincoln -- showed 38 percent for the project; 30 percent against; and 32 percent undecided. A poll by U.S. Senator Edmund S. Muskie, the Maine Democrat, found 48 percent supporting Dickey-Lincoln, 40 percent opposing it and 12 percent undecided. In the county where Dickey-Lincoln would be built, the Aroostook County commissioners found 57 percent in favor of the project, 20 percent against, and 23 percent undecided.

Opponents claim that Dickey-Lincoln is not worth the environmental damage that it would cause. This claim, in our view, smacks of "environmental extremism." The area that would be altered by Dickey-Lincoln represents less than one-half of one percent of Maine's total wilderness area and more than 90 percent of Maine is forest. This is not to suggest that the 127,000 acres that Dickey-Lincoln would alter, is insignificant; rather, it is to place in perspective the amount of land at issue. Second, inundation by the Dickey reservoir does not represent the utterly destructive action that project opponents claim. In fact, it will produce a lake suitable for various recreational activities and, thus, represents a relatively benign form of land use.

A third consideration about the environmental impact is that the project area simply is not a pristine wilderness. As anyone who has visited the area knows, it has been fairly ravaged by wood-cutting operations, with hauling roads and skid trails sometimes just yards apart.

Another claim advanced by project opponents is that conservation and the so-called "soft" technologies represent alternatives to Dickey-Lincoln. This claim misses the point of Dickey-Lincoln, which of course is to reduce New England's oil dependence. To substitute one oil-saving alternative for another, is, in our judgment, a self-defeating enterprise. We need all oil-saving energy alternatives. We need Dickey-Lincoln and conservation and the "soft" energy forms.

Worth noting is that Dickey-Lincoln could enhance the use of such energy forms as low-head hydro, solar, wind, etc. These alternative energy forms, though obviously valuable, tend to be erratic in their production of energy. Dickey-Lincoln, with its enormous and reliable reserve potential, could provide necessary back-up capacity for smaller, less reliable alternative energy projects.

Another energy alternative which Dickey-Lincoln would enhance is the possibility of importing Canadian power. The transmission facilities from Dickey-Lincoln would be only 40 or 50 miles from an interconnection point on the Canadian power grid. Having Dickey-Lincoln, in other words, would open the door for a valuable exchange of electric power between this country and Canada.

Our conclusion is that we need Dickey-Lincoln and that we need it as soon as possible. The Northeast Public Power Association urges this Subcommittee to act favorably on the proposed budget request for Dickey-Lincoln. Thank you for your consideration.

Mr. BEVILL. We have several statements that have been submitted for our consideration that will be inserted in the record at this point.

[The statements follow:]

Statement on

Solar Thermal Repowering and the Barstow 10 MWe Pilot Plant

March 19, 1980

House Appropriations Committee

by

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I am Alvin Hildebrandt, Director of the Energy Laboratory, University of Houston and I appreciate very much having the opportunity to submit this statement on Solar Thermal Repowering of Electrical Utilities and Industrial Process Heat Generators as well as general comments concerning the construction of the Barstow 10 MWe Pilot Plant. I gave testimony concerning essentially this same subject last week at the Science and Technology subcommittee on Energy Development and Applications. However, here I wish to cover certain aspects that I believe to be crucial to all energy development rather than just solar.

First, I would like to reemphasize that the Barstow project is a crucial first step in repowering as well as development of the solar tower stand alone option. Also, cancellation of the Barstow project, which I understand is again under consideration by DOE, would be dollar and energy unwise since a good fraction of the appropriations have already been either expended or obligated. Figure 1 shows the results from a study that I have requested from Rockwell International, to show that solar stand alone power towers will be competitive with other energy sources by 1990 as shown provided heliostat goals are met. The heliostat goal is a cost of $\$65/m^2$ in 1978 dollars which equates to a heliostat material cost of $0.75 per lb. These estimates are very reasonable and I believe attainable. As a comparison, in 1978 American pick up trucks cost one dollar per pound and have at least 5 times more parts per assembled end unit. A very important consideration for power towers is that most of the technological problems have already been solved. Individual items have been built and tested (for example, at the Central Receiver Test Facility at Albuquerque). The economics has also been verified many times by several different industrial and other reserch groups. Only its operation as a system and the methodology for integration into an utility grid remain to be

tested. That is the purpose of the Barstow Pilot Plant.

Emphasis should be placed on the fact that Power Towers are really intended as intermediate utility supplies. Intermediate plants supply the major portion of extra power, over the baseline, that is required during the daylight hours and evenings. In Figure 1 it is seen that the nuclear advantage lies in baseload operation whereas solar lies in intermediate operation. The oft-made criticism that solar peaking is uneconomical and the addition of storage just makes it worse is simply not born out. Incidently Power Towers in the arid southwest really do not have significant competition from conventional nuclear which needs considerable cooling water, (Power Towers could operate with dry air towers) and nuclear has not been demonstrated to be attractive for process heat delivery.

Repowering of present utility plants to cut consumption of oil or gas would be more favorable economically than in Figure 1 under goal cost heliostat assumption since the balance of plant, such as turbine, generator, cooling tower and transmission facilities are already in place. The costs of heliostat and projected Bus Bar Energy Costs are attainable provided some early systems are cost shared in repowering. If the President's goal of 0.4 quads is implemented through some modest cost sharing and development after the Barstow 10 MWe demonstration , some 90-100 MWe units by 2000 are expected. I believe an aggressive program will result in ten times this number, in particular when one considers industrial process heat. At any rate the Barstow program needs to be completed and some $30-50 million be put into the 1981 repowering program. I believe that $500 million put into the repowering program in the next five years will establish a commercial repowering and stand alone energy option that will pay for itself well before 2000 in reduction of energy imports. Delay or cancellation of the program

will not save money. First since a good fraction of the total cost has already been spent and second since, without any real experience, utilities which by charter cannot really participate in risky ventures such as research, would have to require a larger percentage of governmental cost sharings on a larger plant.

Rather than limiting my comments to the above consideration I would like to add a few comments concerning the general problems of Power Tower Project that I believe would be of interest to the Appropriations committee. The Power Tower concept was first funded under NSF as shown in Figure 2. As noted in the figure there was a large number of crucial review points as well as a presidential hold. The project is at least one year behind schedule. It has become characteristic of this project to be reviewed every time there has been a significant personnel change and in fact the chart does not include the changes since Sept. 21, 1979 and those expected by May 1980.

This indecisiveness can only reduce the confidence of industry whose participation is essential towards the successful commercialization of any technology. The reviews and delays I believe to be largely due to lack of solar experience of personnel from the previous AEC, ERDA and now DOE staff. Much of solar has been incorrectly categorized as for 2020 and beyond i.e., just a matter of economics which are then usually shown not to be forth coming, and of no impact potential. The 20% goal for solar by 2000 has been considered by one individual to be terribly ambitious, maybe 10%. After hearing too many times that you can not do it without nuclear, ie. water reactor, breeder, fusion, etc., I believe the lack of an accepted specific goal of how to get to 2000 is a fulfillment of prophecy rather than a real difficulty in development. I feel quite sure that the agency, with its present organization will again review solar repowering and Barstow from the

bottom up before construction is complete.

Criticism of the Power Tower concept I believe originates largely from the fact that it is the oldest organized program with a clear cut goal. In this connection it is difficult for any federal program to survive some 6-8 years without presidential mandate or legislation. Second there is some pressure because of its size. In fact, the Barstow pilot project can only supply a population of 7,500 whereas a baseline 100 MWe plant would supply a population 10 times this. Thus a 10-100 MWe size is really quite small compared to 1,000 megawatt coal and nuclear plants. There has been criticism that a smaller demonstration unit should have been considered. In fact smaller units were considered but smaller sizes mean low temperatures and concurrent low turbine efficiencies which are of little interest to utilities. This scaling law is often not understood by a casual new comer and has led to confusion. The agency has contributed to the confusion by essentially endorsing total decentralized project through promotion of individuals that publicly are opposed to development of projects that are of value to utilities. The idea of de-centralization is quite vague since what is small is usually not defined. Certainly we expect many REA Co-ops to survive and they would benefit from 10,000 KWe plant developments.

I believe strong pro-nuclear views as well as a move to maintain staffing for research rather than project or demonstration development have a negetive effect on potential solar impact.

DOE, I believe, finds it very difficult to move one program ahead of another, characteristic of pure research programs, and to move any program toward completion and to transfer it to user community. I believe the reason for this is two-fold. One reason is that cost sharing, with the end user needs to be accomplished with the user being responsible and in control of

construction rather than the agency. The second reason is the agency needs a clearly defined project organization separate from the present line organization. The project organization should have technical and fiscal controls of the project once it is clearly defined and essentially frozen. This probably would require bids in hand and selection made at time of freeze in order to stay within budget. If the project design is not frozen there will always be a better cycle which needs to be incorporated in an imperfect world which either results in nothing being built or cost increases.

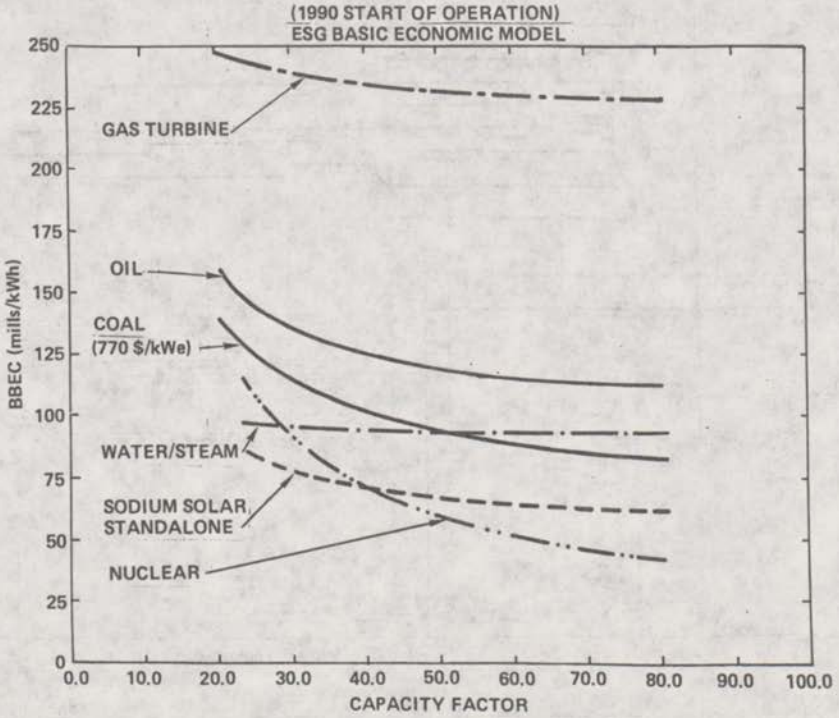
The present tendency toward project delay and cancellation will continue unless projects are given autonomy and frozen at some time before construction. This delay-cancellation problem can be expected in coal demonstration projects and in synfuel programs.

In conclusion, I would like to say that the recent move to consolidate all of solar with conservation under one Assistant Secretary is a very positive move. There have been problem in the past where heliostat systems were relegated to the large systems under one Assistant Secretary. Another Assistant Secretary had low and moderate temperature process heat which would not consider heliostats. Small heliostat systems could also supply process heat economically and such a division was unwarranted. The division has kept the small heliostat systems from penetrating the market and has kept heliostat systems from early commercialization. I do not believe that this would have happened in a single Asst. Secretary organization dedicated to transfer and users technology.

I appreciate very much the opportunity to submit a statement concerning a most vital energy project that I believe can have significant impact by the year 2000.

BUSBAR ENERGY COSTS - - -SOLAR 'STANDALONE' PLANTS

SODIUM CONCEPT SOLAR CENTRAL RECEIVER



79-MA25-48-3

FIGURE 1

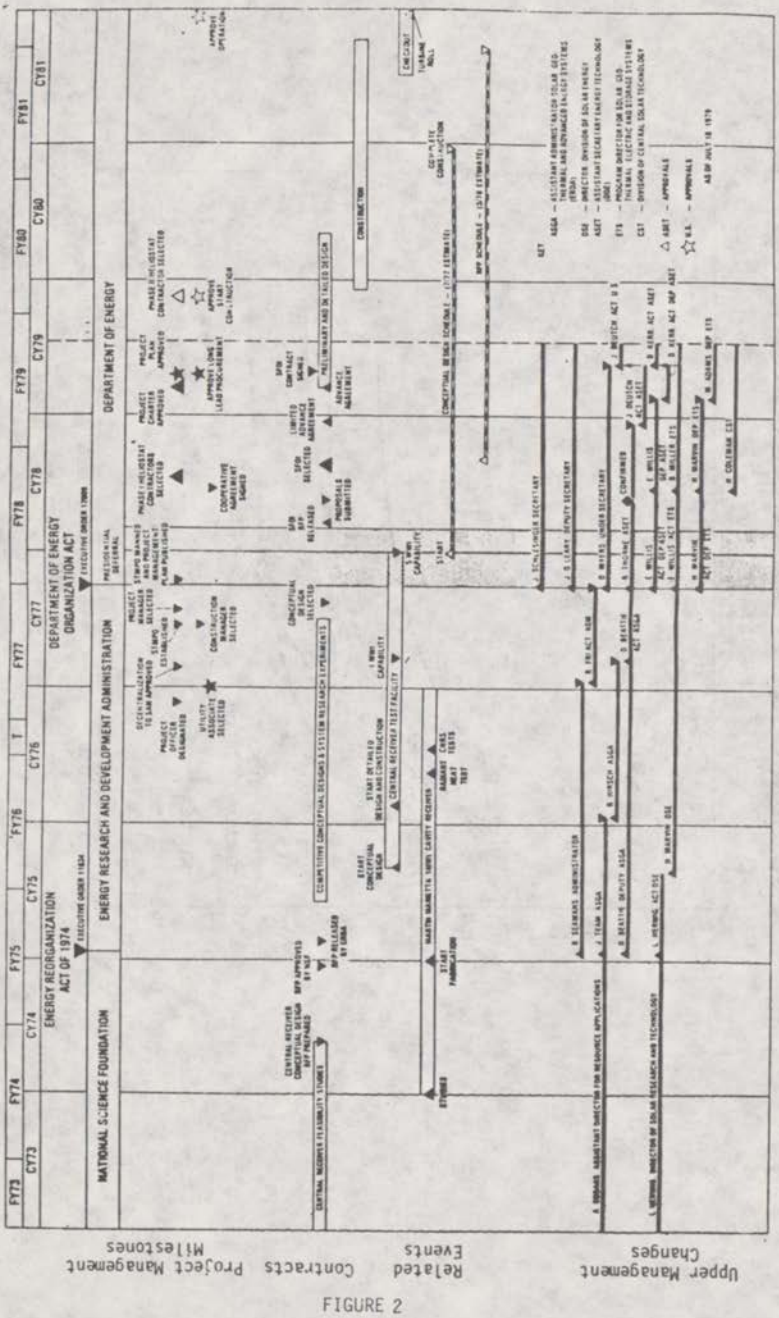


FIGURE 2

Figure 2. History of the 10 Mile Central Receiver Solar Thermal Pilot Plant

STATEMENT OF

ROBERT B. RICHARDS

GENERAL MANAGER

ADVANCED REACTOR SYSTEMS DEPARTMENT

GENERAL ELECTRIC COMPANY

BEFORE THE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

OF THE

COMMITTEE ON APPROPRIATIONS,

UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 24, 1980

REGARDING THE HIGH TEMPERATURE GAS REACTOR

My name is Robert B. Richards. I am General Manager of General Electric's Advanced Reactor Systems Department (ARSD).

We are pleased to present our views on the National High Temperature Gas Reactor Program, with special emphasis on the future potential of this concept to provide a source of high temperature process heat.

In past occasions when we have discussed advanced nuclear energy matters with you, we have advocated a strong liquid metal fast breeder reactor development program, including specifically the continuation of the Clinch River Project and the Conceptual Design Study. We have submitted separate written testimony to you on these matters.

This is the first year General Electric has approached the Congress in support of the HTGR development program. However, we have had a program of study underway in our Company on this technology for several years.

In prior years, the DOE support of technology development for the HTGR has been at modest levels aimed at providing confidence that a sound base for eventual HTGR application could be established.

It was appropriate that this be the case, given that the country's nuclear priorities lay with the LWRs followed by the LMFBR. However, the fact that the HTGR offers the promise to contribute to the resolution of some areas of our energy shortfall that cannot be served by the LWRs and the LMFBR has been recognized as good reason to continue such program support.

Clearly the Administration's proposed FY 1981 HTGR budget will no longer provide such confidence and will inevitably lead to the denial of the potential benefits which this nuclear system can offer.

The HTGR offers unique possibilities for the development of sufficiently high working temperatures to derive replacement portable fuels from coal, tar sands and oil shale, the production of process steam, electricity, hydrogen and synthesis gas. Even if only as an insurance policy against the day when we would need this energy, it would seem very prudent to carry on this activity for national strategic planning purposes. Experience shows that it takes decades to bring a new energy technology into full scale deployment. It took 40 years from the discovery of nuclear fission to the point where we produced 13% of our nation's electricity by this means. Extricating ourselves from excessive reliance on imported oil cannot be viewed as an alternative to be implemented overnight.

Of the four lead projects or programs outlined by the Gas Cooled Reactor Associates today, General Electric has a particular interest in the multi-purpose or "Multi-plex" energy application for the HTGR, whereby the reactor heat can be used for mid-range and peaking electricity generation and off-site for dispersed electricity and cogeneration applications. In this application the heat from the Multiplex HTGR is used to convert methane to a mixture of stable gases that can be piped at room temperature to multiple points of use. This is often called the thermochemical pipeline, or TCP. The thermal energy is regenerated at the users' sites where heat is extracted and the discharged methane is returned to the HTR for recycle. Applied in this fashion, such a plant can have an overall thermal efficiency, at the point of use, of greater than 80%, compared to the 30-40% efficiency of today's electric generating facilities.

The HTGR is well beyond the proof of concept stage. In the U.S. the prismatic core is operational in the Ft. St. Vrain electricity generating plant. The circulating fuel or pebble bed reactor has been demonstrated in Germany. Reactor outlet temperatures necessary to efficiently power the thermochemical pipeline have been achieved.

The Federal Republic of Germany's HTGR program involves a 15 MWe plant started in 1967 and a 300 MWe plant scheduled for operation

in 1983. In addition, the FRG program involves extensive development of the ceramic nuclear fuel. This wealth of experience can contribute greatly to an efficient and productive U.S. program.

The remaining developmental efforts necessary to bring this promising technology to the point of being ready for use are primarily in the areas of materials development maintainability, reliability, constructability along with establishing a market focus and timing. As with most energy options the system's economics resulting from these developments will be a key determinate to system acceptance and to its value in enhancing the nation's energy security.

Similar gas cooled reactor programs, including process heat application, are underway in West Germany, Switzerland and Japan. DOE has initiated an "Implementation Agreement" with the FRG and Switzerland that establishes a structure for international cooperation on HTGR development.

Specifically, we endorse the recommendations that FY-81 funding include:

- A program to define a future system design, selected through an ongoing evaluation process involving DOE, GCRA, Oak Ridge National Laboratory, General Atomics and General Electric.

- continuation of DOE's international cooperative agreement with W. Germany, and initiation of similar activities with Japan. Such exchanges can amplify the investment applied by DOE.

- application engineering necessary for the integration of HTGR nuclear technology with the synfuels/process heat technology, and

- the continued development of the structural materials required for the key heat transfer and process piping components for this energy concept.

The applications and desirable features of this Multiplex HTGR system driving the thermochemical heat pipe are several:

o With the exception of the price paid for piping and pumping there is no restriction on the distance the HTGR can be located from the users' sites, up to a few hundred miles.

o No air pollutants are discharged from the HTGR facility or the users' sites;

o The stable pipe line gas can be produced at an optimum rate, stored if necessary and used upon demand. This facilitiates a high utilization factor for the HTGR and low operating costs;

- The users can produce process heat at various temperatures, electricity or a combination of electricity and process heat;

and

- No critical energy resources are consumed.

The intrinsic storage capacity of the TCP would make nuclear-derived peaking and mid-range electricity generation practical, which would remove some of the obstacles to eliminating oil and gas consumption in the production of electricity.

In conclusion, let me summarize the foregoing key points and make some recommendations for the FY 1981 budget.

- The proposed FY 1981 budget will phase out the national HTGR program.
- We conclude that such a phase-out - at a time when excellent progress is being made in establishing a sound technological base - would foreclose the potential benefits to be derived from a new high temperature heat source.
- We believe that the FY 81 budget level of $55 Million proposed by GCRA would maintain the momentum of the

program and would afford the specific opportunity to bring closer the benefits of the process heat Multiplex concept. Industrial participation would thereby be encouraged.

In addition to the development of the HTGR, elements of the fuel cycle should be addressed. An effective program can be carried out in conjunction with on-going foreign developments with a restoration of $5.0 Million in the consolidated fuel cycle program that had been zeroed in the current FY 81 budget.

Last month, representatives of the Department of Energy testified before the Committee on Science and Technology, and I quote, "Although high temperature industrial process heat applications for this reactor have interesting potential, industry has not yet indicated a readiness to pursue such applications". We believe that the interest of the user and supplier industries will increase as the proposed development program demonstrates the potential benefits of the concept.

Thank you for the opportunity to discuss this vital matter with you.

STATEMENT OF

ROBERT B. RICHARDS

GENERAL MANAGER

ADVANCED REACTOR SYSTEMS DEPARTMENT

GENERAL ELECTRIC COMPANY

BEFORE THE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

OF THE

COMMITTEE ON APPROPRIATIONS,

UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 24, 1980

REGARDING THE LIQUID METAL FAST BREEDER REACTOR

My name is Robert B. Richards. I am General Manager of General Electric's Advanced Reactor System Department (ARSD) which has the project responsibilities for General Electric's activities in developing the liquid metal fast breeder and specifically includes General Electric's activities related to the Clinch River Breeder Reactor Demonstration Program.

We welcome this opportunity to present our views on the National Breeder Reactor Program with special emphasis today on the Administration's proposed FY 1981 budget.

However, before going into my views on those specific subjects, I believe it is essential that I present to you General Electric's view of the overall problem confronting the nation's nuclear energy capabilities so that the breeder reactor issues can be examined more properly in the context of the entire nuclear energy problem.

The United States faces an ever-present threat of a major cutoff in its foreign oil supplies. The threat constitutes a real, clear and present national security danger that must always be recognized as we determine how to assure that the nation's near and long-term energy needs are met.

The seriousness of that national security danger, combined with the damaging economic consequences of our excessive reliance on imported oil, provide the basis for Secretary Duncan's Posture Statement that he presented a few weeks ago. He said "The Department of Energy sees its mission as assuring the nation's orderly transition from an economy dependent upon oil to an economy relying upon diversified energy sources". We agree with that clearly stated mission and believe it is also our national energy mission. We also believe it must be carried out in the orderly fashion Secretary Duncan calls for but as quickly as is possible in view of the seriousness of the ever-present threat to our nation's security and well-being.

Achieving that objective requires that we reduce our consumption of oil wherever that is possible. The trend toward reduced gasoline consumption in the increasing number of smaller automobiles is encouraging from that point of view. And the government's action in deregulating oil prices, in phasing out natural gas price controls, in limiting the use of oil and gas in new industrial and utility power plants, in automobile mileage standards, etc., are all actions that should help to curtail our oil consumption. But with all the efforts to reduce oil consumption we will still have to find ways to substitute the various other available energy sources (including coal and nuclear energy) for those uses where oil is not an essential requirement. At the same time we should emphasize development of the emerging new energy sources.

The point we want to establish at this Hearing is that nuclear energy must be considered an essential part of this nation's diversified energy supply capability if we are to break the economic and national security bind in which we now find ourselves. But the viability of this nation's nuclear energy capability and the retention of nuclear energy as an option in its diversified energy system is no longer assured.

Since the 1973-1974 Oil Embargo, forecasts of light water reactor capacity, which represents our only currently available reactor capability, for the year 2000 has steadily declined from an ERDA forecast in 1976 of 600 gigawatts to a DOE forecast in 1979 of 200 gigawatts. Frankly, as things are now going, it is even difficult to see the low end of that range by the year 2000.

The latest DOE estimate means that no reactor commitments will be made for delivery before the year 2000. There are now already 190 gigawatts of reactors operating, being built, or on order. We have difficulty seeing how this nation's nuclear energy capability can be preserved in the face of that outlook.

Indeed, it is difficult to see a reversal in that trend of declining nuclear capacity forecast unless strong federal and industry action is taken to overcome the concerns about nuclear energy and unless strong federal action is taken to overcome the maze of obstacles and uncertainties that now preclude utilities from ordering reactors in spite of the many inherent advantages that they offer to the consumer.

Obviously, if the light water reactor nuclear capability is not to be preserved as part of this nation's energy system, then there will be no need for a breeder at any time in the future. But we will also not have the ability to return to the nuclear option if events show that it is necessary.

We are convinced (despite the continued financial losses that we foresee in our own nuclear energy businesses) that the nation will at some point have to turn back to our light water reactor nuclear energy supplies as part of its diversified energy system. And it is in that context, that we believe it is important to carry on a strong national breeder reactor development program as an insurance policy for the nation's continued ability to satisfy its energy needs well into the next century. We are pleased that the National Academy of Science CONAES report came to the same conclusion. The NAS report said "the LMFBR has the best chance of providing insurance that a nuclear industry could in the long term meet any electrical demands that might eventuate".

Thus, we do not believe the Administration's FY 1981 request of $320 Million for the Liquid Metal Fast Breeder Reactor program provides an adequate insurance policy. Indeed, the proposed $320 Million for the LMFBR budget is worth about $206 Million in 1976 dollars. At that time the LMFBR budget was $505 Million. Only $107 Million of the $505 Million was budgeted for Clinch River.

In prior years, the DOE support of technology development for LMFBRs has been at levels that provided confidence that a sound base for eventual breeder deployment could be established. The proposed FY 1981 LMFBR budget will no longer provide such confidence. The proposed reduced levels, in our judgment, will lead to the phase-out of the breeder program.

The Clinch River Project, as usual, is proposed for termination. The Conceptual Design Study (CDS) previously proposed last year at $55 Million has been reduced to $7.5 Million with the plan to put it on the "shelf" when finished in 1981. The LMFBR sodium test facilities (ETEC) are budgeted for a $5.0 Million reduction. Some safety related programs at Idaho will be cut in half and some facilities shut down. Fuel Cycle R & D will be reduced by a factor of four. The construction line item for reprocessing demonstration at ORNL ($6.4 Million) has been eliminated. During 1979 GE started deactivation of its Advanced Fuel Laboratory at Vallecitos. This was made necessary by the withdrawal of DOE support for plutonium processing activities.

The FFTF test reactor program is budgeted for continuation but it is difficult to see how operation can continue very long in the absence of a clear technological mission to support the eventual deployment of power producing machines. For those of us who have maintained that, short of a commercialization decision, breeder technology should

be developed in such depth that a future deployment decision could be made with confidence, the proposed budget cannot provide the "insurance policy" we believe to be absolutely essential.

I would like now to turn more specifically to the Clinch River Breeder Reactor Demonstration. As I mentioned earlier, Clinch River is again to be terminated in the President's FY 1981 Budget. For the past three years, through the efforts of this Committee and other supporters in Congress, that project has been continued. I would like to give you my frank views of that project, recognizing especially the damaging confrontation that has developed, because of the efforts to terminate it, between the Administration and the Congress, industry and other groups.

I have been associated with the Clinch River Project since 1974. I believe the objectives for starting the project were sound. It was needed as a focus for developing breeder component technology; it provided a way of experimentally evaluating the technology of those components; it provided the systems tests that are essential before any new technology can be considered to be understood well enough to commit to larger, more costly, more nearly commercial prototypes; it was to be done at a size that was large enough in power level to be representative of full scale technology but at lower cost and, it had been expected, in a shorter time.

I still believe those objectives are correct and that significant progress has been made in the project to meet those objectives. I believe the Clinch River Breeder Reactor Demonstration can still meet those objectives, especially considering the great effort and cost that has already been devoted to it.

While forecasting the future can be a dangerous and uncertain exercise, it is our considered judgment that prudent planning should assume an increase in LWR application and provide a technology base for breeder deployment sometime in the 2000-2020 time frame. To provide a balanced industrial capability that would provide the utility industry with confidence in the technology, the Clinch River Project should be completed and operated for at least 5-10 years. The first of 2-3 1000 MWe prototype breeders should be brought into operation during the 90s and the remainder shortly after the turn of the century. A good technological base would then be available if needed by the year 2010. It will be essential that appropriate base development and fuel cycle support be conducted during this period of time. We believe such a program will be an excellent investment to provide a potential for electrical energy generation for several hundred years.

When the President first proposed terminating the Clinch River Project, in 1977, the major criticism concerned the problem of "proliferation". We are pleased to observe that while the problem has not gone away,

present perceptions and understanding of the problem appear to be better balanced and more realistic. A recent DOE report of the Nonproliferation Alternative Systems Assessment Program (NASAP) issued in December 1979 quotes as follows: "All nuclear fuel cycles would entail some proliferation risks; there is no technical 'fix' "; and "the more promising resource extensions options are light-water reactor improvements (including reduced enrichment tails assay) and continuing development of the plutonium fueled breeder reactors".

There appears to be an emerging perception that control of proliferation will be an international cooperative effort involving the institutions developing and deploying nuclear reactors - including breeders. The recent International Fuel Cycle Evaluation (INFCE) has provided a clear demonstration that international cooperation is the only way to deal with proliferation effectively. For the U.S. to continue to control the proliferation issue in its own best interests, we must have the capability to interact as a full technological partner in the international arena. The proposed FY 1981 budget, we believe, gives a clear signal to our international partners that we can no longer "bring anything to the table", and that our influence on proliferation issues will diminish. We do not believe this to be in our best national interests or the world's at this time.

Later, the criticism was that the Clinch River design did not include our latest knowledge and technology, that it was obsolete, that a

more advanced and better reactor could be built. In some respects, the Clinch River design calls for more advanced performance than we would now expect in a new design. Yes, there are changes we would undoubtedly make if we were to start over. But the basic objectives that were set when the project started and that I believe are still valid can still be met by Clinch River.

Another criticism has been that we could move faster and at lower overall cost if we dropped Clinch River and went instead to a larger (higher power) reactor that was more like the commercial prototypes. Obviously, there is no assurance that such a reactor will cost less than Clinch River. And I am one of those who believes that it is desirable to go through this lower power step before risking the higher investment associated with the several larger prototype reactors that would later be required to establish a true national breeder reactor capability <u>if</u> <u>and</u> <u>when</u> it is determined that we do indeed need such a capability. Obviously, this is an area in which honest differences can exist.

But it should also be recognized that even the Conceptual Design Study to examine such a larger reactor concept as a demonstration is reduced from $55 Million proposed last year to only $7.5 Million. So that design study is essentially eliminated in this budget. Therefore, there is grave danger that no significant system focus will exist any longer to serve as the basis for even a sound component and system technology development program.

The latest argument against continuing Clinch River and for justifying the substantial reduction in this Budget is that breeders will not be needed until well into the 21st century. That may very well be the case; noneof us knows. But I do not believe the insurance provided is adequate even in that case.

It is mainly because so many of us in the nuclear industry, in the utilities, and obviously here in the Congress, feel that the U.S. must have a strong breeder insurance policy that we are reluctant to give up Clinch River without being assured that a strong alternative breeder development program will take its place and will be pursued to its completion.

The objective of the national breeder program should be to achieve a high state of readiness so that the breeder may be deployed when it is needed. Therefore, I recommend the following:

1. The Clinch River Project should be continued as an active project.

2. A FY 1981 LMFBR Budget of about $500 Million should be approved in addition to the Clinch River Budget to maintain program momentum and industry capability.

3. The Conceptual Design Study should be extended to include Project Definition so that a decision could be made in the 1981-1983 period to proceed with a construction project.

In conclusion, I want to emphasize General Electric's concern with the difficulty of maintaining the United States' light water reactor capability in the face of the existing de facto moratorium. Solving that problem to assure that nuclear energy is preserved as part of this nation's diversified energy supply system should receive high priority attention and urgent action. There is real concern that the breeder controversy is diverting attention from the Government leadership and action needed to preserve the light water nuclear energy option. We won't need breeders if we disband our nuclear capability. We must not delay in setting up a sound, clear and assured basis for retaining this nation's nuclear capability. Therefore, we hope the differing views on the breeder can be quickly reconciled and firm decisions made so that breeder nuclear energy problems can be resolved.

Statement of Fred G. Simonton, Executive Director

MID-WEST ELECTRIC CONSUMERS ASSOCIATION, INC.
P.O. Box 5089
Evergreen, Colorado 80439

before the

House
Subcommittee on Energy and Water Development
of the
Committee on Appropriations

March 27, 1980

Mid-West is the legislative and policy organization of rural electric cooperatives and publicly owned electric systems located in Wyoming, Montana, Colorado, Kansas, Nebraska, North Dakota, South Dakota, Minnesota and Iowa. Altogether 300 systems are members of Mid-West. They in turn, serve three million consumers of electricity.

Our members are preference customers and purchase power produced by Pick-Sloan Missouri Basin Project, Colorado River Storage Project and marketed by the Western Area Power Administration.

Our members in Montana are particularly interested in the possibility of installing small wind generators on farms throughout their various service areas. The small machines that are of particular interest to them are the 10 to 40 kilowatt wind generators which could easily be installed in the farmer's barnyard and which are of the size and technology that could be operated and maintained by electric co-op maintenance crews.

The difficulty is, of course, that these machines are not presently mass produced and are therefore very expensive; the costs are well above conventional alternative resources such as coal.

We believe, however, that this resource has considerable potential. The ingredient needed to make this effort feasible is some mechanism whereby the power administrations can fund renewable resource projects on a non-reimbursable basis to the extent that costs exceed the costs of generating power utilizing non-renewable resources. In other words, to the extent that costs are excessive because they are experimental or the electricity produced is more costly than generation from conventional sources, the costs should be recognized and borne as national costs to reduce our dependency on OPEC.

We would propose that the power administrations have funds available for this type of project so that the base cost of these units could be covered directly or indirectly by the power administrations. The President's Coal Commission, in its recent report recognized that the additional cost of both converting oil-burning utilities to coal and of new construction, be "shared nationally" and therefore recommended that to keep electricity rates from rising above what would

occur with continued oil and natural gas use, Federal grants of up to $15 billion should be provided. On this same basis it seems appropriate that this committee, in the national interest, should appropriate funds for the power marketing administrations to write-off certain costs associated with developing renewable resources.

Our members are convinced that an effective and productive program in renewable resource development can be carried out by entities that are already in place. There is no need for development of new agencies, tools or rules and regulations to get this job done. The rural electric co-ops, municipalities and the Western Area Power Administration are well established and operating. What is needed are funds appropriated to cover or write-off those costs involved which are beyond the cost of alternate coal fired generation.

An example of already in-place progress and cooperation in the area of renewable resource development can be seen in the fact that WAPA is currently working with East River Electric Power Co-op in Madison, South Dakota and Basin Electric Power Co-op at Bismarck, North Dakota on the possible installation of 22 wind generators at a site near Huron, South Dakota.

Mid-West heartily endorses and fully supports renewable resource development, but, is concerned that the enthusiasm

and desire to help conserve the Nation's resources will create economic hardship if additional cost involved in the development and utilization of a renewable resource is thrust upon the power users. Such a result would only serve to feed the fires of inflation and to throw unwarranted price increases onto already overburdening power costs. Because of these concerns, we urge your committee to appropriate sufficient funds to initiate participation in such programs and to cover costs which exceed alternate cost of energy purchases from non-renewable resources. The providing of non-reimbursable funds for these development costs until such time as economic feasibility is established creates a very desirable opportunity for Federal participation in renewable resource development.

Also needed is a mechanism, which could very appropriately be made available through the power administrations that would fund an effort to provide wind data collection instruments. This equipment could be loaned to local co-ops and local farmers on a long-term basis so that a list of candidate sites could be developed for future installation of wind generating equipment. Mid-West estimates a requirement of about $2 million to initiate a start in these various areas of renewable resource development.

Staffing levels for Western Area Power Administration are also of concern. A high priority item for Western Area Power Administration is determining the marketing of power through the various plans which must be developed as existing power sales contracts expire. Rates and rate increases are also items of high priority for Western Area Power Administration's customers and Mid-West members. Unfortunately with the limited staff available to Western Area Power Administration, the issues involved in these matters require excessive periods of time to resolve.

Our members are attempting to plan for their resources in the future; but as contract termination dates get closer, more and more uncertainty develops as to what resources from the Federal system will be available to meet their loads. It is extremely important that we have a definitive year established for the expiration of all existing contracts and for the beginning of all new contracts. This can be resolved by extending all existing contracts to a common expiration date and we are are presently working with WAPA in this direction.

In addition, we are quite aware of the inadequate level of maintenance that was carried on for the transmission facility prior to the formation of the Western Area Power Administration. We are also aware of the comparable level of maintenance that Western Area Power Administration is able to perform with the staffing levels that have been

available. We believe rate payers expect and deserve a reliable and efficient transmission system. We believe maintenance in the future must be of much higher quality and performance in the past.

Mr. Chairman, normally, I am very concerned about high staffing levels and large budgets for Federal organizations, but in this case, I am forced to say that Western Area Power Administration needs a significant increase in staff.

Mid-West has been very impressed with the amount of work and the competence and dedication of the Western Area Power Administration staff. But we are aware the Western Area Power Administration has been forced into excessive contracting out of work. Unfortunately in many cases there is work that is just not getting done or not getting done as rapidly as this businesslike organization should be doing it. As rate payers, our members are obviously very concerned about this high-cost way of doing business because it is our members that must foot the bill for the inefficient and higher costs of contracting out. We request provisions be made for Western Area Power Administration's staffing level to be increased by at least 100 people for fiscal year 1981 with the understanding that they will probably need considerably more than that in fiscal year 1982. Accordingly, Mid-West recommends funding the 100 positions requested.

There is another subject which relates to costs which are unusual, higher than necessary and being borne by our members. The costs to which I refer are costs for office space for the Western Area Power Administration headquarters operation at Golden, Colorado. This organization has been in existence for approximately 2 1/2 years, and is still located in temporary space in two buildings near the Federal Center just west of Denver, Colorado. The cost of that temporary space continues to rise.

Such efforts are expensive -- they are inefficient for any government organization; but in this case, it is for an organization (WAPA) that is trying to operate in a business-like manner and one where stability is of great importance. I want to emphasize the the stable nature of this business because it lends itself to a long-term solution that is not all reflective in the short-term temporary bailing wire fixes that General Services Administration has been providing to date.

The only real solution, to this problem, is a building that is designed and dedicated to take care of the needs of Western Power Administration. I encourage this committee to seriously consider providing funds for Western Area Power Administration to have a building constructed at the Denver Federal Center to meet its needs. We recommend that $150,000 be provided for studies and preliminary design of such a structure.

I would also recommend that this committee require the Western Area Power Administration to continue to own and operate that building in the future away from onerous tentacles and high overhead costs of the General Services Administration. Our concern in this matter is serious, because it is the rate payers of Western -- about 60% Mid-West members -- that must pay all costs related to Western's operations.

In this time of rapid inflation that steals from the poor and makes life on fixed-income unbearable for many, I am certain, one of the primary considerations in this year's budget is reduction of unnecessary or inflationary items. Mid-West members represent rural and small-town America, and we feel that unecessary spending must be curtailed. Even so, after considerable thought, I can only conclude that cuts to Western Area Power Administration would be counter-productive.

The transmission lines in their program represent opportunities to displace oil-fired generation with lower-cost hydro or coal-fired generation. Also, through the use of higher voltages on the transmission system there are important reductions in line losses. It is widely recognized that the Western States need more transmission capacity to better utilize coal-fired generation now available. We would urge appropriations in accordance with H.R. 6627 for this purpose.

Appropriations to cover administrative expenses are important to Western Area Power Administration. For example, most of Western Area Power Administration's travel budget is dedicated to the operation and maintenance and construction of transmission facilities. To cut Western Area Power Administration's travel budget would only mean that maintenance crews or construction crews could not get to the job site or trouble spot. Therefore we recommend that activity be fully funded in the amounts requested by the Department of Energy for the Western Area Power Administration.

This committee is encouraged to look at Western Area Power Administration's program as an opportunity to reduce the high cost of energy, to initiate efforts necessary for developing renewable resource programs and to recognize the dependence Western co-ops and municipalities have on Western Area Power Administration's high voltage transmission system.

The WAPA service area includes 15 central and Western States stretching from Iowa to the Pacific Ocean and from Texas to the Canadian border. There are 16,000 miles of transmission line, 200 substations and 457 wholesale customers who purchase power from WAPA for use by consumers throughout a 1.3 million square-mile geographical area.

I appreciate the opportunity to testify before you today.

Thank you.

Mr. BEVILL. We appreciate your support and contribution to the committee.

Thank you very much.

The committee will stand adjourned until ten o'clock tomorrow morning.

TUESDAY, MARCH 25, 1980.

CENTRAL ARIZONA PROJECT

WITNESSES

HON. JOHN J. RHODES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

HON. BRUCE BABBITT, GOVERNOR OF THE STATE OF ARIZONA

HON. MORRIS K. UDALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

HON. ELDON RUDD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

Mr. BEVILL. The committee will come to order.

The Chair recognizes Congressman John Rhodes, the distinguished House Minority Leader. We are pleased to have you with us, sir.

Mr. RHODES. Mr. Chairman, I am pleased to be with you.

Mr. Chairman, I have a dual purpose today. The first I wish to undertake with permission of the Chair is to introduce the Governor of Arizona, my good friend, who is here this year as he has been ever since he has been the Governor of our state, for the purpose of testifying in support of the Central Arizona Project and other items in which the state has interest.

The Governor is the former Attorney General of our state and has broad experience in government as well as in the general art of politics, of which you and I both are aware, so it gives me a great deal of pleasure and honor to introduce the Governor of my state and my very good personal friend, the Hon. Bruce Babbitt.

Mr. BEVILL. Governor, we are delighted to have you with us today. You know this committee works very closely with your delegation here in the Congress. The Minority Leader used to be a member of this Appropriations Subcommittee so when he is talking to us about one of his projects, we know he knows what he is talking about. And here is Congressman Mo Udall, please come up to the table, Mo, and have a seat. You came in just at the right time. I was just bragging on the Arizona delegation.

Mr. UDALL. Go on a little while longer.

Mr. BEVILL. We are pleased to have you.

You have a great delegation here in the Congress and we all enjoy working with them.

The Chair recognizes the Governor.

STATEMENT OF GOVERNOR BABBITT OF ARIZONA

Governor BABBITT. Thank you, Mr. Chairman.

John, I appreciate your introduction.

Mr. Chairman, it gives me a great deal of pleasure to come here with my congressional delegation. They have done yeoman work on this. We have been together.

I think we are united and most of all we appreciate the attention that you have given us and I must say I am highly honored and flattered by the degree of your personal attention on the trip that you took to Arizona to see this strange desert of ours which is usually without water and occasionally is inundated, and having the chance to discuss the matter with you personally this morning.

Mr. BEVILL. Yes, I went out there. I had a speech prepared for a water resources organization in Phoenix. I was going to speak about the drought, and it was pouring down rain when I stepped off the plane. When I got in the helicopter—it had been arranged several weeks ahead—instead of flying over a desert, I was flying over a flood. Really my first reaction was, knowing the ability of your delegation in the Congress, I really thought for a while it was prearranged just so I could see that flood. It was terrible. From the helicopter I could see homes and cars partially submerged in the flood. As I recall, 12 of the 14 bridges in Phoenix were blocked.

The destruction and the suffering made a real impression on me. I know that this subcommittee wants to work with your delegation to help you resolve this problem, whatever that takes.

Excuse me for the interruption.

Governor BABBITT. Mr. Chairman, I appreciate that very, very much. I do hope that I will have a chance to entertain you during drier times perhaps.

Mr. Chairman, I have a written statement and I have statements from a number of the public and private groups in Arizona which I would like with your permission to submit for the record.

Mr. BEVILL. Permission is granted. They will be made a part of the record.

[The statement follows:]

STATEMENT OF GOVERNOR BRUCE BABBITT
HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES
ON ENERGY AND WATER DEVELOPMENT
MARCH 25, 1980

I am pleased to appear before the Committee today, as I have in the past, to support the appropriation of funds for continued construction of the Central Arizona Project in fiscal year 1981.

Construction was started with award of the first contract in 1972 for the water diversion and delivery system. We have viewed with great satisfaction the progress of work on the aqueduct and its associated structures. The first stretch -- the 190-mile Granite Reef Aqueduct -- is more than 70% complete or under contract at this time. Granite Reef Aqueduct carries the promise of water from the Colorado River for the people, the cities, industries and farms of central and southern Arizona.

It is particularly gratifying that the Water and Power Resources Service plans to begin construction of the Salt-Gila Aqueduct in this current fiscal year. That portion of the overall CAP water delivery system connects with the Granite Reef Aqueduct to continue through the southeastern part of Maricopa County and central Pinal County, where it is to link up with the planned Tucson Aqueduct.

With construction of the Granite Reef Aqueduct progressing so well on schedule toward completion, it is essential that

work on the Salt-Gila segment begin now and continue without delay as provided for in the 1981 budget which you are now considering. The sooner CAP water deliveries can begin, the sooner we can begin construction cost repayment to the Federal Government.

Planning and design of the Tucson Aqueduct must also be advanced as quickly as possible. Decisions must be made concerning the termination point of that last leg of the water delivery system. The Water and Power Resources Service is presently working with local interests to make that determination so that draft and final Environmental Impact Statements may be prepared.

The Central Arizona Project promise of water is much more than an historic dream to us. It is the foundation for our current water resource management planning effort. It is an essential part of our long-range vision for an orderly, well-managed development of all of Arizona's social, economic and environmental resources.

Our need for the water to be delivered by the CAP is clear. Our long-term dependable -- renewable -- supply without the project is a long way from meeting our needs under present conditions. We are mining out our finite groundwater reserves in central and southern Arizona to sustain our broad economic base. In that process we have unavoidably mortgaged our future -- excusably, to some extent at least, because we are

still a young State lying in the pathway of a population migration that is not of our making, but is no less demanding upon our water resources.

We view the importation of Colorado River water via the CAP as a very significant and essential means for reducing our heavy dependency upon groundwater. But we are also in the process of reassessing our priorities in the management of that resource.

Secretary of the Interior Cecil Andrus has demanded that we do this, in terms that have been interpreted by some Arizonans as a threat to withhold future funding of CAP construction. Before he made that demand, however, it was quite obvious to me, and most of Arizona's responsible water leadership, that it was incumbent upon us to review and improve upon our State's management and control of groundwater reserves.

In 1977 our State Legislature created a Groundwater Management Study Commission charged with the responsibility for development of a comprehensive groundwater management code. Essentially that complex charge entails development of a system of rationing the use of groundwater among its competitive users and in such a way that the resource may be more conservatively and wisely used for the public benefit in conjunction with local surface water and that to be imported via the CAP.

I am personally involved with this Commission process, and I expect groundwater management legislation to be enacted by

the Legislature this spring.

Last year when I appeared before you, I had a tale of woe about two floods which had hit the Salt River Valley late in 1978 and again in the beginning of 1979. Peak flows reached 135,000 cubic feet per second through the Phoenix metropolitan area when watershed inflows to upstream reservoirs exceeded storage capacity.

Historic records indicated that nothing of that proportion might occur again for another 100 years. Well, it did happen again, in February of this year. And the peak flow of at least 180,000 cubic feet per second was greater than that of the previous two years.

Eleven of 13 crossings over the Salt River washed out or were closed because of concern that they would fail, including the one on Interstate 10. Some of them may remain unusable for a year or more. Horrendous traffic jams at the two remaining bridges kept thousands of people from their jobs. Public and private property damage approaching 100 million dollars was experienced.

Naturally public attention was again focused on the need for more upstream flood control on the Salt and Verde Rivers which come together a few miles above the valley. You are aware, of course, that Orme Dam, or some suitable alternative, just below the confluence of those two rivers, was authorized as a part of the Central Arizona Project in 1968. It was designed not only to regulate the flow of the Central Arizona

Project but also to reduce the flood flows to a maximum of 50,000 cubic feet per second.

For various reasons the Orme Dam became highly controversial, so much so that in 1977 President Carter recommended its deletion from the Central Arizona Project plan. No money for its construction has been appropriated, and a study to find alternatives was initiated jointly by the Water and Power Resources Service and the Army Corps of Engineers. That study is not scheduled for completion until May of 1982 when the final EIS is to be filed with the Environmental Protection Agency. The preferred plan, however, is to be determined in April of 1981.

Both the progress of the alternatives study and the work of our Water Commission, have convinced me that there is an extremely high probability that the preferred plan will include some type of flood control structure at the confluence of the Salt and Verde Rivers. Three years of recurrent flood disasters emphasize the need for immediate action to expedite completion of the preferred alternative when it becomes known next year. I have conferred with members of Arizona's congressional delegation, and I believe we all agree on the need for immediate action without further delay just as soon as the preferred alternative is available next April. Therefore, we ask that advanced engineering and design of the preferred plan be funded to commence upon its identification in April of 1981.

I understand that General Norman Delbridge of the Army Corps of Engineers recently testified before your committee that Orme Dam is the best bet for controlling our flood problems. He also advised that his agency could use $300,000 more than the $430,000 included for studies in the Administration's budget for 1981. I urge that you make it available in your appropriations.

I am fully conscious of the need to spend public money wisely and conservatively in these troubled times. And in supporting the funding for construction of the Central Arizona Project in both its water supply and flood control functions the principle of economy is served. In light of constantly increasing costs the faster the project is built the better.

If the $144,000,000 included in the Administration's budget for work on the CAP in fiscal year 1981 is the maximum amount the Water and Power Resources Service can use effectively, then that is the amount I urge you to appropriate.

Flooding problems in Arizona, of course, are not limited to the Salt River Valley. The Safford Valley on the Gila River in eastern Arizona has been severely impacted by floods on several occasions in recent years. The Corps of Engineers has indicated a $200,000 capability in fiscal year 1981 to initiate a feasibility level investigation of Camelsback Dam and Reservoir as a means of providig flood control for the valley. Camelsback Dam would also permit the conservation of additional water, water that would help satisfy the water rights claims of the Gila River and San Carlos Indian Reservations.

I urge inclusion within the Corps budget of $200,000 for investigation of Camelsback Dam.

CITY OF PHOENIX • OFFICE OF THE MAYOR

MARGARET T. HANCE
MAYOR

March 21, 1980

The Honorable Tom Bevill, Chairman
House Subcommittee on Energy and
Water Development

Dear Mr. Bevill:

In March 1978 I wrote you expressing support for the Central Arizona Project and the construction of Orme Dam or an effective alternative. Once again I am writing to you requesting your support for the immediate construction of Orme Dam or its effective alternative.

It is exceedingly frustrating to continually be asked to show support for the Orme Dam as a part of the Central Arizona Project. At a minimum, the City of Phoenix has been supporting the Orme Dam concept since I was a City Council member in 1973. I have repeatedly argued for the construction of Orme Dam in Congressional testimony, recommendations to the Phoenix City Council, and as a member of the Governor's Advisory Committee on the Salt/Gila Flood Control Study. I am enclosing for the record and as evidence of our long-standing, active support for Orme Dam several City Council resolutions and Congressional testimony in support of Orme Dam or its effective alternative.

Without reciting the reasons the Orme Dam is critically essential to the elimination of flood conditions in the Salt River, I merely want to indicate that the City of Phoenix has suffered from devastating flood occurrences three times in the last two years. Each of these occasions resulted in significant public costs totaling an estimated $30 million for the City of Phoenix alone. The U. S. Corps of Engineers estimates the flood damage has cost Maricopa County $85 million. The dollar value placed on human suffering, the loss of private sector productivity due to absenteeism, and the fuel costs associated with four-hour traffic jams across the river defies estimation.

In clearest and simplest terms, I want to reiterate the City of Phoenix' support for the immediate construction of Orme

Dam or its effective alternative. The solution to the devastating flood problems in Phoenix should have been a top priority for the Federal government years ago. In light of the economic and personal losses resulting during the past two years, it is unconscionable for the Federal government to ignore these responsibilities any longer.

Sincerely,

Margaret T. Hance

Margaret T. Hance
M A Y O R

bh
enclosures
cc: Arizona Congressional Delegation
Governor Bruce Babbitt
Phoenix City Council

CITY OF TUCSON
OFFICE OF THE MAYOR

LEWIS C. MURPHY
MAYOR

250 WEST ALAMEDA
P. O. BOX 27210
TUCSON, ARIZONA 85726
PHONE: (602) 791-4201

March 10, 1980

The Honorable Tom Bevill,
Chairman, House Appropriations
Subcommittee on Energy & Water
2362 Rayburn Building
Washington, D.C. 20515

Dear Congressman Bevill:

Please count me with other Arizonan's in favor of the expeditious funding and construction of the Orme Dam as part of the Central Arizona Project.

Delay of this project continues to postpone the date that the arid regions of southern Arizona receive much-needed water from the Colorado River. Equally important, recent flooding in the Phoenix area has underscored the urgency for the Orme Dam project. It has been estimated that the Orme Dam would reduce the flow in Phoenix from 180,000 cubic feet per second to 50,000 cubic feet per second, enough to spare that city the huge flood losses it is suffering with increasing frequency.

In my opinion, it is time for the thinking majority to take this nation back from the unthinking environmentalists, and those who would save the construction cost of this project while further endangering lives and property of far greater value than the appropriation. Let's get on with Orme Dam! I join other Arizonans to respectfully urge your assistance in having the Orme Dam reinstated and funded as part of the CAP project.

Sincerely,

L. C. Murphy

LCM/nb

CITY OF SCOTTSDALE
"The West's Most Western Town"
3939 Civic Center Plaza
SCOTTSDALE, ARIZONA 85251

Office of the Mayor and Council

March 6, 1980

The Honorable Tom Bevill
Chairman, Subcommittee on Energy
and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D. C. 20515

Dear Representative Bevill:

In April of 1978 the City Council of Scottsdale, Arizona unanimously adopted a resolution supporting an effective flood control structure for the protection of residents abutting the Salt River.

Since that time the Salt River Valley area has experienced two major floods. Severe personal hardship and losses continue to occur.

I urge your serious consideration of support for the construction of a flood control structure for the protection of the residents of the Salt River Valley.

Thank you.

Sincerely,

William C. Jenkins

William C. Jenkins
Mayor

WCJ/fm

RESOLUTION NO. 1753

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, SUPPORTING AN EFFECTIVE FLOOD CONTROL STRUCTURE FOR THE PROTECTION OF RESIDENTS ABUTTING THE SALT RIVER.

WHEREAS, the recent rains resulted in heavy flooding throughout the Salt River Valley; and

WHEREAS, the flood waters resulting from the rains caused hardship and loss to many citizens and businesses as well as destruction of private and public property; and

WHEREAS, the heavy rains caused valuable water to be released from upstream dams due to inadequate capacity and the water was lost for future use; and

WHEREAS, the City of Scottsdale, in cooperation with other governments, has taken measures to control destructive flooding within its jurisdiction; and

WHEREAS, the construction of a flood control structure east and north of the Salt River Valley will help control the flood waters on the Salt River,

NOW THEREFORE BE IT RESOLVED by the Council of the City of Scottsdale that the President of the United States, the U.S. Congress and the Arizona State Legislature be urged to support the construction of a flood control structure for the protection of the residents of the Salt River Valley.

PASSED AND ADOPTED by the Council of the City of Scottsdale, this 4th day of April, 1978.

William C. Jenkins, Mayor

ATTEST:

Fern Nell

Fern Anderson Nell, City Clerk

FLOOD CONTROL DISTRICT
of
Maricopa County

3335 West Durango Street • Phoenix, Arizona 85009
Telephone (602) 262-1501

William D. Mathews, P.E., Chief Engineer and General Manager

BOARD of DIRECTORS
Fred Koory, Jr., Chairman
Hawley Atkinson
George L. Campbell
Tom Freestone
Ed Pastor

March 12, 1980

The Honorable Tom Bevill
Chairman, House Appropriations Subcommittee on
Energy and Water
2362 Rayburn Building
Washington, D. C. 20515

Dear Mr. Bevill:

Disastrous flooding has occurred many times on the Salt, Verde, and Gila Rivers, with special vengence in March 1978, December 1978, January 1979, and February 1980.

These recent floods give extra impetus to my strong endorsement of a flood control reservoir at or below the confluence of the Salt and Verde Rivers. Orme Dam and Reservoir or other structure at the confluence similar to that which has been proposed by the Water and Power Resources Service as part of the Central Arizona Project would provide adequate flood protection.

The Flood Control District supports the expeditious implementation of these flood control measures.

Sincerely,

W. D. Mathews

W. D. Mathews, P.E.

County of Maricopa

State of Arizona

Office of the Clerk

State of Arizona }
County of Maricopa } ss.

I, Rhea Woodall, Clerk of the Board of Supervisors do hereby Certify That the following is a true and correct extract from the minutes of the Board of Supervisors' meeting held March 3, 1980:

ADOPTION OF RESOLUTION URGING THE IMMEDIATE CONSTRUCTION OF ORME DAM:

The Clerk read the Resolution into the record.

Mr. Koory asked that the Board put the authorization so that the other two Supervisors who are absent on official business can officially consent to the resolution upon their return if they so desire.

Motion was made by Mr. Atkinson and unanimously carried that the Board adopt the following resolution:

(Attached)

In Witness Whereof, I have hereunto set my hand and affixed the Official Seal of the Board of Supervisors. Done at Phoenix, the County Seat this 10th day of March A.D. 1980.

Central Arizona Project
File

Rhea Woodall
Clerk of the Board of Supervisors

RESOLUTION

The Board of Supervisors convened in the Supervisors' Auditorium at 205 West Jefferson Street, Phoenix, Arizona on March 3, 1980, with a quorum present, and adopted the following resolution on motion made by Mr. Atkinson.

WHEREAS, even though there are existing reservoirs on the Salt and Verde Rivers, disastrous flooding has occurred on the Salt and Verde Rivers on several occasions starting with March 1978 followed by December 1978, January 1979 and most recently, February 1980; and

WHEREAS, pursuant to Public Law 90-537, Orme Dam or suitable alternative was authorized for construction; and

WHEREAS, the primary purposes of Orme Dam and Reservoir are to provide regulatory storage for the Central Arizona Project and flood control for downstream areas along the Salt and Gila Rivers; and

WHEREAS, the continuing sequence of floods has further amplified the clearly defined need for flood control in the Phoenix metropolitan area.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Maricopa County, Arizona that they recognize that adequate means of flood control can best be provided along the Salt River in Maricopa County by the construction of a flood control reservoir at or below the confluence of the Salt and Verde Rivers. Orme Dam and Reservoir would provide adequate flood control measures.

BE IT FURTHER RESOLVED that this Resolution be entered into the minutes of the Board of Supervisors of Maricopa County, Arizona, and that certified copies be mailed to the Secretary of the Interior and the Director of Region III, Water and Power Resources Service, Department of the Interior to urge them to obtain Congressional, as well as Presidential support, for the immediate construction of Orme Dam.

DATED this 3rd day of March, 1980.

BOARD OF SUPERVISORS
MARICOPA COUNTY, ARIZONA

Fred Koory, Jr.
Chairman

ATTEST:

Clerk of the Board

Office of the Mayor

CITY OF MESA, ARIZONA
55 NORTH CENTER STREET • POST OFFICE BOX 1466 85201
(602) 834-2011

March 5, 1980

United States House of Representatives
Subcommittee on Energy and
Water Development
Committee on Appropriations
Washington, D.C. 20515

Dear Committee Members:

As both a Mayor and as a concerned citizen I am extremely concerned about the lack of adequate flood control for the Phoenix Metropolitan area. The recent flooding has pointed out once again the gravity of this situation and the need for immediate action to solve this problem.

I, as do many other residents, feel that we must have an upstream storage facility such as the Orme Dam immediately. The questions about the Orme Dam have been analyzed and discussed time and time again. We feel that they have been answered and that the Orme Dam concept in some form should be reinstated into the plans for the Central Arizona Project as soon as possible.

We ask that you strongly consider this during your hearings. Longer delays will only increase the danger to residents of my City and those throughout the Phoenix Metropolitan area.

Sincerely,

Wayne C. Pomeroy

WAYNE C. POMEROY
Mayor

WCP:mr

STATEMENT OF
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
ON APPROPRIATIONS FOR THE CENTRAL ARIZONA PROJECT*
FISCAL YEAR 1981

The Metropolitan Water District of Southern California appreciates this opportunity to appear before your committee in support of appropriations to the Water and Power Resources Service for construction of the Central Arizona Project.

The President's budget for fiscal year 1981 includes $144,080,000 for continued construction on the Central Arizona Project. We wholeheartedly join with our Arizona neighbors in strongly supporting this appropriation.

A reasonably optimistic construction schedule would put the complete project on line by about 1985. This schedule can be met only if the construction funds are appropriated in a timely fashion. It appears that the fiscal year 1981 budget will keep the project on schedule.

Therefore, to reiterate, Metropolitan strongly urges your support of the budgeted amount for the Central Arizona Project for fiscal year 1981.

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*Presented to the House Committee on Appropriations, Subcommittee on Energy and Water Development on March 25, 1980 by Ronald R. Gastelum, Legislative Representative.

STATEMENT OF THE

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

MARCH 25, 1980

My name is Howard Wuertz of Coolidge, Arizona. I am the President of the Central Arizona Water Conservation District and present this statement on behalf of the District.

In 1968, Congress enacted the Colorado River Basin Project Act (P.L. 90-537) which authorized the construction of the Central Arizona Project. Among other things, it provided that the Secretary of the Interior could contract for the repayment of the costs of the Project either with individual water using entities or with a single political subdivision of the State of Arizona authorized to levy assessments against real property. The Secretary, in combination with the Office of Management and Budget, elected to follow the latter course and so advised officials in Arizona.

In 1971, the Arizona legislature enacted the necessary statutory authority for the creation of a multi-county water conservation district. Pursuant to this authority, the District was formed, composed of the three Central Arizona counties of Maricopa, Pima and Pinal.

The District was authorized by law to contract with the Secretary for the repayment of Project costs which might be allocated to it plus its share of operation,

maintenance and replacement costs. In addition, the District was given authority to levy an ad valorem tax at a rate not to exceed 10¢ per $100 of assessed valuation on the taxable property within the District boundaries. It also may subcontract, in conjunction with the United States, for the sale of water to water users within the District and make charges therefor.

Shortly after the formation of the District, negotiations were undertaken with representatives of the Department of the Interior. These culminated in a repayment contract which was executed on December 15, 1972. Pursuant to this agreement, the District has undertaken to repay to the United States the costs of the Central Arizona Project which may be allocated to it plus appropriate charges for operation, maintenance and repair charges. The District is ready and willing to fulfill its obligations under such contract, and for several years has levied an ad valorem tax to assist in meeting these obligations.

The Bureau of Reclamation has set a completion date of 1985 for those portions of the Project which will deliver water into Maricopa and Pinal Counties and 1987 for the completion of the works necessary for the delivery of water to the Tucson area. It is estimated that, because of inflation, any delay in this construction schedule will add millions of dollars to the cost of the Project. The bulk of this additional burden would have to be borne by the water users and taxpayers of Central Arizona. It is imperative

that there be appropriated for FY 1981 all funds which reasonably might be expended by the Water & Power Resources Service in meeting the proposed construction schedule. We earnestly urge the Congress to include these necessary funds in the Interior Department appropriation bill.

At the present time the Department of the Interior and the Corps of Engineers are jointly conducting studies to determine the best alternative for providing regulatory storage for the CAP and flood control on the Salt and Verde Rivers to protect Phoenix metropolitan and downstream areas. The preferred plan will be identified in July of 1981 and the final environmental impact statement will be filed with the Environmental Protection Agency in May of 1982. Serious flooding has occurred on the Salt and Verde Rivers in each of the past three years and there is a possibility of a re-occurrence of floods in the very near future. The Department and the Corps should be directed to commence, as soon as the preferred plan is identified, and to complete at the earliest possible date advanced engineering and design studies of the preferred plan.

I wish to thank you for the opportunity to appear and present this statement to the committee.

60-588 O - 80 - 35 (pt. 9)

STATEMENT SUMMARY

Governor BABBITT. Mr. Chairman, I would like to just briefly summarize where I think we are and discuss a few of the problems we are dealing with. By and large I think we are moving very, very well.

We have good cooperation from the Bureau of Reclamation, Department of the Interior, and things are moving along.

The main aqueduct which is now inching its way across the desert is really coming to loft. The Granite Reef Aqueduct, which comes from the river all the way across, is now really in the ground, 70 percent complete or under contract.

That canal into Phoenix is a reality. After 60 or 70 years of work, it is real.

The next part of the construction that we are here to discusss is the middle leg of the aqueduct which will take the canal from Phoenix further south into the agricultural area between Phoenix and Tucson. That is the next logical sequence in construction.

Most of the $144 million that is being requested is to commence work on that leg of the aqueduct. Just a little bit beyond that, of course, will be leg three, which will bring the water to Tucson, Congressman Udall's home base, which is in fact the largest city in the world without one drop of surface water, just by way of underlying the importance of getting that aqueduct down.

We are working right now on the issue of the size and design of that aqueduct. That in turn is tied up with settling some of the Indian water claims in the Tucson area.

I am confident that we are going to get those matters worked out and we will be able to sit down with the bureau, reach a decision on design and sizing, and be back next year to continue working on that.

As this canal comes to town and gets put into the ground, there are a number of related water projects and problems, ground water, Indians, and flood control.

I would like to just kind of apprise you of where we are at. We are working hard on it.

The Secretary of the Interior told us a couple of years ago "I think that law requires you in Arizona to get a handle on your ground water problems."

We have been overdrafting our ground water supply by several million acre feet a year. Prior to the CAP, we haven't had much choice.

The water is there and we were in fact and are in fact mining the ground water supply. We recognize that we have to get that under control. I have been personally negotiating with the mines, agriculture and cities on an intensive basis for the last three or four months. I am going to call a special session of the Arizona Legislature in May and we are going to adopt the ground water plan. It is the most painful, excruciating thing we have ever done, but we are going to have to impose mandatory conservation on everybody, farms, cities and mines. We are going to put meters on wells. We are going to figure out how much water people are using and say, okay, you can use this much less. That represents our commitment to getting this water use situation under control.

I am negoiating with Arizona Indian tribes. They are a big factor in this picture. They own twenty percent of the surface area of our state. They have water claims in the courts. We are going to sit down and work that out. We are going to settle those. It is tied into the Central Arizona project. I can tell you that it is very likely that we will be back here in due course with some legislation confirming those settlements.

I think we all recognize that that is better than litigating.

The other piece of this puzzle is, of course, floods. When I became Governor, as a result of a phone call at 7:00 a.m., in the morning of March 4, 1978, and it was raining torrents, my first act as Governor was to declare a state of emergency and get on a National Guard helicopter and start the process of coping with the flood.

It happened twice in 1978. Everybody said it would never happen again; it is a hundred-year flood.

The next year we woke up in the middle of the winter and the river was coming on us again. That was 1979. We all said, "My God, that is obviously an act of God." We all relaxed. Well, several months ago it started all over again, the worst flood that we ever had, a 500-year flood by some calculations, and we simply are going to have to get that under control.

The original CAP legislation is on the books, authorized the Orme Dam site upstream as a combined method of regulatory storage for the project and flood control.

You are aware of the controversy that has surrounded that, the President's action several years ago in putting it on the shelf. In the wake of those problems, we agreed to a study process. With your assistance and the assistance of the delegation, we got the Bureau of Reclamation and Corps of engineers together and said, "Let's hold off declaring war. Let's go back and have a careful study, look at all of the alternatives, and see what is in the best interests of everybody involved. I promised in advance, I pledged publicly that I would support with every ounce of energy that I could muster the preferred alternative when it comes up becasue we can't quarrel forever.

We simply have to move. That preferred alternative will be known in about one year, by April of 1981.

Now, it is my considered opinion after discussing it with Mr. Higginson and the Corps of Engineers and others, that a structure at the Orme Dam site is almost certainly going to be part of the preferred alternative.

I would ask this committee today to indicate in whatever way necessary for the Corps and the Bureau that they are authorized to begin advanced engineering and design on the preferred alternative without further delay so that they can go to work next April when the preferred alternative is out.

We are asking you to do what is necessary to authorize them to move immediately so we can avoid any unnecessary delay, any damage, and enormous loss that we suffer.

Mr. Chairman, there are two other small items that are nonetheless important. The Corps of Engineers has asked to complete this study of $300,000 above the Administration's budget. I think that is a terribly important item. It will insure that the Corps can finish the river study which is under way right now.

Secondly, the Corps has asked for $200,000 to look at the problems in the Gila River Valley, including the feasibility of flood control structures there.

There has been a lot of damage as a result of floods up in the Gila Valley. Flood control there would benefit not only the landowners, but also provide supplemental water supply to settle some of the Indian claims.

Mr. Chairman, I think that covers pretty much where we are at. Again I want to thank you personally for the enormous amount of understanding, attention and support that you have given us.

Arizona is an awful long way from Alabama in every sense except in the alphabet and we are very grateful for all of your attention.

Mr. BEVILL. Very fine statement, Governor.

Mr. RHODES. Thank you, Governor.

I would like now to yield to my good friend, the Chairman of the Interior and Insular Affairs Committee, a representative of the Second District of Arizona, the Honorable Morris K. Udall.

Mr. UDALL. Thank you, John. I am glad to be here.

Mr. BEVILL. We are pleased to recognize the distinguished Chairman.

STATEMENT OF CONGRESSMAN UDALL OF ARIZONA

Mr. UDALL. Thank you, sir.

You have been awfully good to Arizona. In fact, if there was any way, Governor, that we could make someone an honorary citizen of our state, Congressman Bevill, for his fairness and attention and willingness to consider our problems, is my number one candidate.

I have a prepared statement, plus a statement by Hugh Holub, who is Chairman of Southern Arizona for the Central Arizona Project.

I won't read either one of them and I will just give you a few thoughts on my particular concern.

[The information follows:]

STATEMENT OF CONGRESSMAN MORRIS K. UDALL

Mr. Chairman, Members of the Subcommittee, I want to add my encouragement to the words of my colleagues in the delegation and to the testimony of the Governor. The need for the Central Arizona Project is manifest. The water it will deliver the central valleys of our State is essential to accommodating not only any future growth—but also in achieving the groundwater balance that will almost certainly be required in Arizona's new groundwater law.

While my colleagues will speak to the Project as a whole, I would like to address the impact of this aqueduct upon the City of Tucson in particular. No other city in the United States relies so heavily on groundwater pumping. Tucson's half-million residents drink water that is as clear and clean as any non-distilled water can be. But every gallon that is withdrawn from our aquifer is replaced by just a fraction of a gallon of natural recharge. As a result, our aquifer is being depleted at an ever-increasing rate. As electricity costs rise, pumping costs cause Tucson residents to look ever more fondly at the day the CAP will provide a renewable supply of surface water.

The canal stretching across the desert from the Colorado is coming into view, metaphorically speaking, to the citizens of Tucson. A corporation is being formed to educate the voters on the importance of the CAP to Tucson's future, and to present our case to the Administration. The twenty major water users in the Santa Cruz and the Avra/Altar Valleys have been meeting for almost a year to agree on the data that can be used in recommending to the Governor what might

be the best ways to resolve the Papago Indian water claims. Tucsonans can speak as knowledgeably about water policy as about any other issue facing society. Three years ago they recalled four city councilmen for their actions in water management.

For the most part, Mr. Chairman, I believe that Tucsonans have come to terms with the environmental and economic ramifications of the CAP. It is integral to our future. If the Legislature passes into law a tough new groundwater management code in a few months, as everyone expects it to, the City will be faced with requirements to conserve groundwater underneath a mushrooming population. We see the writing on the wall. We encourage the full funding of the Project.

Attached to my testimony are the comments of Mr. Hugh Holub, Chairman of the Southern Arizonans for the Central Arizona Project.

STATEMENT OF HUGH HOLUB

My name is Hugh Holub, of Tucson, Arizona, and I am providing this testimony in support of appropriations for the Central Arizona Project on behalf of Southern Arizonans for the Central Arizona Project.

Southern Arizonans for the Central Arizona Project (SAF–CAP) is a new group that has been formed in Southern Arizona. Our membership includes all the major water users in southern Arizona including mining, agricultural, municipal and industrial, as well as a broad cross-section of the Tucson metropolitan area.

Our group was formed for one primary purpose—to work for the completion of the Central Arizona Project to Southern Arizona.

The Tucson area, encompassing what is known locally as Eastern Pima County, has one if the worst groundwater problems in the nation. The City of Tucson, the major urban center in the region, is the laregst city in the nation with no assured surface water supply.

The region includes a large mining complex which provides a significant portion of the nation's copper; a major defense complex including an air base, aircraft storage, and ballistic missile sties; a major university of national repute which recently was a major contributor to the space reconnaissance of Jupiter and Saturn; over a half millon people; a rapidly growing electronics industrial base; one of the world's largest pecan orchards; and substantial other agricultural activity.

For many years the people of Southern Arizona have recognized the need for sound future water planning and solutions. For that reason, Southern Arizonans have supported completion of the CAP.

We have always lived with the reality that water is a scarce and precious commodity. Our major city, Tucson, has one of the most innovative and progressive water rate structures in the nation, and an effective water conservation program to match. Since 1974, per capita water consumption in the City of Tucson has been reduced from over 200 gallons per day to 140 gallons per day in 1979. The City of Tucson has the lowest per capita urban water usage in the dry Southwest.

Our mining industries have used every available approach to reuse of water, and they are committed to even more efficient use of water.

Our agriculture has already begun using many water conservation techniques voluntarily and are committed to a maximum effort to efficient water use.

Our state legislature will soon have before it a milestone water law reform package which will require areas such as Eastern Pima County to reduce groundwater pumping to safe-yield in the future, and mandate water management, groundwater pumping metering, and conservation.

At the present time, groundwater, is being pumped at a rate over 4 times natural recharge. This cannot go on forever.

Even with the maximum efforts presently underway in the region, and mandatory conservation which will be required in Arizona's new groundwater laws, the Central Arizona Project is the only new source of water to the area which can bring water use and water supply even close to a balance.

On behalf of Southern Arizona's urban, mining, agricultural, industrial and business communities, we urge your support for continued appropriations to complete the Central Arizona Project in 1987 as is currently planned.

Thank you.

STATMENT SUMMARY

Mr. UDALL. Congressman Rhodes and I have been partners in this enterprise longer than I care to remember. But he can tell you all about the situation in Maricopa County, as the Governor has, and the problems up there—and we in southern Arizona want to be good neighbors and help when the Phoenix folks have trouble, and we hope they will be kind with us when we have difficulties.

Congressman Rhodes and my other colleagues and the Governor are speaking to the project as a whole and I would just like to address the impact of that aquaduct upon Tucson.

The Governor has outlined how totally we rely upon ground water pumping. We have a half million people there and they drink clear and clean water, but every gallon that is withdrawn from our aquifer is replaced by just a fraction of a gallon of natural recharge. As a result, our aquifer is being depleted at an ever-increasing rate.

Electricity costs are going up and pumping costs are going up and Tucson residents are looking with hope to the day that CAP will give us a permanent renewable supply of surface water.

The canal stretching across the desert from the Colorado is coming into view. A corporation is being formed to educate the voters on the importance of the CAP to Tucson's future, and to present our case to the Adminisaration. The twenty major water users in the Santa Cruz and the Avra/Altar Valleys have been meeting for almost a year to agree on the data that can be used in recommending to the Governor what might be the best ways to resolve the Papago Indian water claims.

Tucsonians can speak as knowledgeably about water policy as about any other issue facing society and we have strong political interest in solving our water problems there.

I believe, Mr. Chairman, that Tucsonians have come to terms with the Central Arizona Project. It is integral to our future.

If the legislature passes into law a tough new groundwater management code in a few months, as the Governor has said, the city will be faced with requirements to conserve groundwater underneath the mushrooming population. So we see the writing on the wall. We encourage the full funding of CAP and I thank you very much, Mr. Chairman.

Mr. BEVILL. Very good.

Mr. RHODES. Thank you, Morris K.

Mr. Chairman, If I may, I would like to introduce my good friend and one of the very stalwart members not only of the Appropriations Committee, but of the Budget Committee, the Honorable Eldon Rudd. Eldon.

STATEMENT OF CONGRESSMAN RUDD OF ARIZONA

Mr. RUDD. I thank my Minority Leader and I thank you, Mr. Chairman, for the honor of being here as a member of the Appropriations Committee to testify to some extent before you and I again appreciate the dedication and work that you have really put into this matter.

I was in that helicopter with you when we saw those houses floating down Allentown. It was a surprise. I didn't have anything to do with it.

I appreciate also the thoughtfulness of our governor, and I know that two years ago it was decided by the Administration that we should have a study to determine which way we might go in the whole matter concerning Orme Dam.

I will tell you also that I was an elected member of the Board of Supervisors of Maricopa County, and worried with this flood control problem back to 1972. We have had problems all along. But two years ago, when the decision was made for the Orme Dam alternatives study, we hadn't encountered the problems that we have had since, including one 500-year flood which our good Governor has underlined here. It has become absolutely necessary in the minds of almost everyone that we have to do something, because we have had one 500-year flood and three 100-year floods in the two years just since that study was decided upon.

It might possibly be unnecessary to wait until the end of the period of time to complete the study, and I won't question that at all. But I would like to request, Mr. Chairman, that very serious consideration be given to providing the $330,000 in additional funds for the Army Corps of Engineers to complete the study that we are talking about during FY 1981 at its full capabilities.

I would also like to request, Mr. Chairman, that specific language be included in the committee report directing the Water and Power Resources Service immediately to institute pre-engineering and design efforts for Orme Dam, by whatever name, this flood control structure that we need at the confluence of the Verde and the Salt Rivers, as part of its ongoing work in this whole project in order that we can get started on it.

By the way, a recent analysis provided by the Water and Power Resources Service indicated that had this structure been in place before the recent 500-year flood, that the estimated damages would have been 75 percent less, and that the $80 million-plus damages would have been reduced to about $5 million.

I have a prepared statement that I would like to provide for the record. I won't belabor this, but let me tell you that I am awfully glad that the Congressional delegation, the Governor, and everyone with the responsibility and authority to find a solution are acting as one in this matter. Again, I appreciate the opportunity to be here to join in supporting this request.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF HONORABLE ELDON RUDD, BEFORE THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT APPROPRIATIONS, TUESDAY, MARCH 25, 1980

Chairman Bevill, my good friend John Myers, it is a privilege and honor to appear here this morning as a member of the full Appropriations Committee, in the company of our good friend and colleague John Rhodes, and with Arizona's Governor Bruce Babbitt, in behalf of the F–Y 1981 appropriation request for the Central Arizona Project.

I only want to reiterate my strong support for what has already been said by John Rhodes in behalf of this CAP request.

I hope that the Committee will give strong consideration to the need for an additional $330,000 for the Corps of Engineers' share of the Orme Dam and alternatives study, which General Delbridge has already told the Subcommittee would allow the Corps to work at its full capability on this study in F–Y 1981.

I also want to strongly urge the Subcommittee's approval of funds within the CAP appropriation, and report language directing the Water and Power Resources Service to use those funds for pre-construction engineering and design work in connection with Orme Dam.

As you know, Mr. Chairman, Arizonans in the Phoenix area have suffered tens of millions of dollars of property damage, injury, massive inconvenience and hardship, and several deaths because of repeated flooding.

A recent analysis by the Water and Power Resources Service indicates that Orme Dam, had it been in place, would have cut the February 1980 flood by about 75 percent, reducing flood damages from an estimated $80 million to less than $5 million.

With your permission, Mr. Chairman, I would like to include in the record a recent news article from The Arizona Republic reporting on this analysis of Orme Dam's flood control importance, in addition to its importance for regulatory storage as part of the Central Arizona Project.

I would also like to include in the record a brief chronology of the most recent three floods, which puts into perspective future flood damages that would be prevented if work starts immediately toward building some sort of flood control structure at the confluence of the Salt and Verde Rivers.

Such a structure is already authorized as part of the CAP.

The Water and Power Resources Service has told me that it could start the necessary engineering and design work for Orme Dam in F-Y 1981, in order to get going with the preliminary archaeological, seismic, and geology work for the specific design of a dam, if this Subcommittee will provide the necessary funds and report language allowing the Service to send in the necessary people and drilling crews to begin this vital work.

Mr. Chairman, I will look forward to working with the Subcommittee and its staff in any appropriate way in order to accomplish this objective.

As always, your consideration of the needs of our State and our people is deeply appreciated.

ORME DAM WOULD HAVE CUT FLOOD BY ABOUT 75 PERCENT, AGENCY SAYS

(By Carle Hodge)

Orme Dam would have reduced February's flood surge by almost three-fourths, a new study suggests.

The rejected structure, according to an analysis by the federal Water and Power Resources Service, could have cut the high tide to 50,000 cubic feet a second.

Instead, a peak flow of 180,000 cubic feet per second is believed to have washed through the Valley the night of Feb. 15.

The Water and Power Resources Services calculated this week that Orme thus would have cut estimated damages from $80 million to less than $5 million.

"Had the dam and reservoir been in place, significantly less damage and traffic disruption would have resulted along the Salt and Gila rivers," according to Thomas G. Burbey, an official with the service.

Burbey is a hydrologist who heads the agency's studies branch here. The water resources service would design and build the dam. . . .

Between Feb. 14 and March 2, more than 1.8 million acre-feet of water roared past Granite Reef Diversion Dam. That was almost as much as all six upstream Salt River Project reservoirs can hold.

With Orme, Burbey said, that volume would have been cut to about 1.5 million acre-feet.

And if no CAP water had been fed into Orme Reservoir in the weeks before the storm, he said, the difference, in excess of 200,000 acre-feet, could have been stored for future needs.

Without the SRP dams, the floods last month would have been even more ravaging. Burbey said the crest could have hit 221,000 cubic feet a second and damages $127 million.

As it was, the Salt had run for 450 hours by March 3. The water resources service figured that the flow would have lasted only 400 hours if the "confluence site" had been dammed.

All of those estimates were predicated on an assumption of normal CAP operations.

Burbey added—a little ruefully—that had construction followed the timetable foreseen when Congress authorized CAP in 1968, Orme would now be a reality.

It would have been finished in time, in fact, to have mitigated not only the most recent flood but those of 1978 and 1979.

He estimated that the dam would have prevented $140 million of the $165 million in downstream damage the past two years. . . .

The construction of Orme would require five years, according to the water resources service.

Unlike SRP dams, which were built simply to store water and cannot release large amounts unless they are near capacity, Orme was designed for storage of CAP water and flood control.

It would hold 367,000 acre-feet of "regulatory," or CAP, water. But the capacity for another 950,000 acre-feet would be reserved—kept empty most of the time—to capture heavy runoff from storms.

THE CASE FOR ORME DAM

Orme Dam, to be located at the confluence of the Salt and Verde Rivers 14 miles east of Phoenix, was authorized by Congress as a unit of the Central Arizona Project under Public Law 90-537, enacted on Sept. 30, 1968. However, owing to opposition from environmental and other interests, Orme Dam has not been built.

Had Orme Dam been given the priority it should have received since CAP construction began in 1971, its flood control capability would have prevented more than $300 million of property damage in the greater Phoenix area from four major floods in the past two years.

As planned, the 195-foot dam to be built by the U.S. Bureau of Reclamation (now the Water and Power Resources Service) would have been completed in 4 to 5 years. The cost of Orme Dam and all related work was initially estimated at $95.8 million. The dam's total reservoir capacity would be 1,650,000 acre-feet, greater than the capacity of Roosevelt Dam, with flood control capacity of 950,000 acre-feet. The reservoir would be operated to control a standard project flood peak discharge of 290,000 cubic feet per second down to 50,000 cubic feet per second at the Orme site.

As the following facts demonstrate, Orme Dam's ability to control the flow of water from a standard project flood down to 50,000 cubic feet per second—a flow that Phoenix bridges and street crossings are more than adequate to withstand—would have prevented the devastation of the past four floods since March, 1978:

Flood date	Peak discharge (cubic feet per second)		Estimated cost of property damages
	Granite Reef [1]	Tempe Bridge [2]	
March 1978	96,000	122,000	$66,000,000
December 1978	110,000	140,000	63,000,000
January 1979	75,900	88,000	80,000,000
March-April 1979	51,300	67,880	70,000,000
February 1980	180,000	180,000	90,000,000

[1] Granite Reef is 1 mi downstream from the Orme site at the confluence of the Salt and Verde Rivers.
[2] Gauged by U.S. Geological Survey at Jointhead Dam, between 48th St. and Tempe Bridge. Additional water flow into the Salt River below Granite Reef, from rain and other sources, accounts for the higher rate of discharge at Tempe Bridge.

Mr. BEVILL. Thank you, Congressman Rudd, for a very fine statement, and certainly this subcommittee appreciates your good support on the House Appropriations Committee.

You have been very supportive of us and we appreciate your good work.

Mr. RHODES. Mr. Chairman, we have such a strong back-up delegation here I wonder if I might take enough of your time to introduce them? Will all the people stand up.

Beginning over to the left, over to my left, is Hank Raymond and Burr Sutter, and Rich Johnson, and Howard Wuertz, and Charlie Wetzler, and in the second row are Morley Fox and Jed Riggins and over here is Pat Murphy of the Arizona Republic and Mary Wingard of the Arizona Republic.

When Mr. Murphy came back, the Chairman is well aware of the fact that he came back for the precise purpose of bringing some material from the Arizona Republic that was in the form of a coupon in which they asked people who were mad about the flood situation to fill it out and send it to them, and they did. And also with them are Mr. and Mrs. Smith, would you please stand up?

Mr. & Mrs. Smith live in an area where homes were flooded out during the last flood, and they came along with Mr. Murphy to underscore the desire and the need of the people of the area for flood control protection.

Mr. BEVILL. Yes. Of course, their names will be in the record showing that they are present.

STATEMENT OF CONGRESSMAN RHODES OF ARIZONA

Mr. RHODES. I appreciate that.

Mr. Chairman, I have some statements here which I would like to submit for the record if I may.

[The information follows:]

STATEMENT OF CONGRESSMAN JOHN J. RHODES
BEFORE THE
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
HOUSE APPROPRIATIONS COMMITTEE

March 25, 1980

Mr. Chairman and members of the Subcommittee:

Thank you very much for providing me with the opportunity to appear before you today.

Witnesses from the Department of the Interior and the Water and Power Resources Service have testified before your Subcommittee in support of a budget request of $144,080,000 for the construction of the Central Arizona Project in fiscal year 1981.

It is my understanding from the testimony you received that the funds recommended to be appropriated are sufficient to keep the Central Arizona Project on schedule for the first delivery of water to the Phoenix area in 1985 and to Tucson in 1987. I am pleased to support that request and ask for your approval. The sooner the water delivery system is completed the quicker the costs can begin to be repaid to the U. S. Treasury.

Mr. Chairman, with your first-hand knowledge of the havoc caused by flooding in Phoenix in December 1978, I needn't recite the details of the flooding that occurred there again this year. I would simply state that more and more of our citizens have come to the same conclusion you reached then, that the best solution to the flood problems in the Phoenix area is the construction of a flood control structure at or just below the confluence of the Salt and Verde Rivers. As I have told the Members of the House and the residents of Arizona, we are in a race between red-tape and rising costs plus a growing population that needs protection from floods.

As you are aware, there is a study in progress, referred to as the Central Arizona Water Control Study, to determine the best alternative for providing regulatory storage for the Central Arizona Project and for flood control on the Salt and Verde River systems to protect the Phoenix metropolitan area.

Regarding this study, you may recall that when General Delbridge, from the Corps of Engineers South Pacific Division, appeared before your Subcommittee in February, he stated that the Corps would require $330,000, above the amount requested by the Administration, to keep this study on

schedule. Mr. Chairman, I would like to request that the Subcommittee add these additional funds.

You may also recall that General Delbridge indicated very positively that it was his opinion that the results of this ongoing study would dictate that some type of structure will be required at the point where the Salt and Verde Rivers come together. This being the case, it is requested that the Subcommittee include funds in the FY 81 Appropriations bill that would match the Water and Power Resources Service's capability to begin necessary preconstruction activities for such a structure and that language be included in the Committee's report directing the Service to begin this work. This action would advance the start of construction and give the people of Arizona the promise that a solution to their flood control problems is being met.

From all the disastrous consequences of the floods that have hit Phoenix in the past two years there is one bright side--one area that was protected from human misery and great property losses. That area is Scottsdale. And the reason it was spared was due to the Indian Bend Wash flood control project.

Were it not for the flood detention dikes constructed to protect the Central Arizona Project aqueduct, however, this imaginative 7-mile greenbelt floodway through the heart of the city would not have been possible.

This particular section of the Granite Reef aqueduct north of Scottsdale with its protecting dikes, was one of the first reaches completed on the Central Arizona Project, and it has already returned big dividends in preventing millions of dollars in flood damage. The Corps of Engineers reported after this year's flooding that $147 million in flood damages was prevented by Indian Bend Wash and other recently completed small flood detention structures around the valley.

The total Federal outlays for the Indian Bend Wash project through fiscal year 1980 amount to $20 million. The Federal investment is clearly being justified.

In addition to its flood control benefits, Indian Bend Wash is a model for multi-purpose flood control application. Without question it is the most attractive development in Scottsdale. It has transformed a large part of the city into one continuous park, with a series of lakes and with surrounding areas planted extensively to grass and containing facilities for public recreation.

I particularly wanted to mention this project as there is a similar opportunity afforded when a flood detention structure is in place at the confluence of the Salt and Verde Rivers. In this instance the barrier would make possible the already conceived plan to transform the scarred Salt River stream bed which bisects Phoenix into the Rio Salado project.

The Rio Salado project is another expansive recreational and economic development proposal which will enhance the quality of life for all our citizens. It has been in the planning stage for many years based on the premise that Orme Dam would be built. All that waits its implementation is the necessary upstream flood control works.

The public is for it. The cities and county which would be involved have favored the concept. The Arizona legislature is now considering legislation to establish the Rio Salado Development District. This would give the project a legal entity and provide the seed money to administer it and to begin the acquisition of rights-of-way. The impetus to make a start on this long-range needed development is at hand.

I am constantly reminded of the widespread benefits which will accrue from the completion of the Central Arizona Project. For the first time we will be able to balance our water supply with demand. Undoubtedly there will be many more beneficial effects than we can visualize now.

Mr. Chairman, we in Arizona are most certainly mindful of the recognition you and the other members of the Subcommittee have given over the years to the needs of our State. Accordingly, I would like to use this opportunity to express my personal appreciation to you and to pass on the heartfelt thanks of the residents of my Congressional district. This Sub-committee has every right to be proud of its staunch support of the projects it has funded, particularly the Indian Bend Wash project. It truly works!

Mr. Chairman, I have been asked to submit several written statements for the hearing record.

The statements are by:

The Maricopa County Board of Supervisors

Mayor Lew Murphy of the City of Tucson

The Maricopa County Flood Control District

The City of Scottsdale

Mayor Wayne Pomeroy of the City of Mesa

The Central Arizona Water Conservation District

City of Phoenix

Metropolitan Water District of Southern California

CITY OF PHOENIX • OFFICE OF THE MAYOR

MARGARET T. HANCE
MAYOR

March 21, 1980

The Honorable Tom Bevill, Chairman
House Subcommittee on Energy and
Water Development

Dear Mr. Bevill:

In March 1978 I wrote you expressing support for the Central Arizona Project and the construction of Orme Dam or an effective alternative. Once again I am writing to you requesting your support for the immediate construction of Orme Dam or its effective alternative.

It is exceedingly frustrating to continually be asked to show support for the Orme Dam as a part of the Central Arizona Project. At a minimum, the City of Phoenix has been supporting the Orme Dam concept since I was a City Council member in 1973. I have repeatedly argued for the construction of Orme Dam in Congressional testimony, recommendations to the Phoenix City Council, and as a member of the Governor's Advisory Committee on the Salt/Gila Flood Control Study. I am enclosing for the record and as evidence of our long-standing, active support for Orme Dam several City Council resolutions and Congressional testimony in support of Orme Dam or its effective alternative.

Without reciting the reasons the Orme Dam is critically essential to the elimination of flood conditions in the Salt River, I merely want to indicate that the City of Phoenix has suffered from devastating flood occurrences three times in the last two years. Each of these occasions resulted in significant public costs totaling an estimated $30 million for the City of Phoenix alone. The U. S. Corps of Engineers estimates the flood damage has cost Maricopa County $85 million. The dollar value placed on human suffering, the loss of private sector productivity due to absenteeism, and the fuel costs associated with four-hour traffic jams across the river defies estimation.

In clearest and simplest terms, I want to reiterate the City of Phoenix' support for the immediate construction of Orme

Dam or its effective alternative. The solution to the devastating flood problems in Phoenix should have been a top priority for the Federal government years ago. In light of the economic and personal losses resulting during the past two years, it is unconscionable for the Federal government to ignore these responsibilities any longer.

Sincerely,

Margaret T. Hance

Margaret T. Hance
M A Y O R

bh
enclosures
cc: Arizona Congressional Delegation
Governor Bruce Babbitt
Phoenix City Council

CITY OF TUCSON
OFFICE OF THE MAYOR

LEWIS C. MURPHY
MAYOR

250 WEST ALAMEDA
P. O. BOX 27210
TUCSON, ARIZONA 85726
PHONE: (602) 791-4201

March 10, 1980

The Honorable Tom Bevill,
Chairman, House Appropriations
Subcommittee on Energy & Water
2362 Rayburn Building
Washington, D.C. 20515

Dear Congressman Bevill:

Please count me with other Arizonan's in favor of the expeditious funding and construction of the Orme Dam as part of the Central Arizona Project.

Delay of this project continues to postpone the date that the arid regions of southern Arizona receive much-needed water from the Colorado River. Equally important, recent flooding in the Phoenix area has underscored the urgency for the Orme Dam project. It has been estimated that the Orme Dam would reduce the flow in Phoenix from 180,000 cubic feet per second to 50,000 cubic feet per second, enough to spare that city the huge flood losses it is suffering with increasing frequency.

In my opinion, it is time for the thinking majority to take this nation back from the unthinking environmentalists, and those who would save the construction cost of this project while further endangering lives and property of far greater value than the appropriation. Let's get on with Orme Dam! I join other Arizonans to respectfully urge your assistance in having the Orme Dam reinstated and funded as part of the CAP project.

Sincerely,

L. C. Murphy

LCM/nb

Office of the Mayor

CITY OF MESA, ARIZONA
55 NORTH CENTER STREET • POST OFFICE BOX 1466 85201
(602) 834-2011

March 5, 1980

United States House of Representatives
Subcommittee on Energy and
Water Development
Committee on Appropriations
Washington, D.C. 20515

Dear Committee Members:

As both a Mayor and as a concerned citizen I am extremely concerned about the lack of adequate flood control for the Phoenix Metropolitan area. The recent flooding has pointed out once again the gravity of this situation and the need for immediate action to solve this problem.

I, as do many other residents, feel that we must have an upstream storage facility such as the Orme Dam immediately. The questions about the Orme Dam have been analyzed and discussed time and time again. We feel that they have been answered and that the Orme Dam concept in some form should be reinstated into the plans for the Central Arizona Project as soon as possible.

We ask that you strongly consider this during your hearings. Longer delays will only increase the danger to residents of my City and those throughout the Phoenix Metropolitan area.

Sincerely,

Wayne C. Pomeroy

WAYNE C. POMEROY
Mayor

WCP:mr

CITY OF SCOTTSDALE
"The West's Most Western Town"
3939 Civic Center Plaza
SCOTTSDALE, ARIZONA 85251

Office of the Mayor and Council

March 6, 1980

The Honorable Tom Bevill
Chairman, Subcommittee on Energy
and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D. C. 20515

Dear Representative Bevill:

In April of 1978 the City Council of Scottsdale, Arizona unanimously adopted a resolution supporting an effective flood control structure for the protection of residents abutting the Salt River.

Since that time the Salt River Valley area has experienced two major floods. Severe personal hardship and losses continue to occur.

I urge your serious consideration of support for the construction of a flood control structure for the protection of the residents of the Salt River Valley.

Thank you.

Sincerely,

William C. Jenkins

William C. Jenkins
Mayor

WCJ/fm

RESOLUTION NO. 1753

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, SUPPORTING AN EFFECTIVE FLOOD CONTROL STRUCTURE FOR THE PROTECTION OF RESIDENTS ABUTTING THE SALT RIVER.

WHEREAS, the recent rains resulted in heavy flooding throughout the Salt River Valley; and

WHEREAS, the flood waters resulting from the rains caused hardship and loss to many citizens and businesses as well as destruction of private and public property; and

WHEREAS, the heavy rains caused valuable water to be released from upstream dams due to inadequate capacity and the water was lost for future use; and

WHEREAS, the City of Scottsdale, in cooperation with other governments, has taken measures to control destructive flooding within its jurisdiction; and

WHEREAS, the construction of a flood control structure east and north of the Salt River Valley will help control the flood waters on the Salt River,

NOW THEREFORE BE IT RESOLVED by the Council of the City of Scottsdale that the President of the United States, the U.S. Congress and the Arizona State Legislature be urged to support the construction of a flood control structure for the protection of the residents of the Salt River Valley.

PASSED AND ADOPTED by the Council of the City of Scottsdale, this 4th day of April, 1978.

William C. Jenkins, Mayor

ATTEST:

Fern Anderson Nell, City Clerk



FLOOD CONTROL DISTRICT
of
Maricopa County

3335 West Durango Street • Phoenix, Arizona 85009
Telephone (602) 262-1501

William D. Mathews, P.E., Chief Engineer and General Manager

BOARD of DIRECTORS
Fred Koory, Jr., Chairman
Hawley Atkinson
George L. Campbell
Tom Freestone
Ed Pastor

March 12, 1980

The Honorable Tom Bevill
Chairman, House Appropriations Subcommittee on
Energy and Water
2362 Rayburn Building
Washington, D. C. 20515

Dear Mr. Bevill:

Disastrous flooding has occurred many times on the Salt, Verde, and Gila Rivers, with special vengence in March 1978, December 1978, January 1979, and February 1980.

These recent floods give extra impetus to my strong endorsement of a flood control reservoir at or below the confluence of the Salt and Verde Rivers. Orme Dam and Reservoir or other structure at the confluence similar to that which has been proposed by the Water and Power Resources Service as part of the Central Arizona Project would provide adequate flood protection.

The Flood Control District supports the expeditious implementation of these flood control measures.

Sincerely,

W. D. Mathews

W. D. Mathews, P.E.

County of Maricopa

State of Arizona

Office of the Clerk

State of Arizona }
County of Maricopa } ss.

I, Rhea Woodall, Clerk of the Board of Supervisors do hereby Certify That the following is a true and correct extract from the minutes of the Board of Supervisors' meeting held March 3, 1980:

ADOPTION OF RESOLUTION URGING THE IMMEDIATE CONSTRUCTION OF ORME DAM:

The Clerk read the Resolution into the record.

Mr. Koory asked that the Board put the authorization so that the other two Supervisors who are absent on official business can officially consent to the resolution upon their return if they so desire.

Motion was made by Mr. Atkinson and unanimously carried that the Board adopt the following resolution:

(Attached)

In Witness Whereof, I have hereunto set my hand and affixed the Official Seal of the Board of Supervisors. Done at Phoenix, the County Seat this 10th day of March A.D. 1980.

Central Arizona Project
File

Rhea Woodall
Clerk of the Board of Supervisors

RESOLUTION

The Board of Supervisors convened in the Supervisors' Auditorium at 205 West Jefferson Street, Phoenix, Arizona on March 3, 1980, with a quorum present, and adopted the following resolution on motion made by Mr. Atkinson.

WHEREAS, even though there are existing reservoirs on the Salt and Verde Rivers, disastrous flooding has occurred on the Salt and Verde Rivers on several occasions starting with March 1978 followed by December 1978, January 1979 and most recently, February 1980; and

WHEREAS, pursuant to Public Law 90-537, Orme Dam or suitable alternative was authorized for construction; and

WHEREAS, the primary purposes of Orme Dam and Reservoir are to provide regulatory storage for the Central Arizona Project and flood control for downstream areas along the Salt and Gila Rivers; and

WHEREAS, the continuing sequence of floods has further amplified the clearly defined need for flood control in the Phoenix metropolitan area.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Maricopa County, Arizona that they recognize that adequate means of flood control can best be provided along the Salt River in Maricopa County by the construction of a flood control reservoir at or below the confluence of the Salt and Verde Rivers. Orme Dam and Reservoir would provide adequate flood control measures.

BE IT FURTHER RESOLVED that this Resolution be entered into the minutes of the Board of Supervisors of Maricopa County, Arizona, and that certified copies be mailed to the Secretary of the Interior and the Director of Region III, Water and Power Resources Service, Department of the Interior to urge them to obtain Congressional, as well as Presidential support, for the immediate construction of Orme Dam.

DATED this 3rd day of March, 1980.

BOARD OF SUPERVISORS
MARICOPA COUNTY, ARIZONA

Fred Koory, Jr.
Chairman

ATTEST:

Clerk of the Board

STATEMENT OF
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
ON APPROPRIATIONS FOR THE CENTRAL ARIZONA PROJECT*
FISCAL YEAR 1981

The Metropolitan Water District of Southern California appreciates this opportunity to appear before your committee in support of appropriations to the Water and Power Resources Service for construction of the Central Arizona Project.

The President's budget for fiscal year 1981 includes $144,080,000 for continued construction on the Central Arizona Project. We wholeheartedly join with our Arizona neighbors in strongly supporting this appropriation.

A reasonably optimistic construction schedule would put the complete project on line by about 1985. This schedule can be met only if the construction funds are appropriated in a timely fashion. It appears that the fiscal year 1981 budget will keep the project on schedule.

Therefore, to reiterate, Metropolitan strongly urges your support of the budgeted amount for the Central Arizona Project for fiscal year 1981.

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*Presented to the House Committee on Appropriations, Subcommittee on Energy and Water Development on March 25, 1980 by Ronald R. Gastelum, Legislative Representative.

STATEMENT OF THE

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

MARCH 25, 1980

My name is Howard Wuertz of Coolidge, Arizona. I am the President of the Central Arizona Water Conservation District and present this statement on behalf of the District.

In 1968, Congress enacted the Colorado River Basin Project Act (P.L. 90-537) which authorized the construction of the Central Arizona Project. Among other things, it provided that the Secretary of the Interior could contract for the repayment of the costs of the Project either with individual water using entities or with a single political subdivision of the State of Arizona authorized to levy assessments against real property. The Secretary, in combination with the Office of Management and Budget, elected to follow the latter course and so advised officials in Arizona.

In 1971, the Arizona legislature enacted the necessary statutory authority for the creation of a multi-county water conservation district. Pursuant to this authority, the District was formed, composed of the three Central Arizona counties of Maricopa, Pima and Pinal.

The District was authorized by law to contract with the Secretary for the repayment of Project costs which might be allocated to it plus its share of operation,

maintenance and replacement costs. In addition, the District was given authority to levy an ad valorem tax at a rate not to exceed 10¢ per $100 of assessed valuation on the taxable property within the District boundaries. It also may subcontract, in conjunction with the United States, for the sale of water to water users within the District and make charges therefor.

Shortly after the formation of the District, negotiations were undertaken with representatives of the Department of the Interior. These culminated in a repayment contract which was executed on December 15, 1972. Pursuant to this agreement, the District has undertaken to repay to the United States the costs of the Central Arizona Project which may be allocated to it plus appropriate charges for operation, maintenance and repair charges. The District is ready and willing to fulfill its obligations under such contract, and for several years has levied an ad valorem tax to assist in meeting these obligations.

The Bureau of Reclamation has set a completion date of 1985 for those portions of the Project which will deliver water into Maricopa and Pinal Counties and 1987 for the completion of the works necessary for the delivery of water to the Tucson area. It is estimated that, because of inflation, any delay in this construction schedule will add millions of dollars to the cost of the Project. The bulk of this additional burden would have to be borne by the water users and taxpayers of Central Arizona. It is imperative

that there be appropriated for FY 1981 all funds which reasonably might be expended by the Water & Power Resources Service in meeting the proposed construction schedule. We earnestly urge the Congress to include these necessary funds in the Interior Department appropriation bill.

At the present time the Department of the Interior and the Corps of Engineers are jointly conducting studies to determine the best alternative for providing regulatory storage for the CAP and flood control on the Salt and Verde Rivers to protect Phoenix metropolitan and downstream areas. The preferred plan will be identified in July of 1981 and the final environmental impact statement will be filed with the Environmental Protection Agency in May of 1982. Serious flooding has occurred on the Salt and Verde Rivers in each of the past three years and there is a possibility of a re-occurrence of floods in the very near future. The Department and the Corps should be directed to commence, as soon as the preferred plan is identified, and to complete at the earliest possible date advanced engineering and design studies of the preferred plan.

I wish to thank you for the opportunity to appear and present this statement to the committee.

Mr. RHODES. The gentleman from Arizona, the good Congressman from the third District, is in a mark-up in the Armed Services Committee and he asked me to make his apologies and to tell you that he associates himself with the statement which I have just put in the record.

In closing all I want to do is to just emphasize about two points. One, of course, is the requirement that if we are to keep the Central Arizona Water Control Study on course and pursue it in a most efficient and expeditious way, that it will require $330,000 above the amount requested in the budget and it would be my hope that that would be added.

Also, I think you will recall that when General Delbridge testified that he did say that in his opinion when the study is completed the chances were overwhelming that there would be some type of a structure at or near the confluence of the Salt and the Verde Rivers which is the location of Orme Dam, and that being the case, we would ask this committee to do what is necessary to instruct the Corps of Engineers and the former Bureau of Reclamation, the Water and Power Resources Service of the Interior Department, to initiate preconstruction work in FY 81, whatever work is necessary, with the view of having as much done as possible at the time that the prospective findings are available so that when the findings are available we can proceed immediately without waiting for further appropriation.

As the Governor has indicated, this finding will be made during fiscal year 1981, so that the funds, if appropriated, can be utilized in that fiscal year for which you are now appropriating.

Another matter which I would like to mention just briefly is the Indian Bend Wash project. The Indian Bend Wash project works! It is an innovative means of handling floods. It survived a 500-year flood and the Corps of Engineers reported after this year's flooding that $147 million in flood damage was prevented by the Indian Bend Wash Project and other recently completed small flood detention structures around the valley.

That project has already more than paid for itself and this subcommittee can take all of the bows and all the congratulations for it because you committed the act of faith which started it and which brought it to its successful conclusion, and the whole area of Maricopa County, particularly those who live in Scottsdale and Tempe, thank you very much.

Mr. BEVILL. Thank you, gentlemen, each of you, for a very fine presentation.

Mr. Fazio and Mr. Chappell, do you have any questions?

Mr. FAZIO. No, thank you.

Mr. CHAPPELL. No questions.

Mr. BEVILL. That was a very fine presentation and you can be sure that this subcommittee will work closely with your delegation, Governor. We will be delighted to help you with the problems you presented.

Governor BABBITT. Thank you.

Mr. RHODES. Thank you, Mr. Chairman.

OKLAHOMA PROJECTS

WITNESS

HON. WES WATKINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. BEVILL. Next is Congressman Wes Watkins. Congressman Runnels is here also and we will hear from him shortly.

We are delighted to have Congressman Watkins and we appreciate your appearance. You have worked so closely with this committee so we will be glad to hear from you now.

STATEMENT OF CONGRESSMAN WATKINS OF OKLAHOMA

Mr. WATKINS. Thank you, Mr. Chairman.

Let me say first I would like to express my thanks to you and the members of the committee and staff for this time, and also say I have testimony coming down that we have had to revise because of some figures I just mentioned to Hunter that we tried to bring up to date and just got those late this morning.

I think there are a number of Oklahomans in the room and some may testify later on the Arkansas River Basin program, but some of those Oklahomans might stand up back here. We have several.

Mr. BEVILL. We want our record to show they are all here. I know you people from Oklahoma appreciate Congressman Watkins. We certainly do. We have never had a young man come here and move out like he has. He does all he can for his area and his state. He certainly has taken a real interest in water resource development so we are pleased to have you with us.

Mr. WATKINS. Thank you.

Mr. Chairman, it is an honor to again appear before this subcommittee and offer my comments on the appropriations for Corps of Engineers and Water and Power Resources Service projects in the Third Congressional District of Oklahoma.

As you know, this marks the fourth time in four years that I have testified before you and this committee about a number of specific water projects in my state and my district.

Mr. Chairman, my wish list has been narrowed down to essential need or kind of a crisis list, especially during this time of frugality with the budget. I recognize that we have been challenged to balance the budget, and I support such an effort.

I also recognize that this will impose fiscal restraints on each of us, and I am willing to do my part.

That is why I am asking for an increase above the proposed budget for only one project in my district—Waurika Reservoir, and this is an essential item.

I would not be asking for this small increase if there were not special circumstances involved.

Because of inflation and other factors, the Corps has exhausted all construction funds appropriated for the Waurika project in fiscal year 1980. The Tulsa District Office has notified all contractors of this situation, leaving the contractors with two options—continuing work with

the assurance they will be paid when additional money is appropriated, or immediately ceasing all construction activity.

According to the latest figures provided by the Corps, $941,000 is required to complete payment for the following contracts and obligations for fiscal year 1980: $240,000 for deficiency judgments on real estate taken in condemnation proceedings, $17,000 for Public Use Area Stage II, $62,000 for Public Use Area Stage III, $477,000 for a waterline which would serve two cities, $39,000 for the Duncan relift station on the pipeline, and $106,000 for the water system serving the recreation areas at the lake.

According to my conversations with the Corps, payments of the deficiency judgments can probably wait for the fiscal year 1981 appropriations. I also understand the recreation areas are virtually complete and the two contractors involved have graciously agreed to finish construction and wait on payment.

Unfortunately, disposition of these last three items is not quite as simple. The original contractors has declared bankruptcy and defaulted on the contract. The insurance company which bonded the construction firm has agreed to assume the contract, if payments proceed on schedule.

PIPELINE SYSTEM

Mr. Chairman, this pipeline system, including the Duncan relift station, is very important to the overall project. It will provide water to the cities of Duncan in my district, and Lawton in the Honorable Tom Steed's district.

The Consolidated Rural Water and Sewer District No. 1 of Hastings, Oklahoma, which constructed the water system to serve the recreation areas, has also been caught in a bind because of this situation. This means that even though the contractors have agreed to complete these areas in absence of final payment, the Corps will not be able to open these areas to the public as scheduled this summer because no water supply will be available.

Mr. David Morgan, board chairman of the district, has written me a letter explaining that they have completed the work and are awaiting payment for the Corps' portion of the cost. This money has been borrowed from a local bank, and the district is paying $800 per month interest.

Mr. Chairman, I ask the subcommittee's permission to insert Mr. Morgan's letter in the record at this point.

Mr. BEVILL. Permission is granted.

[The letter follows:]

CONSOLIDATED RURAL WATER AND SEWER DISTRICT NO. 1

P.O. BOX 97

HASTINGS, OKLAHOMA 73548

OFFICE PHONE
405-963-3161

RESIDENCE PHONE
405-963-3145

March 13, 1980

Honorable Wes Watkins
State Representative,
Washington, F. C.

Dear Sir:

As per our telephone conservation with Mrs. Watkins, I am following up with a letter to give you information that perhaps we did not cover on the Phone.

Our Understanding is that Contract No DACW 56-79-C-0184 is now in The Committee on Public Works-Appropriation Section in Washington, D.C. This contract was signed by the Rural Water & Sewer Dist.#1 and returned to The Corp of Engineers June 19, 1979, the work has been completed, but The District cannot get the $95,000.00 The Corps portion of the cost of the Project.,

These monies to complete this project for the Corp is barrowed from a Local Bank, and The District is having to pay approximately $800.00 per month interest on this, and unless the Corp pays this The District will be forced to increase the Customers water rates approximately $1.00 per month, per customer to meet this interest, which we feel is in no way fair or just to them.

We would greatly appreciate your assistance in helping us to speed up the payment of this money, we have contacted the Corp a number of times without sucess, no one can tell us when the money will be forthcoming.

Thank you for your kind consideration and your Call-Back by Mrs. Watkins.

Sincerely:

David Morgan

David Morgan--Chairman

Mr. WATKINS. As you know, the Corps has written the subcommittee asking permission to transfer $610,000 to complete payment on these items. Since the letter was written, new estimates indicate that figure should be $941,000.

I recognize that funding has run short on fifty other projects, and so I propose an alternative. My request is that the subcommittee approve transfer of $622,000 to cover the cost of the pipeline, the Duncan relift station and the contract with Consolidated Rural Water and Sewer District No. 1.

The proposed budget for fiscal year 1981 includes $1 million in construction funds for Waurika Lake. Mr. Chairman, I ask that the subcommittee increase that figure by only the $319,000 necessary to complete the remaining contracts and obligations from fiscal year 1980.

LUKFATA RESERVOIR

I would be remiss if I did not mention Lukfata Reservoir. This project has been inactive for three years now, largely because of a low benefit/cost ratio and because of interest groups who do not have knowledge of that area and the need for that project.

As I mentioned in earlier correspondence with the Chairman, hydropower was not included in the project because at the time of the study it was not deemed economically feasible. I maintain that, in light of soaring energy costs and I talked to several engineers of soaring energy costs—and I talked to several engineers since our informal discussion—a re-study of the hydropower potential of this project would not only show such an addition feasible, it would raise the benefit/cost ratio of the project. Consequently, I urge the subcommittee to take whatever steps they may feel necessary to initiate such a study.

Finally, Mr. Chairman, let me conclude by pointing out there are a number of very worthwhile water projects in my district. To be honest, we could speed completion of these projects if additional money were appropriated to them this year.

But, in light of the fiscal situation, I am not asking that. I am, however, urging the subcommittee to appropriate at a minimum the funds sought in the proposed fiscal year 1981 udget for the following projects: Arcadia Lake, Clayton Lake and the Poteau River investigation, which is a Water and Power Resources Service project.

Once again, thank you for the opportunity to testify, and I look forward to working with you and other members in this body on a number of very important projects that confront your citizens as well as mine.

Thank you.

Mr. BEVILL. Very good. Thank you, Congressman Watkins. I know the subcommittee will work with you as much as possible to help you resolve your problems. The money you seek to transfer is not from Tom Steed's project, is it?

Mr. WATKINS. No, it is to help Tom.

Mr. BEVILL. You and I flew over the Lukfata project. The Corps didn't count the fact that if you had that dam, it would eliminate

these gnats and other pests in the area. I don't believe they even counted that as a benefit.

Mr. WATKINS. The gnats and the ticks.

Mr. CHAPPELL. Do you have ticks?

Mr. WATKINS. Brother Chappell, we have a number of ticks in our area and that is another thing we are trying to get worked out so our area can develop. It is a very discouraging thing for a lot of our cattle producers and a lot of tourists and just the economics of the area because the ticks are a liability.

Mr. BEVILL. He has a beautiful district. If he could get this project built and eliminate this problem. Thank you very much.

Mr. WATKINS. Thank you, Mr. Chairman.

ALAMOGORDO, NEW MEXICO PROJECT
ANIMAS-LA PLATA PROJECT

WITNESS

HON. HAROLD RUNNELS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW MEXICO

Mr. BEVILL. Next, we have a distinguished and beloved colleague, Congressman Runnels. We are pleased to have you with us and we are sorry to keep you waiting. I know you are a busy man and need to be at your committee and several other places. We are pleased to have you with us.

STATEMENT OF CONGRESSMAN RUNNELS OF NEW MEXICO

Mr. RUNNELS. Thank you, Mr. Chairman and members of the committee. I ask that my statement be included in its entirety and I will try to summarize it.

Mr. BEVILL. Permission is granted and we will be glad to hear your summary.

[The statement follows:]

STATEMENT OF THE

HONORABLE HAROLD RUNNELS

U.S. REPRESENTATIVE

STATE OF NEW MEXICO

TO THE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

COMMITTEE ON APPROPRIATIONS

FUNDING REQUESTED FOR:

ALAMOGORDO, NEW MEXICO FLOOD CONTROL PROJECT -- $50,000

FUNDING FOR THE ANIMAS-LA PLATA PROJECT -- $2 1/2 MILLION

HAROLD RUNNELS
3D DISTRICT, NEW MEXICO

COMMITTEE ON ARMED SERVICES
SUBCOMMITTEES:
RESEARCH AND DEVELOPMENT
INVESTIGATIONS

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS
SUBCOMMITTEES:
OVERSIGHT AND INVESTIGATIONS, CHAIRMAN
PUBLIC LANDS
MINES AND MINING

Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE:
1535 LONGWORTH BUILDING
AREA CODE 202: 225-2365

DISTRICT OFFICES:
SUITE A, MCCRORY BUILDING
LOVINGTON, NEW MEXICO 88260
AREA CODE 505: 396-2252

FEDERAL BUILDING, ROOM 2031
LAS CRUCES, NEW MEXICO 88001
AREA CODE 505: 524-8022

FEDERAL BUILDING, ROOM 108
GALLUP, NEW MEXICO 87301
AREA CODE 505: 863-3400

Mr. Chairman:

I appreciate the opportunity to appear before you today and express my support for two add-on requests which are being made by the State of New Mexico in order to finance urgently needed public works projects within our State.

The first project which I would like to discuss this morning is the Animas-La Plata project which was authorized by Public Law 95-537. This project would provide to New Mexico additional water supplies for municipal and industrial purposes, in addition to supplemental irrigation for existing lands. The project has been a joint effort of the States of New Mexico and Colorado along with several Indian governments within these two States.

During the current fiscal year, the Water and Power Resources Service will be completing the current studies that are required prior to initiation of construction of the project. In addition, the Water and Power Resources Service is scheduled to submit its final environmental impact statement on the project in April and will complete its definite plan report on the project at the same time.

The water that would be provided by this project is an essential element in the State of New Mexico's water resources planning for the Northwestern portion of our state. Four major entities, the City of Farmington, the City of Bloomfield, and the community of Aztec along with the La Plata Conservancy District have expressed interest in contracting for some 34,000 acre feet of consumptive use that is to be made available to New Mexico from the Animas-La Plata project.

This particular area of our state has experienced a rather large influx of population due to the expanded activity in the area created by the needs in this country for additional energy sources, including oil, gas, uranium, coal. These communities will be unable to meet the demands placed upon them by the development of this energy unless they begin now to prepare for the future water needs of the people that will be living in this area.

It is my understanding that the officials from these communities will be appearing before this committee later this day to personally express the impact of this project upon their community. Unfortunately, under the present situation the Administration's budget does not contain funding for this project which will take

some ten years to complete. Needless to say, I appreciate the fact that budget priorities are difficult at best and I do not envy the task confronting this committee. But, without adequate water supplies, Northwest New Mexico cannot develop. And without adequate development of this area, the urgently needed coal, gas, oil, uranium supplies cannot be developed.

Mr. Chairman, I would like to join with the Governor of New Mexico, with our State Engineer, with the officials of the local governments of San Juan County in voicing support for an add-on appropriation in the amount of $2 1/2 million for FY81 for the Water and Power Resources Service to enable the service to commence construction of the Animas-La Plata project in that fiscal year.

Mr. Chairman, my second request involves the community of Alamogordo, New Mexico. A flood control project to protect that city from flood flows originating on the Western slopes of the Sacramento Mountains was authorized in the Flood Control Act of 1962. Funds were appropriated by this committee in 1963 to initiate preconstruction planning and additional funds were appropriated in FY66 to initiate construction of the project. However, the project was never started because the

City was unable to finance its share of the project as required by the authorizing legislation. In 1965, and again in 1974, bond issues to provide the necessary local funding were rejected. During the past 6 years, however, the City of Alamogordo has undergone significant development. It is the site of a major Air Force Base and has experienced increasing problems with flooding each time there is a minor rain storm in the adjacent mountains. This flooding and the concern for loss of lives and massive property damage has given the City new cause for concern over the lack of adequate flood control planning and they are now asking for assistance to update the 1964 Corps of Engineers plan and has requested my assistance in obtaining a line-item appropriation of $50,000 to authorize the Corps of Engineers to update the plan.

I am advised by the Army Corps of Engineers that authority for the restudy of the Alamogordo project is provided for by the Restudies of Deferred Projects Program which is funded from appropriations for general investigations. The study, however, is not included in the funding in the request from the Administration for the Energy and Water Development Appropriation Act and your support of this add-on would be appreciated by the community of Alamogordo.

Mr. RUNNELS. Mr. Chairman, seeing and hearing others before this committee talk about the many, many projects. In the State of New Mexico, in certain areas, our annual rainfall is nine inches and it usually comes in one day, so we don't have all these projects. We just have a couple we want to talk to you about. So water is very precious to a New Mexican.

I would like to introduce some constituents of mine who will be appearing later and if they would stand, Quincy Cornelius is Director of Natural Resources in San Juan County; F. F. Montoya is the President of the LaPlata Conservancy District, and Dennis Peterson is President of the Farmington Chamber of Commerce; Harold Lavendar is the Manager of the City of Aztec, and Bill Huntington is the Mayor of Bloomfield.

Mr. BEVILL. We are pleased to have each of you here.

ANIMAS-LAPLATA PROJECT

Mr. RUNNELS. Mr. Chairman, the first project I would like to discuss this morning is the Animas-LaPlata project which was authorized by Public Law 95-537. This project would provide New Mexico additional water supplies for municipal and industrial purposes, in addition to supplemental irrigation for existing lands.

The project has been a joint effort of the States of New Mexico and Colorado along with several Indian governments within these two States.

During the current fiscal year, the Water and Power Resources Service will be completing the current studies that are required prior to initiation of construction of the project. In addition, the Water and Power Resources Service is scheduled to submit its final environmental impact statement on the project in April and will complete its definite plan report on the project at the same time.

I would also like to add, Mr. Chairman, that this project was included in the Interior Committee's report to the Budget Committee and therefore is in the fiscal '81 budget resolution.

The water that would be provided by this project is an essential element in the State of New Mexico's water resources planning for the northwestern portion of our state.

Four major entities, the City of Farmington, the City of Bloomfield, and the community of Aztec along with the LaPlata Conservancy District have expressed interest in contracting for some 34,000 acre feet of consumptive use that is to be made available to New Mexico from the Animas-LaPlata project.

This particular area, if you are not familiar with it, is known as the Four Corners area. It touches, of course, Colorado, Utah and Arizona, and this particular area has had a rather large influx of population due to the expanded activity in the area created by the needs in this country for additionl energy.

In this area there is coal, oil, gas, and uranium, and you must have water to extract all of these minerals and this is why it is most important that this project be kept on schedule.

It is my understanding that the officials from these communities will tell you why and how much impact in their different areas. This will take some ten years to complete and so I appreciate the fact that the budget priorities are difficult at best and I do not envy you as you have to cut and choose which ones.

But I say that if we are really serious about our energy shortage, this area urgently needs this project.

Mr. Chairman, I also will say that we are only asking for $2.5 million in fiscal year '81, and that concludes the first request that I have.

ALAMOGORDO FLOOD CONTROL PROJECT

The second request involves the community of Alamogordo, New Mexico, a flood control project to protect that city from flood flows originating in the western slopes of the Sacramento Mountains, and this was authorized in the Flood Control Act of 1962.

Funds were appropriated by this committee in 1963 to initiate preconstruction planning and additional funds were appropriated in fiscal year 1966.

However, the project was never started and it is not the fault of this committee. It was the fault of the city itself because they never could come up with their share of the money to go with it.

I say that in this history of Alamogordo. It is the home of Holloman Air Base, which is most important to this nation's defense, and it has experienced some rather drastic influx of new people. I am asking the amount of $50,000 to authorize the Corps of Engineers to update. So, all told, Mr. Chairman, I am asking you for $2.5 million on one project and $50,000 on the other. It may seem like peanuts to you, but it is real money to us.

Mr. MYERS. Why did you use that description?

Mr. RUNNELS. I thought that would get your attention.

Mr. BEVILL. Congressman Runnels, that was a very fine presentation. You know this committee has the greatest respect for you and we will work with you. We will do everything we can to comply with your request.

Mr. RUNNELS. Thank you, sir. Appreciate it very much.

ARKANSAS RIVER BASIN

WITNESSES

HON. JOHN PAUL HAMMERSCHMIDT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS
HON. ED BETHUNE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS
ROBERT S. KERR, JR., CHAIRMAN, ARKANSAS RIVER BASIN INTERSTATE COMMITTEE
DON SMITH, OZARK, ARK.
ROBERT HARRIS, MORRILTON, ARK.
T. J. HOUSE, MULBERRY, ARK.
OITTO LINHART, MORRILTON, ARK.
HOMER HALL, OZARK, ARK.
J. MERLE LEMLEY, RUSSELLVILLE, ARK.
JUDGE DAVID TRAFFORD, MORRILTON, ARK.
PRATT REMMELL, LITTLE ROCK, ARK.

Mr. BEVILL. Next we have Congressman Hammerschmidt and Congressman Bethune of Arkansas and with them is the Arkansas River Basin Interstate Committee. We are mighty pleased to have these dis-

tinguished members here with us. You may just proceed as you wish and submit your statements for the record.

STATEMENT OF CONGRESSMAN HAMMERSCHMIDT OF ARKANSAS

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman and members of the subcommittee.

[The information follows:]

TESTIMONY OF CONGRESSMAN JOHN PAUL HAMMERSCHMIDT REGARDING APPROPRIATIONS OF THE ARKANSAS RIVER BASIN FOR FY 81

Mr. Chairman, and Members of the Subcommittee: I certainly appreciate the opportunity to once again appear before this distinguished panel to express my enthusiastic support for the Statement of the Arkansas River Basin Interstate Committee.

Today, I am more convinced than ever that if we are to meet our national goals of maintaining adequate water supplies, a sound transportation system and flood protection for our citizens, we must rank water resource developments as one of our highest national priorities and secure full funding for the studies, plans and projects which will work toward these important objectives.

Although I certainly realize that this is a time for austerity in the Federal budget, those programs that have proven worthwhile and effective must be continued. I remain concerned over the lack of federal commitment to investments for capital improvements which will continue to yield benefits to our citizens while enhancing our economy for the future. Also, considering our nation's energy crisis, I am very much aware of the vital role water transportation must play as an essential tool in the conservation of energy to transport goods. It is with these factors in mind that I urge this panel to accept the funding levels endorsed by the Arkansas River Basin Interstate Committee. These expenditures are basic to a healthy economy in the State of Arkansas and the Nation.

The Arkansas Basin Association has consistently recognized the economic, social and industrial value of water resource developments to the Arkansas River Basin. In the past, their persistence has been an essential force in reversing unemployment and population losses in the State, thereby creating a climate in which the area can contribute to the general welfare of the region and the entire country. Their central belief, and mine, is that continued water resource management work is integral to the future economic growth of the area.

We have again completed another outstanding year on the McClellan-Kerr Waterway. This waterway is surpassing the projections that were made for all multi-purpose benefits. Thus, I support full funding for the balance of recreational enhancement projects for the Waterway, and for the operation and maintenance of the Locks and Dams.

I favor additional funds in FY 81 for the maintenance of the McClellan-Kerr Arkansas River Navigational System so as to insure an optimum level of performance to reduce future maintenance and to assure the energy effectives of the Waterways to its fullest capacity.

Furthermore, I support full funding for work on Ozark, Jeta Taylor L & D, Dardanelle L & D and the balance of recreational and environmental enhancement projects for the entire McClellan-Kerr Waterway.

I endorse the full funding as per the President's budget for the chloride control project on the upper reaches of the Arkansas River. The successful completion of this project will be of enormous benefit to the farmers and urban dwellers in our state. We must assure the quality of our water as well as the quantity.

Lastly, I would like to commend this Subcommittee, which in the past has revealed a willingness to make the proper investments in water resource developments, and strongly urge you to show the same farsightedness to make certain that we invest adequately today for our water and water transport needs of tomorrow. It is only through the actions of this panel that this nation's needs can be satisfied.

Again, I thank you for your time and courteous attention.

Mr. HAMMERSCHMIDT. I certainly appreciate the opportunity to once again appear before this distinguished panel to express my enthusias-

tic support for the statement of the Arkansas River Basin Interstate Committee.

I understand that the major statement will be given by Mr. Kerr and I want to strongly associate myself with his statement and also with the statement previously given by my good friend and neighbor, Wes Watkins from Oklahoma.

I would ask just to submit my statement for the record to save the valuable time of this committee which in the past has revealed a willingness to make the proper investments in water resource developments, and I strongly urge you to show the same farsightedness to make certain that we invest adequately today for our water and water transport needs of tomorrow.

I know no one knows better than this subcommittee that it is only through the actions of this panel that this nation's needs can be satisfied as it pertains to water resources, and, having said that, I think that my very distinguished colleague, Mr. Bethune, has some introductions to make of the people here from Arkansas.

Mr. BEVILL. The Chair recognizes Mr. Bethune.

STATEMENT OF CONGRESSMAN BETHUNE OF ARKANSAS

Mr. BETHUNE. Thank you, Mr. Chairman and members of the panel.

I would like to associate myself with Congressman Hammerschmidt's remarks and the remarks that will be made later and those remarks made by Wes Watkins.

I would like to take the time I have first to ask permission to submit statements for the record, pointing out some of the interesting projects and developments in my district, but also I would like to introduce some public-minded Arkansans who have worked so hard on this all along and who are here today out of continuing interest for this very important project in our state.

That is Don Smith of Ozark, Robert Harris of Morrilton——

Mr. BEVILL. Would you all stand up so we can see you?

Mr. BETHUNE. T. J. House of Mulberry; Otto Linhart of Morrilton; Homer Hall of Ozark; J. Merle Lemley of Russellville; Judge David Trafford of Morrilton and Pratt Remmell of Little Rock.

Mr. BEVILL. We are pleased to have each of you with us. We will insert the additional material for the record.

Mr. BETHUNE. Thank you, Mr. Chairman.

[The information follows:]

Bartlesville Area Chamber of Commerce

502 South Keeler
Bartlesville,
Oklahoma 74003
Phone 918-336-8708

March 18, 1980

Chairman
Subcommittee on Energy and Water Development
Appropriation Committee
House of Representatives

Dear Mr. Chairman,

The Bartlesville area is dependent on the Sand Lake for future water supplies. The City of Bartlesville made application for water supply storage in Sand Lake on May 16, 1960. Additional water supplies will be a necessity in 1988 - 1990. If our area is to continue to grow and prosper, it is imperative that planning funds be made available now for Sand Lake. Since it will take six or seven years to plan this project and another five years for completion, we find it essential that funds be appropriated in order that the water supply will be available when needed.

The Sand Lake should receive high priority consideration, as it offers benefits much more far-reaching geographically than the immediate vicinity. It will help alleviate flood conditions in the Caney, Verdigris and Arkansas River Basins. It is part of an integrated basin plan approved by Congress in 1962. All of the other structures are presently under construction. Without Sand Lake, we do not have a completed system.

We, the undersigned, strongly urge that the currently needed appropriation of $250,000 be made to start planning for Sand Lake.

Sincerely,

George C. Meese
Mayor of Bartlesville

President, Chamber of Commerce

Chairman, Washington Co. Commission

Chairman, Caney Valley Conservation District

Chairman, Phillips Petroleum Co.

President, Caney Valley Water Shed Assoc.

George Schumacher
President, Copan Lake Assoc.

CITY MANAGER
CITY CLERK
BUILDING INSPECTOR
MUNICIPAL JUDGE

CITY OF SALLISAW

111 N. ELM ST.
BOX "C"
SALLISAW, OKLAHOMA
AREA CODE 918
775-6241

UTILITY DEPARTMENT
FIRE DEPARTMENT
POLICE DEPARTMENT
PURCHASING DEPARTMENT

March 19, 1980

Chairman, Public Works Subcommittee,
Appropriations Committee
U. S. House of Representatives
Washington, D. C.

Dear Mr. Chairman:

We the undersigned hereby request that the Appropriations Committee give favorable consideration for an adequate appropriation to the U. S. Army Corps of Engineers for the purpose of construction of a navigation channel on Big and Little Sallisaw Creeks.

The citizens of Sallisaw have been working diligently on this project because of the economic benefits which will accrue, not only to this community, but to the county. Sequoyah County lost some 40,000 acres of prime farm land for the navigation project, which resulted in a major tax base loss. Because of the lack of a port facility, the county and community have no access to the navigation channel. Access through a port facility is important for us to be able to develop and draw industrial plants, which will help offset our loss in tax base and reduce chronic high unemployment. The proposed project has a very high benefit-to-cost ratio, which exceeds the benefit-to-cost ratio of the river navigation system itself.

Due to our location, the key to our total county and community development is a port site.

Because of our high unemployment rate, large numbers of people on public assistance, and other facilities which are being developed within the area, the port site is a key facility which will provide an economical way to move our bulk materials.

We would appreciate any favorable consideration which you may give our request, and if we may provide any additional information or assistance, please contact us at your convenience.

Sincerely yours,

George Glenn
Mayor

H. E. McDonald, President
National Bank of Sallisaw

Calvin L. Remy, Chairman
Sallisaw Port Authority

Lloyd Haskins, President
Sallisaw/Chamber of Commerce

Frank Griffin
Board of County Commissioners

Mike Moody, President
First National Bank of Sallisaw

Jim Mayo, Editor
Sequoyah County Times

R. Perry Wheeler, Deputy Chief
Cherokee Nation

Glade R. Kirkpatrick, *Chairman Emeritus*
Houston Adams, *Chairman of the Board*
Virgil S. Tilly, Jr., *Vice Chairman of the Board*

Robert J. LaFortune, *President*
R. Dow Damron, *Executive Vice President*

I. Otis Winters, *First Vice President*
Charles A. McNamara, *Treasurer*
Tom P. Henson, *Secretary*

The Arkansas Basin Development Association

906 Petroleum Building · Tulsa, Oklahoma 74103 · Telephone (918) 583-1695

March 17, 1980

The Honorable Tom Bevill
United States House of Representatives
Chairman, Sub-Committee on Energy & Water Dev.
Room 2305, Longworth House Office Building
Washington, DC 20515

Dear Representative Bevill:

As Chairman of the Arkansas Basin Development Association's Waterway Committee, I urge that your committee favorably consider appropriating the full capability of the U.S. Army's Corps of Engineers capability of $19,405,000 to maintain and operate the McClellan-Kerr Arkansas River Navigation System for the fiscal year 1981. The basic budget of $13,447,000 is a "bare bones" amount and will not permit any significant improvement of the system or allow repairs or replacement of some important deficiencies in the system.

As a matter of top priority, included is the "Additional Capability" of the Corps (Little Rock District). There are two items that are urgently needed to provide better safety for the towboats and barges. They are identified as follows:

Priority 1: Excavate Rocks in channel, bid is Pool 7, River Mile 150. Estimated cost: $1,231,000

Priority 2: Replace temporary sheet metal dolphins with permanent sheet pile dolphins, vicinity of lower Locks. Estimated cost: $492,000

For your general information, the Arkansas Basin Development Association (ABDA) is a non-profit organization. Among the objectives of this Association is the promotion and encouragement of cooperation between private citizens, to stimulate interest on the ABDA in the orderly development and commercial use of the Arkansas Navigation System, to further educate the public on navigation matters, to create and promote helpful ideas in connection with all development, and to gather and disseminate the information which may be useful by the members of the organization. In the simplest terms, objectives are pointed to the River Basin to include navigable streams. Membership is open to any organization or individual interested in promotion and development of the economic potential of the waterway and the Arkansas River Basin.

Your continued support of the inland waterway system, especially the McClellan-Kerr Arkansas River Navigation System, is appreciated.

Sincerely,

Richmond B. Galbreath

Richmond B. Galbreath
Chairman, ABDA
Waterway Committee

HWL:sah



P. O. Box 3448
Tulsa, Oklahoma 74101
(918) 588-3337

March 14, 1980

The Honorable Tom Bevill
United States House of Representatives
Chairman, Sub-Committee on Energy & Water Development
Room 2305, Longworth House Office Building
Washington, DC 20515

Dear Congressman Bevill:

As President of the Arkansas-Oklahoma Port Operators Association, I urge that your committee favorably consider appropriating the full capability of the U.S. Army's Corps of Engineers capability of $19,405,000 to maintain and operate the McClellan-Kerr Arkansas River Navigation System for the fiscal year 1981. The basic budget of $13,447,000 is a "bare bones" amount and will not permit any significant improvement of the system or allow repairs or replacement of some important deficiencies in the system.

As a matter of top priority, included is the "Additional Capability" of the Corps (Little Rock District). There are two items that are urgently needed to provide better safety for the towboats and barges. They are identified as follows:

Priority 1: Excavate Rocks in channel, bid is Pool 7, River Mile 150. Estimated cost: $1,231,000

Priority 2: Replace temporary sheet metal dolphins with permanent sheet pile dolphins, vicinity of lower locks. Estimated cost: $492,000

For your general information, the Arkansas-Oklahoma Port Operators Association (AOPOA) is a non-profit organization. The objectives of this Association are to promote and encourage cooperation between port operators, to stimulate interest on the part of the public in general and particularly the members of the AOPOA in the orderly development and commercial use of the Arkansas Navigation System, to further educate the public on navigation matters, to create and promote helpful ideas in connection with all development, and to gather and disseminate the information which may be useful by the members of the organization. In the simplest terms, all objectives are pointed to the goal of increasing the commercial and beneficial use of all navigable streams in Arkansas and Oklahoma. Membership is open to any

organization or individual (port, terminals, port authorities, towers, barge lines, shippers, receivers, individuals) interested in promotion and development of the economic potential of the waterway.

Your continued support of the inland waterway system, especially the McClellan-Kerr Arkansas River Navigation System is appreciated.

Sincerely,

Clay Robiyer
President, AOPOA

HWL:lh

Honorable Tom Bevill, Chairman
Energy and Water Development
House Appropriations Committee,
Washington, D.C. 20515

Dear Congressman Bevill:

On behalf of the citizens of the City and County of Muskogee, Oklahoma, we endorse and approve the action of the Arkansas River Basin Interstate Committee from Arkansas, Colorado, Kansas, Missouri and Oklahoma in presenting their requests for appropriations to the continued development of the natural resources in the Arkansas River Basin, before this honorable Committee of the United States Congress.

In addition, we endorse the full program on Public Works as adopted by The Arkansas River Basin Development Association of Oklahoma.

We are firmly behind those, who for years supported the completion of the McClellan-Kerr Arkansas River Navigation System. Also completion of studies, now under way, for the elimination of salt from the waters of the Arkansas and Red Rivers.

Nothing in the past half century has boosted the economy of the southwest so much as the completion of the Navigation System. Not only does it provide us with an economic source of transportation in savings of high freight rates, but it also provides tremendous recreation and flood control possibilities for literally millions of people.

With progress comes problems, which are simply part of the upkeep of such major projects, and correcting or eliminating them is as important as building the navigation system itself. We most sincerely request that every consideration be given to the requests of the Arkansas River Basin Interstate Committee in order that our progress can continue to be as strong in the future as it has in the past recent years.

Sincerely yours,

Hardy Summers, District Judge
Oklahoma District Number 15

Michael C. Turpen, District Attorney
Muskogee County, Oklahoma

Eddie French, Chairman, County Commissioners
Muskogee County, Oklahoma

Fred Shelton, Commissioner
Muskogee County, Oklahoma

Kenneth Ward, Commissioner
Muskogee County, Oklahoma

Coleman Fite, Mayor
City of Muskogee, Oklahoma

James C. Leake, Chairman
Muskogee City-County Port Authority

Dick Embody, President
Muskogee Chamber of Commerce

J.E. Bob Wright, Executive Director
Greater Muskogee Development Corporation

Ed Edmondson, Former U.S. Congressman

Harold B. Scoggins, Member
The Arkansas River Basin Interstate Commission
Oklahoma

Mr. BEVILL. That was a very fine presentation.

Mr. MYERS. Another of the famous Class of '66, Tom.

Mr. BEVILL. That is right. They are getting scarce.

Mr. MYERS. These two gentlemen hammer us all the time. We appreciate your testimony.

Mr. BEVILL. We also have our distinguished and beloved colleague, Congressman Johnson, with us. We will be hearing from you shortly, Jim.

Mr. Kerr, we would be pleased to to hear your statement at this time.

STATEMENT OF ROBERT KERR, JR.

Mr. KERR. Thank you, Mr. Chairman.

I am Robert Kerr, Jr., from Oklahoma City, Oklahoma.

It is my pleasure to appear here today as Chairman of the Arkansas River Basin Interstate Committee.

As you know, this committee represents the five great states of Arkansas, Oklahoma, Kansas, Colorado and Missouri and its members have been appointed by our respective governors to present a consensus of the water resource funding needs of these states in the Arkansas Basin.

In the interest of time, I will not introduce the committee members and other citizens who have accompanied us here today. You have had some of them already introduced, but I would like all of the people accompanying us and the committee members to stand so you can understand the interest we have.

Mr. BEVILL. Yes. Be glad to see them. That is a mighty good delegation here.

Mr. MYERS. The entire room.

Mr. BEVILL. If you have a list, we will put it in the record to show that they are here.

Mr. KERR. We have a list attached to our statement, sir.

Mr. BEVILL. Thank you.

Mr. KERR. Many of them have been here before and they represent a dedicated group of people from the five-state area who have worked over the years to improve the Arkansas Basin area through development of its water resources.

All of us sincerely appreciate the opportunity to again appear before this distinguished committee and express our views concerning funding of our water resource projects and studies.

I will try to keep my testimony brief and we have incorporated additional material in the written statement which we have submitted and we ask that that be included in the record.

Mr. BEVILL. It will be included in the record.

[The information follows:]

STATEMENT OF
ROBERT D. NABHOLZ
CHAIRMAN FOR THE STATE OF ARKANSAS
ARKANSAS RIVER BASIN INTERSTATE COMMITTEE
MARCH 25, 1980

I am Robert D. Nabholz, a building contractor and businessman from Conway, Arkansas. I was appointed by our Honorable Governor, Bill Clinton, to serve as a member of the Arkansas River Basin Interstate Committee representing the State of Arkansas. Other committee members representing the State of Arkansas are: Wayne Bennett, Homer Hall, Wallace Gieringer and Jerry Virden.

As chairman of the Arkansas State Delegation, I would like to add our endorsement and support to the Interstate statement for the entire Arkansas River Basin. The orderly development of the entire Arkansas River Basin is most essential for the continued growth of our state's economy.

Due to our location on the lower end of the Arkansas River, we have very few projects requiring substantial funding, however, the projects we do have are vitally important to the future growth of our state.

We ask for the continued funding for the operation and maintenance of all locks and dams. We ask that extra money spent in FY 81 on the maintenance of the McClellan-Kerr Arkansas River Navigation System so as to insure an optimum level of performance to reduce future maintenance and to assure the energy effectives of the Waterways to its fullest capacity.

We ask for increased funding in FY 81 for the advance completion of the pipe line contract for the Conway Water Supply. This advanced contracting of the pipe line will reduce the over all cost of the project and will provide quality water to people of Conway one year sooner. The replacement of this needed water supply for Conway is already years behind schedule.

We urge full funding for work on Ozark, Jeta Taylor L & D, Dardanelle L & D and the balance of recreational and environmental enhancement projects for the entire McClellan-Kerr Waterway.

We endorse the full funding as per the President's budget for the chloride control project on the upper reaches of the Arkansas River. The successful completion of this project will be of enormous benefit to the farmers and urban dwellers in our state. We are in need of quality water as well as the quantity of water.

We join with our interstate committee members in Oklahoma, Kansas, Missouri and Colorado in commending your committee and congress for having provided funds for the development of navigation, flood control and water resourses in the past. The need for conservation and development of our water and land resources is even greater today. It is only through the action of this committee that this nation's needs can be provided.

We thank you for the privilege of presenting this statement to your committee.

STATEMENT OF
HOUSTON ADAMS
CHAIRMAN FOR THE STATE OF OKLAHOMA
ARKANSAS RIVER BASIN INTERSTATE COMMITTEE
MARCH 25, 1980

Mr. Chairman:

I am Houston Adams, a banker from Tulsa, Oklahoma and Oklahoma Chairman of the Arkansas River Basin Interstate Committee.

It is my privilege to present this statement on behalf of the Oklahoma members of the Committee in support of adequate funding for water resource projects in our area of the Arkansas Basin.

We met in Tulsa on March 6, 1980, together with representatives of the other Arkansas Basin States, and we fully endorse the statement presented to you today by the Chairman of the Interstate Committee.

We also appreciate the opportunity to present our views of the special needs of our State concerning several studies and projects.

We were pleased when the President presented in his budget message for FY 1981 $8 million in funds for the continued construction for Arcadia Lake, Oklahoma. However, we have requested in our Appropriation Request Summary an additional $2 million, which would advance completion of land acquisition on this project by six months.

One of our studies -- the Canadian River and Tributaries -- could be advanced by a year, if we could get an additional $100,000 in FY 81. This would speed up completion of the Deep Fork Basin study and advance the development of urban flood solutions in Oklahoma City.

Our two other urgent needs are for a planning start on Sand Lake, Oklahoma, and Big and Little Sallisaw Creeks, Sallisaw, Oklahoma. The supporting statements from those in the Bartlesville and Sallisaw, Oklahoma areas set forth the reasons that justify the appropriations to commence these projects.

These requests, although relatively few in number, are vital to the economic vitality of Oklahoma. Additionally, they represent important assets in conservation, supply and recreation. Delays in funding will result in excessively high future cost, while deferring the availability of these projects to the people of the State.

We appreciate the opportunity to present our views to your distinguished Committee.

STATEMENT OF
JAMES O. FOSTER
CHAIRMAN FOR THE STATE OF KANSAS
ARKANSAS RIVER BASIN INTERSTATE COMMITTEE
MARCH 25, 1980

Mr. Chairman and members of the Committee, my name is James O. Foster. I am Director of Development for The Kansas Masonic Home and Chairman of The Governor's Interstate Committee for The Arkansas River Basin. I am pleased to submit this statement today on behalf of myself and the other members of the Kansas Delegation who were appointed to represent the State of Kansas by the Honorable John Carlin, Governor.

My colleagues are Mr. Arthur Woodman, Architect, Wichita; Mr. Frank Liebert, Attorney-at-Law, Coffeyville; and Mr. Taylor Peckham, Insurance Executive, Augusta, Kansas. We are honored to join with our colleagues from the great States of Arkansas, Colorado, Missouri, and Oklahoma, in appearing before you today to put forth our views on the appropriations and projects in Kansas and The Arkansas River Basin.

As part of this statement, you will find two appendixes which the Delegation wishes to discuss. Appendix No. 1 lists those projects in The Arkansas River Basin of Kansas which the President has provided full funding; and we commend him for his recommendations and urge that you concur with them.

Appendix No. 2 lists those projects in the State of Kansas for which additional funding is needed. In addition to the budget figure, we have listed our recommended capabilities to advance or to keep on schedule projects now underway. Many of these projects will save millions of dollars if completed by advancing the work six months.

We recommend that you give every consideration to these advancements as inflation will drive the costs even higher.

In Appendix No. 2, there are two particular projects that we wish to call to your attention. One, the Cedar Point Lake Project was conceived and started as a water and flood control project. This Project is badly needed because the Noesho River floods each year thereby destroying and laying waste thousands of acres of excellent agricultural land which otherwise might have produced excellent wheat, corn and sorghum crops.

In recent years, the loss of livestock and the damage of businesses on the southern edge of the City of Emporia have been extensive from flooding. The Corp of Engineers indicates that there is not enough local support; we believe this is not true. The Corp also indicates that the State of Kansas has not given assurances for the need of water supply storage. As mentioned earlier, the Cedar Point Lake Project was originally requested for water and flood control and not for water supply storage. This Project is needed not only for water storage, we believe, but also because farmers in this area continue to be devastated by floods.

We sincerely hope that you will appropriate funds to the Cedar Point Lake Project so that final planning and the start of construction can be achieved in the foreseeable future.

Two, we believe the Towanda Lake Project is vitally important not only to our area, but also to this entire region of the United States. This Project is also for flood control. In past years flooding has extensively damaged the City of Augusta along with one of the Nation's largest Mobil refineries.

Mobil officials have been most patient in waiting for some type of relief by the building of the Towanda Lake Project. However, after it was severely damaged by the 1979 flood, these officials indicated that

operations may be discontinued at this location. The shutdown of this refinery would create economic disaster in the area of unemployment for the State of Kansas and a disaster to this entire region by the loss of the vast quantity of petroleum products supplied by this Mobil refinery. In the past, the Towanda Lake Project has been a major project of our area; and we believe a construction start for economic reasons is justified.

At a time when energy supplies are so critical to the State of Kansas and the entire mid-continent area of the United States, we cannot afford to lose this energy supply source. We recommend that you appropriate funds for a construction start to the Towanda Lake Project and that this Project be completed as quickly as possible.

Mr. Chairman and members of the Committee, we wish to thank you for the sincere and dedicated manner in which you and your distinguished colleagues in the Congress of the United States have dealt with the Water Resource Programs in allowing us to present our views and recommendations to you. We look forward with great expectations and hope for the future of water resource development in Kansas; with your assistance, it can be achieved.

US ARMY CORPS OF ENGINEERS

FISCAL YEAR 1981 CAPABILITIES*
IN THE ARKANSAS BASIN

DATE: 28 FEBRUARY 1980

NAME OF SURVEY OR PROJECT IN KANSAS	CATEGORY **	BUDGET ($1,000)	CAPABILITY ($1,000)	PURPOSE OF ADDITIONAL CAPABILITY
Arkansas River & Tributaries, Great Bend, KS, to Tulsa, OK (FDP)	(S)	400	400	No additional requirement.
Grand (Neosho) River, KS & OK (FDP)	(S)	250	250	No additional requirement.
Arkansas-Red Basins Chloride Control, OK, TX & KS (FC)	(P)	2,100	2,100	No additional requirement to complete planning.
Big Hill Lake, KS (FC)	(C)	2,700	2,700	No additional requirement.
Marion, KS (FC)	(C)	-0-	-0-	Fully funded.

600

Appendix No. 1

US ARMY CORPS OF ENGINEERS

FISCAL YEAR 1981 CAPABILITIES*
IN THE ARKANSAS BASIN

DATE: 28 FEBRUARY 1980

NAME OF SURVEY OR PROJECT IN KANSAS	CATEGORY **	BUDGET ($1,000)	CAPABILITY ($1,000)	PURPOSE OF ADDITIONAL CAPABILITY
Arkansas River, Great Bend, KS, to John Martin Dam, C O (FDP)	(S)	275	375	Advance study completion 6 months.
Verdigris River, KS & OK (FDP)	(S)	440	540	Continue studies on Whiskey and Rock Creeks and initiate Neodosha Study.
Cedar Point Lake, KS (FC)	(P)	-0-	-0-	Lack of adequate local support. Deferred, pending receipt of assurances by State of Kansas and evidence of foreseeable need for water supply storage.
Cow Creek, Channel Improvement, KS (FC)	(C)	-0-	-0-	Lack of local cooperation.
Douglass Lake, KS (FC)	(P)	-0-	100	Initial planning.
El Dorado Lake, KS (FC)	(C)	5,812	6,500	Advance completion of project by 6 months.
Towanda Lake, KS (FC)	(P)	-0-	-0-	Planning will continue with available funds.

Appendix No. 2

STATEMENT OF
CHARLES L. THOMSON
CHAIRMAN, STATE OF COLORADO
ARKANSAS RIVER BASIN INTERSTATE COMMITTEE
MARCH 25, 1980

Mr. Chairman and members of the Committee, my name is Charles L. Thomson and I am General Manager of the Southeastern Colorado Water Conservancy District headquartered in Pueblo, Colorado. I am pleased to submit this Statement today on behalf of the other four members of the Colorado delegation, who were appointed to represent our State by the Honorable Richard D. Lamm, Governor. My four colleagues are: William McDonald, CO Water Conserv. Bd.; Mr. John E. Javenick, Farmer and Rancher from Canon City, who represents the Upper Arkansas River Basin in Colorado; Mr. Lee Hancock, Superintendent, High Line Canal Company near Rocky Ford, representing the Lower Basin; and Mr. Raymond D. Nixon, Retired Executive Director, Department of Public Utilities for the City of Colorado Springs, who was appointed to represent the municipal and domestic water users in the Basin. We are honored to join with our colleagues from the great States of Arkansas, Missouri, Oklahoma and Kansas, in appearing before you today, and do appreciate your affording us this time to testify as a group in support of appropriations for Projects along the entire reach of the Arkansas River, which originates at an elevation of nearly 14,000 feet near Leadville, Colorado, and flows to its confluence with the mighty Mississippi in Arkansas.

The Colorado delegates to the Interstate Committee have participated actively in all of the meetings, and are unanimous in their endorsement of the Statement which our Chairman will present today in behalf of all five delegations. We are of the opinion, Mr.

Chairman, that this Committee truly epitomizes Water Resources Management, Research and Development, which must be carried on in all parts of the United States, and we believe it is wonderful when the five States can work together on a common problem rather than appearing before you divided. Each State which is served by the Arkansas River and its tributaries is represented by five persons appointed by each of the Governors, and are selected because of their knowledge and experience in water matters. Those 25 then work very closely together to analyze Water Resource Programs in the entire River Basin and carefully screen ongoing Projects and recommendations for new ones. They then bring to the members of the Congress of the United States and the Administration a single Statement supporting only those Programs and Projects which will be of the greatest beneficial use to the citizens in the River Basin, and the United States as a whole.

We were pleased and certainly greatly relieved when President Jimmy Carter presented his Budget Message for FY 1981 to you, and we strongly endorse his recommendations for $39.454 million for continued construction on the Fryingpan-Arkansas Project, and $20,000 for the Leadville Drainage Tunnel by the Water and Power Resources Service. When appropriated by the Congress of the United States, those funds will complete construction on the Mt. Elbert Forebay and Dam and Reservoir, the first stage power facilities on the Mt. Elbert Pumped-Storage Power Plant, the Northside and Southside Collection Systems, and Twin Lakes Dam and Reservoir enlargement. Construction will continue on the second stage facilities of the essential Mt. Elbert Pumped-Storage Power Plant, the Fountain Valley Conduit Pumping Plants and Laterals, and recreation and Fish and Wildlife Facilities at Pueblo Dam and Reservoir.

We strongly recommend your approval of the Budget submitted by the President

for the United States Army Corps of Engineers in the amount of $200,000 for continued general Investigations on the Arkansas River above John Martin Dam in Colorado, and $275,000 for General Investigations between John Martin and Great Bend, Kansas. These Studies have been underway for a number of years, and the Corps and local entities have done a marvelous job of studying alternatives to structures. We believe when the Studies are completed, the recommendations to alleviate serious flooding conditions in the Valley in the two States will be well received by the Administration and the Congress of the United States. Serious flood threats still exist even though Pueblo Dam has been completed and is in operation, and all local entities are most anxious that the Corps of Engineers Studies be completed, so plans can be made for long-range Water Management Programs. We also strongly recommend the appropriation of $575,000 for Operation and Maintenance of John Martin Dam and Reservoir, and $288,000 for Operation and Maintenance of Trinidad Dam and Reservoir. Both are essential Flood Control Facilities, and have already served to alleviate serious local flooding threats.

Mr. Chairman and members of the Committee, we again want to thank you for the sincere and dedicated manner in which you and your distinguished colleagues in the Congress of the United States have permitted those of us who must deal with Water Management on a day to day basis to appear before you with our sincere recommendations regarding Water Resource Programs in our area and the United States. We are still firmly convinced that investments in Water Programs are truly the best investment the Congress can make, and the economic returns to the economy of our entire Nation are many times more than the original investment. We do hope the members of the Congress of the United States will continue their strong support for such essential water conservation programs which help assure a water supply for future generations.

Statement of
Gale A. Graham, Chairman for Missouri,
Arkansas River Basin Interstate Committee
March 25, 1980

Mr. Chairman and members of the Committee, my name is Gale A. Graham, Banker from Joplin, Missouri, and I appear here today on behalf of the Missouri members of the Arkansas River Basin Interstate Committee. My four colleagues are: Fred A. Lafser, Director, Department of Natural Resources, State of Missouri; Mr. Ted B. Evans, Banker from Carthage, Missouri; Mr. Douglas Mahnkey, Attorney from Forsyth, Missouri; and Mr. Layne Morrell, Realtor from Kimberling City, Missouri. We represent the Southwest corner of Missouri which is a part of the Arkansas River Basin. We are honored to join our colleagues from Arkansas, Kansas, Oklahoma and Colorado in appearing before you today and certainly appreciate the time afforded us to testify collectively in support of appropriations for projects along the entire reach of the Arkansas River.

We have a vital interest in the requests which are being submitted today by the Chairman of our Arkansas River Basin Interstate Committee and urge your favorable consideration of those requests. Included in the President's budget for FY 81 are several projects in Southwest Missouri. We support these projects and hope that the funding as indicated in the President's budget will be approved.

Prosperity Lake is urgently needed to meet the ever increasing water supply problems in the area of Carthage, Carterville, Webb City, Carl Junction, Joplin, Neosho and Granby. Not only the increasing population but also the growing per capita demand for water will combine to produce greater demand than supply in the above mentioned urban triangle within a few years. It is estimated the municipal demand for water in this area will average between 25.6 and 34.7 million gallons per day by the year 2000. The ever increasing use of water from streams and deep wells for crop irrigation is lowering the water table very rapidly.

We further support and urge your favorable consideration of all the projects in the Arkansas River Basin as listed on the appropriation request summary which is being presented today by the Chairman of the Arkansas River Basin Interstate Committee.

We have testified each year for many years concerning the importance of water resource managemert projects in the Arkansas River Basin and many others which are in the overall interest of the United States and we feel that adequate appropriations for such projects at this time will provide both immediate and long-range economic benefits for all our citizens.

We are greatly appreciative of your consideration of our needs in the past and solicit your favorable consideration of our requests as presented here today. We sincerely thank you for the opportunity to present them.

Gale A. Graham, Chairman
Missouri Delegates
Arkansas River Basin
Interstate Committee

March 1980

ARKANSAS RIVER BASIN INTERSTATE COMMITTEE
APPROPRIATION REQUEST SUMMARY
F/Y 81

PROJECT	STATUS *	PRESIDENT'S BUDGET	INTERSTATE COMMITTEE REQUEST
		$	$
ARCADIA LAKE, OK	(C)	8,000,000	10,000,000
BIG & LITTLE SALLISAW CREEKS, OK	(C)	-0-	1,000,000
BIRCH LAKE, OK	(C)	-0-	100,000
CANADIAN RIVER & TRIBUTARIES, OK, TX & NM	(S)	200,000	300,000
COPAN LAKE, OK	(C)	4,850,000	6,600,000
DOUGLASS LAKE, KS	(P)	-0-	100,000
EL DORADO LAKE, KS	(C)	5,812,000	6,500,000
KAW LAKE, OK	(C)	-0-	1,000,000
McCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM, NAVIGATION L&D, AR & OK	(C)	10,600,000	13,000,000
OPTIMA LAKE, OK	(C)	-0-	627,000
SAND LAKE, OK	(P)	-0-	250,000
SHIDLER LAKE, OK	(C)	-0-	900,000
SKIATOOK LAKE, OK	(C)	15,800,000	22,400,000
VERDIGRIS RIVER, KS & OK	(S)	440,000	540,000
	ARK-RED CHLORIDE CONTROL		
Chloride Control Project	(P)	2,100,000	2,100,000 These funds will be used to complete the feasibility study for the pending Chloride Control Project.
	WHITE RIVER BASIN		
Norfork Lake Highway Bridges, AR	(C)	13,350,000	13,500,000

Status Symbol Definition:

S - Study

P - Planning

C - Construction

Addendum to
Report to Senate
and House,
Submitted Mar. 25, 1980

The ARKANSAS RIVER BASIN INTERSTATE COMMITTEE Members are:

FROM ARKANSAS:

Robert D. Nabholz, Nabholz Construction Company, Conway, AR (State Chairman)

Wayne Bennett, Farmer & Businessman, Lonoke, AR

W. A. Gieringer, Pine Bluff Port Authority, Pine Bluff, AR

Homer Hall, Retired Farmer, Ozark, AR

Jerry Virden, Manager, Pine Crest Wood Products, Morrilton, AR

FROM OKLAHOMA:

Houston Adams, President, Bank of Tulsa, Tulsa, OK (State Chairman)

E. R. Albert, Jr., Chairman of the Board, Albert Equipment Co., Tulsa, OK

Harold B. Scoggins, Muskogee, OK

Robert S. Kerr, Jr., President, Oklahoma Water, Inc., Oklahoma City, OK (Chairman of the Interstate Committee)

Fred G. Turner, Editor & Publisher, McAlester News-Capital, McAlester, OK

R. Dow Damron, Executive Secretary, Interstate Committee

FROM KANSAS:

James O. Foster, Development Director, Wichita, KS (Vice Chairman of Cmtee.)

Arthur T. Woodman, Architect, Wichita, KS

Frank W. Liebert, Attorney, Coffeyville, KS

Taylor Peckham, Peckham Insurance Agency, Box 98, Augusta, KS

FROM COLORADO:

Charles L. Thomson, General Manager, Southeastern Colorado Water Conservancy District, Pueblo, CO (State Chairman)

Lee H. Hancock, The High Line Canal Co., Rocky Ford, CO

John Javernick, Farmer and Rancher, Canon City, CO

William McDonald, Director, Colorado Water Conservation Board, Denver, CO

Ray D. Nixon, Colorado Springs, CO

FROM MISSOURI:

Gale A. Graham, Vice President, First National Bank & Trust Co. of Joplin, MO (Vice Chairman of Interstate Committee and State Chairman)

Fred A. Lafser, Department of Natural Resources, Jefferson City, MO

Ted B. Evans, President, United Missouri Bank of Carthage, MO

Douglas Mahnkey, Attorney, Forsyth, MO

R. Layne Morrill, Realtor, Kimberling City, MO

ARKANSAS RIVER BASIN REPRESENTATIVES
AT
CONGRESSIONAL HEARINGS
MARCH 25, 1980

R. Dow Damron - Executive Vice President, Arkansas Basin Development Association, Tulsa, Oklahoma

James O. Foster - Development Director, Wichita, Kansas

Gale A. Graham - Banker, Joplin, Missouri

Homer Hall - Ozark, Missouri

T. J. House, President, Arkansas Basin Association; Mulberry, Arkansas

Robert S. Kerr, Jr. - President, Oklahoma Water, Inc., Oklahoma City, Oklahoma

Colonel Harley W. Ladd - Port Director, Port of Catoosa, Catoosa, Oklahoma

Robert J. LaFortune - Oil Operator, Tulsa Oklahoma; President, Arkansas Basin Development Association

William McDonald - Director, Colorado Water Conservation Board, Denver, Colorado

Greg Newell - Civil Engineer, Muskogee, Oklahoma

Joe Powell - County Judge, Franklin County, Missouri

Pratt Remmel - Remmel Insurance Agency, Pine Bluff, Arkansas

Harold B. Scoggins - Muskogee, Oklahoma

Don Smith - Ozark, Missouri

Charles L. Thomson - General Manager, S.E. Colorado Water Conservancy District, Pueblo, Colorado

Arthur T. Woodman - Architect, Wichita, Kansas

SUPPORTING STATEMENTS

WITH

ARKANSAS RIVER BASIN INTERSTATE COMMITTEE

FY 81 CONGRESSIONAL HEARINGS

SPECIAL PROJECT STATEMENTS

Big and Little Sallisaw Creeks, Sallisaw, Oklahoma

City of Sallisaw:

George Glenn, Mayor
Frank Griffin, Board of County Commissioners
Lloyd Haskins, President, Sallisaw Chamber of Commerce
Jim Mayo, Editor, Sequoyah County Times
H. E. McDonald, President, National Bank of Sallisaw
Mike Moody, President, First National Bank of Sallisaw
Calvin L. Remy, Chairman, Sallisaw Port Authority
R. Perry Wheeler, Deputy Chief, Cherokee Nation

Sand Lake, Oklahoma

W. R. Blakemore, President, Bartlesville Chamber of Commerce
Paul M. Hefty, Chairman, Washington County Commission
William Martin, Chairman, Phillips Petroleum Company
George C. Meese, Mayor, City of Bartlesville
Stanley Orlinsky, Chairman, Caney Valley Conservation District
George Schumacher, President, Copan Lake Association
T. J. Washer, President, Caney Valley Watershed Association

Mr. KERR. I know that this committee, as well as our committee, is aware of the inflationary pressures driving up the costs of water projects and we support both the efforts of the Administration and the Congress to submit and obtain a balanced budget.

However, we submit that we cannot afford to be shortsighted. It would be a sad mistake if we did not learn from our experience with energy and failed to adequately prepare for the time when otherwise this nation could be as short on water as we are with oil and gas today.

We believe that the Congress has adequately demonstrated its ability to make wise decisions concerning the nation's annual investment in water resource programs, and must retain this decision-making responsibility.

We sincerely doubt that full funding of a few projects will deliver any better progress or results. In fact, it may serve to deny funding to a number of other projects where a minimal amount may be vitally needed to prevent significant delay. The full funding concept obviously gives a distorted impression of the annual investment that is being made in water resource projects. It certainly won't stop inflation.

We have a number of projects in the Arkansas Basin where relatively minor additions would permit the Federal Water Resource Agencies to accomplish essential tasks during fiscal year 1981 rather than waste the entire year for lack of funding.

We in the Arkansas Basin have watched the number of active projects and studies in the Arkansas Basin shrink significantly over the past few years. This is partly due to the completion of projects. But an even greater toll is being taken by the policies and criteria which have been established for conducting studies and planning and evaluating projects.

Though the Congress has consistently provided funds for general investigations and planning, the results have often been to put another study or needed project on the shelf after the funds are spent.

The administration's policies, the changes proposed to the principles and standards, the planning manual and the review procedures have undoubtedly taken their toll.

If we are to meet the future needs of the American people for water, we must have a water resource policy and adequate annual investment that provide a level of studies, planning and construction that is fairly constant. Studies must produce solutions to problems and planning and construction must be turned towards executing those solutions.

The restricted capabilities of the Federal Water Resource agencies are to us prime evidence that the needs of the future are not being adequately addressed today.

Within these restrictions we have analyzed the needs of our areas and set forth our request for funds in our Appropriation Request Summary.

In addition, each state chairman has provided a statement which highlights the needs of his state. We ask that you consider our requests, which are quite small.

We are asking for a small increase for two studies: Canadian River and Tributaries, Oklahoma, Texas, and New Mexico, and Verdigris River, Kansas and Oklahoma.

Our requests for extra planning money are even less—a small amount for Douglass Lake, Kansas, and Sand Lake, Oklahoma.

The Interstate Committee also urges the Congress to appropriate the full Corps of Engineers capabilities in the maintenance and operations area, including navigation.

Justification for spending levels and for those increases that exceed the President's budget is contained in the material that has been submitted by the Corps of Engineers. Justification for each project is itemized in the Corps' report; therefore, in the interest of avoiding redundancy and saving time in this hearing, we have not duplicated those justifications in our report.

In the opinion of this committee, one excellent feature of a capital projects spending request, in this time of high inflation, is that it mandates some consideration of accomplishing the projects in a timely manner, to avoid excessive costs.

On behalf of the Interstate Committee, I thank you for the opportunity to appear here today, and for your consideration of our requests. We ask that this committee, as well as the Congress as a whole, continue to provide the leadership it has in the past in determining whether or not our water resource programs are adequate.

There are many problems that are not being addressed, and many solutions that are still being sought. The future will deal harshly with us if we do not have an adequate National Water Resource Policy and Programs.

Thank you very much.

Mr. BEVILL. Thank you for a very fine presentation, Mr. Kerr.

Mr. MYERS. You are certainly no stranger to this committee. You have been here before.

Mr. KERR. I have been here before.

NARROWS UNIT, COLORADO

WITNESSES

HON. JAMES P. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO
GARY FRIEHAUF, SECRETARY-MANAGER, LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
EVERETT KISSLER, PRESIDENT, CENTRAL COLORADO WATER CONSERVANCY DISTRICT
LAWRENCE GERKIN, BOARD MEMBER, CENTRAL COLORADO WATER CONSERVANCY DISTRICT
GREGORY LLAFET, EXECUTIVE DIRECTOR, CENTRAL COLORADO WATER CONSERVANCY DISTRICT

Mr. BEVILL. We will now hear from our colleague, a very outstanding member of Congress, Congressman Johnson.

STATEMENT OF CONGRESSMAN JOHNSON OF COLORADO

Mr. JOHNSON. I have some folks with me. I just wanted to be here. Tom, this will be the last time I come before this committee.

Mr. BEVILL. We hope you won't forget us.

Mr. JOHNSON. I won't forget you, but I want you to know that I am glad that this is the last time that I am going to be here.

Mr. MYERS. You don't plan to come back with a different hat?

Mr. JOHNSON. I don't think I'll come back at all.

Mr. MYERS. Not even to visit us?

Mr. JOHNSON. Not even to visit. I might write you a letter.

Mr. BEVILL. It is not only a loss to your district, but a loss to the country. We are sorry to see you leave, Jim, and we still hope that you will get drafted and come back.

Mr. JOHNSON. I want you to know that I don't have any qualms at all about the water policy of this country if it rests in your hands, but I am convinced, sadly , that we are going to pay the price for this administration's policies in the future. You two fellows particularly and the rest of your subcommittee, but primarily you two, have fought for water projects in Colorado that have a national impact.

The one we are talking about here, the Narrows, is now of a national character as you know, in the same way that those western Colorado projects are, but the administration said some time ago that they were going to have a 400,000-barrel-a-day oil shale project by 1980, and some of the press asked me about that.

I said: Why don't they say they are going to do it tomorrow, because it is impossible to do because of their water policy, and because of the rest of their energy policy. They have been so shortsighted that they cannot achieve the goals that they have stated in energy production, because they haven't followed this committee's recommendations with respect to water development, and you can't get that point through to them.

I don't know who they listen to down there, but they don't listen to you and they don't listen to me, and the country is going to pay as a result of their shortsightedness.

Mr. MYERS. Jim, if I may interrupt you, leaving us doesn't help us in our case either. We have had too many good people leave the Congress. We have fewer and fewer here to fight the battle against a President that doesn't know what he is doing.

Mr. JOHNSON. I leave it in your good hands.

I want to introduce these fellows as part of the group that has been back year after year for the Narrows project. You have always supported us, done everything you can for it. I hate to even take your time to ask you to consider something that you have been supportive of for all these years, but we have got to do something.

Mr. BEVILL. You saw to it that we were familiar with your projects.

Mr. JOHNSON. You have been very supportive.

Mr. BEVILL. You have done a good job. It is nice to have each of you here to update us on it, because we are aware of your problem. We agree with you that the President has had some very poor advice on these projects in Colorado.

Mr. JOHNSON. I just hope and I know that you will do whatever you can to keep the projects alive until such time as something can happen.

This is Gary Friehauf, of the Lower South Platte Water Conservancy District. He will make the pitch.

As you know, they are very supportive. You don't need to spend any more time than necessary.

STATEMENT OF GARY FRIEHAUF

Mr. FRIEHAUF. Thank you, Congressman. It is a pleasure to be here today, Mr. Chairman and Mr. Myers. We hope to have some other people who will testify before you today, but they were unable to make it. I am Gary Friehauf, Secretary-Manager of the Lower South Platte Water Conservancy District. Our delegation includes Representatives of Central Colorado Water Conservancy District, Mr. Lawrence Gerkin, Mr. Everett Kissler, President, Mr. Gregory Llafet, Executive Director.

The Lower South Platte Water Conservancy District appreciates this opportunity to appear before this committee on behalf of the Narrows Unit of the Missouri River Basin Project.

We have come today to request this committee to include an appropriation of $1,000,000 in their report on the 1981 Energy and Water Appropriations.

In the past, Narrows has enjoyed general support of South Platte River water users, out of state and local officials and water people throughout our state and neighboring states.

We have testified to the widely fluctuating flows of the South Platte. This year, the past 12 months 640,000 acre-feet have been lost to Colorado. This is a lot of water for our area, the major problem, it comes either in large quantities such as 300,000 acre-feet in May and June, creating damages to bridges, roads and irrigation facilities, or in the winter months such as February, 105,000 acre-feet, when we have no use for it, and no place to store it.

ENERGY DEVELOPMENT

This year we present a new crisis facing the South Platte Valley. The East slope is fast becoming the home for the energy development activities of this country. A report by HUD shows a growth rate of 2.75 percent per year. This is three—three times the national rate. Eighty percent of the population of the state, 2.3 million, the same report predicts that growth of over 1 million people will occur by 2000 and that will require over 200,000 new homes.

Our problem is, this converts to an increased demand on the limited water supplies of the South Platte Basin.

200,000 acre-feet of water per year, that is the demand represented. An increase in usable supply of one-sixth of the total basin annual yield. This is two-thirds the 15-year average annual volume which leaves Colorado in the South Platte. We are here today to testify before you to express our needs. Narrows is a vehicle which is already authorized, ready to proceed, ready to be constructed, but for the lack of an appropriation. The tragedy of this rapidly increasing demand is exactly as the HUD report states, agricultural water supplies will be taken over by the cities, and our agricultural productivity will suffer.

Our request last year included, as an alternative, $250,000, to be used to conduct a study comparing alternatives and modifications to the Narrows. Funds were not directly appropriated by the Congress; however, through discussions between Senator Hart, Colorado and Secretary Andrus, the DOI reprogrammed $250,000 to conduct this study.

Even though in light of the ever-increasing demands for our water

we think it to be completely within the perogative of the Congress to approve several million for immediate construction, we recognize and appreciate the successful effort of our senator.

We present to this committee that we remain confident that any and all legitimate studies will continue to pile the evidence in support of the Narrows. We submit that this is the perfect time for this committee and the Congress to make an appropriation. The study is to be completed in mid fiscal year 1981. This timing is perfect. An appropriation for 1981 will allow for construction activity to begin immediately upon completion of the study.

We also submit the administration would not object to this appropriation. The following quote is taken from a letter from Secretary Andrus to Senator Hart of Colorado:

> These will not be empty planning efforts but . . . directions into positive measures for Colorado. As the President noted in his June message, we need to undertake initiatives to strengthen federal-state relations . . .

We submit that Secretary Andrus has committed the administration to pursue a water resource development project upon completion of this study. Therefore, no reasonable excuse exists to allow the lapse of another year in the appropriation cycle because of the lead time built into this process. But rather, we urge you to use that lead time to improve the procedural efficiency and to provide the funding in a timely fashion.

Finally, $1,000,000 cannot be construed as an inflationary factor. Also reflecting upon the statistics of the reduction of productivity in our country, it must be remembered this money is an investment in the continued productivity of our area, state, and nation for years to come.

We have come a long way to appear before you today, and have tried to identify the increasing water problems facing our area.

Storage on the South Platte is fast moving from the status of necessary to critical. Your audience is greatly appreciated. If you have questions of us, we will be happy to respond. Thank you.

Mr. BEVILL. Thank you very much.

Mr. MYERS. We will be sure that Mrs. Smith has the information and the material that you brought from the people from Nebraska. Come back and see us now.

[The information follows:]



LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
211½ MAIN STREET / P.O. BOX 1725 / STERLING, COLORADO 80751 / PHONE 522-1378

STATEMENT OF THE LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT PRESENTED BEFORE THE ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS OF THE HOUSE OF REPRESENTATIVES OF THE CONGRESS OF THE UNITED STATES IN SUPPORT OF THE NARROWS UNIT, COLORADO

March 25, 1980

The Lower South Platte Water Conservancy District is honored to have this opportunity to submit written testimony to express continued support for construction of the Narrows Unit of the Missouri River Basin Project. Oral testimony summarizing our needs and support has also been presented to this committee today.

Today we are requesting $1,000,000. for the reinitiation of construction of the Narrows Project. We have included restatements of our continued support, reasons and evidence of need, and examples of ever increasing values to be derived from this project.

One year ago our testimony stated that the Carter Administration position of not favoring funding for immediate construction of the Narrows Project had not provided positive solutions of the problems facing the South Platte River Valley.

We also testified that we would support the appropriation of $250,000. to conduct studies evaluating and comparing the advantages and disadvantages of Narrows with suggested alternative measures. This study was agreed upon as a result of discussions between our Senator, Gary Hart, and Secretary Andrus. That study is not yet underway. However, we have been assured that it will be completed by April 1, 1981, we have hope, maybe by January 1, 1981. This definate time frame places the completion of the study at the desireable time in mid FY-1981. Taking advantage of the lead time in the appropriation process, funds can be available for immediate construction.

One year ago reference was made to continuous flood damages, not only did this statement, in April 1979, reflect the history of South Platte River flows, but was also an accurate prediction of events to come in May and June. Flows ten to twenty times the more normal flow washed thru the valley. It was not a major flood, making great headlines, but one which damaged bridges, fields of corn, irrigation diversion structures and many forms of wildlife habitat.

Once more the inhabitants, people and wildlife were faced with the problems of flooding. Over $100,000. in damages occurred to only irrigation facilities, some of which are not yet repaired.

The Narrows Unit has been authorized twice by the Congress of the United States. Twice in recent history the Congress has reviewed the problems, water supply, flood control, wildlife enhancement, and recreation, and twice has decided the Narrows Unit is an important, necessary integral component in the wise overall development of the water resource of the country, region, and state. The reauthorization of August 1970 was a direct product of the tireless efforts and support of the local people, who, began the long road in 1958. The initial investigation money came from state and local sources. Studies were not site specific, but were aimed at an evaluation of the broad needs and problems. Numerous storage sites were reviewed and evaluated. The evaluations were not emotional, but were founded upon sound principles for project evaluation.

Federal studies were reviewed and in instances independent professional studies were commissioned to substantiate or refute studies of the federal governmental agencies. On May 28, 1968 legislation proposing authorization of Narrows was introduced in the House and Senate of the U.S. Congress. Since that time Narrows has been the subject of study after study. In 1973 Congress passed an appropriation of $1.5 million to initiate construction. More studies have been done since, but the local sponsors have continued to support and push for construction of Narrows.

Congressional Appropriations for construction were

continuous over the years beginning with the $1.5 million for FY-1974; $6 million for FY-1975; about $3 million for FY-1976; over $3.9 million for FY-1977; and $9.7 million was requested for FY-1978 by the Ford Administration. Again, with the advant of the "Hit List", Narrows has been subjugated to the study.

The local sponsors have continued to express support, argue the needs throughout the recent difficulties.

At this point we raise the question of the contract as it represents the honor and word of the United States Government. This sponsoring district executed a repayment contract with the Secretary of the Interior, on July 27, 1976. Since the initiation of activities on the Narrows in 1958, the people of the South Platte Valley have held their engagement with the Department of Interior to be one on honor and good faith. The contract representing the good faith of the United States to pursue the completion of the Narrows Unit. Throughout the intervening 20 years we have complied with the laws of this honorable Congress and every mandate of successive Presidents from John F. Kennedy. We have consented to demands for changes by Federal agencies. Many of which did not benefit the water user, but which increased the project cost for the water users. There have been no major changes in Reclamation law to date. Yet, we are kept from achieving this valid goal. The people have spent years of time, hundreds of thousands of dollars, and have made the contractual commitment. We submit that the actions of the current administration suggests that this contract, the word of the United States, is meaningless.

Our basic problems remain as previously discussed. All too often water users of the South Platte River suffer under problems common to most western streams. Irregular and highly uncontrollable flows. During the spring runoff period, many times flooding conditions, in the heat of the summer, serious shortages. Our problem is one of management. We need a bank account to save the high flows for use at later times. Narrows will not only provide annual management but even more importantly the vehicle for long term management. Annual volumes can range from less than 100,000 acre feet to in excess of 1,000,000 ac.ft. Monthly flows from in excess of 20,000 cfs during the spring to 50 cfs during the irrigation demand season. Records show July flows of less than 10 cfs during dry years. This past year is a perfect example of the annual problem. In May and June over 300,000 acre feet of water was lost as it flowed down the river, out of state, gone forever; then came July and shortages were upon us once again with flows of less than 50 cfs.

This discussion is intended to point out, one more time, the degree of the problem and to reiterate the obvious, water management thru storage is the only way to harness this resource.

In addition to the problems addressed over the past years the rapidly expanding energy development is creating ever increasing demands on the regions water supplies. We on the east slope of Colorado are feeling the impact of federal and private efforts to expand domestic energy supplies. The population growth along the front range is the highest in the country, 2.75% per year or nearly 3 times the national rate.

A 1979 report cites a recent study conducted by the U.S. Department of Housing and Urban Development, current east slope population in Colorado, 2.3 million, 80% of the total state population. The report projects an increase of 1,000,000 by the year 2000. This growth will require 200,000 additional housing units to be available between 1985 and 2000 for habitation along the front range. 200,000 ac. ft. of additional water will have to be developed in the South Platte River Basin over the next 10 to 15 years to meet this demand.

The energy demand is placing more immediate demands on our usable supply. There is a 500 megawatt fossil fuel thermal generation plant located in the heart of our area, near Brush. That first unit is projected to consume 7,000 ac. ft. of water per year. There is great probability that a second stage will be added soon. Where will this water supply come from? The total average annual water supply of the Basin is only about 1.2 million acre feet. How can we increase the useable supply to that extent?

The Hud report predicts; given agricultures high dependency on irrigation and the competitive demand for water from the additional population, it appears certain that Colorado agricultural productivity can not keep up.

We submit to this committee and the Congress, we can not afford to ignor this fast approaching problem. The problem is coming as certain as the current energy crisis is upon us. Now is the very hour for action. The demand for water is forcing the municipalities to persue every possible avenue to meet their water needs, the agricultural user is the victim.

The Narrows Unit is an essential component for maintanence of adequate water supplies for this population growth, for the maintanence of our agriculutal productivity, and flat water recreation.

Finally, last year we suggested a study comparing suggested

alternatives to the Narrows be undertaken if the Congress could not make a construction appropriation. The Congress did not appropriate money directly for that study, but the Department of Interior was able to reprogram $250,000. of their investigations money to conduct the proposed study. Today one year later, that study is not yet started. The study was not directly commissioned by Congress, therefore it is our testimony that the Congress is not bound to it. And therefore in light of the fast approaching demands for water, we ask the Congress for an appropriation for $1,000,000. for construction funding for the Narrows Unit for FY-1981.

However, recognizing the desire of the Congress and the desire of this district to establish a working relationship with the Administration we request an appropriation to the Water and Power Resources Service (DOI), for resumption of activities necessary to construction of the Narrows Project upon completion of the so termed, "Hart South Platte Study."

The district has, as previously mentioned, witnessed many studies addressing the water resource problems of the South Platte River and the Narrows Project; each has born out the need for on-channel storage and that the Narrows Project, as conceived, is the best vehicle from all view points. We present to this committee that we remain confident that any and all legitimate studies will continue to pile the evidence in support of the Narrows.

The second foundation of our request is, this is the perfect time for this committee and the Congress to make an appropriation. The study is to be completed within a nine to twelve month period. According to information available the completion date is to be between January 1, 1981 and April 1, 1981 or mid FY-1981. This timing is perfect. An appropriation for 1981 will allow for construction activity to begin immediately upon completion of the study.

We also submit the Administration would not object to this appropriation. The following quote is taken from a letter from Secretary Andrus to Senator Hart, Colorado. "These will not be empty planning efforts but...directions into positive measures for Colorado. As the president noted in his June message we need to undertake initiatives to strengthen Federal-State relations."

We submit that Secretary Andrus has made a commitment for the administration to persue a water resource development project upon completion of this study. Therefore, no reasonable excuse exists to allow the the lapse of another year in the appropriation cycle simply because of the lead time built into this process. But rather we urge you to use that lead time, to improve the procedural efficiency and to provide the funding in a timely fashion.

Thirdly, $1,000,000. can not be construed as an inflationary factor. Also reflecting upon the statistics of the reduction of productivity in our country, it must be remembered, this money is an investment in the improved productivity of our state, region, and nation for many years to come.

In closing, we again thank you and your kind staff for your time and cooperation.

ANIMAS-LaPLATA PROJECT, COLORADO

WITNESSES

HON. RAY KOGOVSEK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO
FRED KROEGER, CHAIRMAN, SOUTHWEST WATER CONSERVANCY DISTRICT
LEONARD BURCH, CHAIRMAN, SOUTHERN UTE TRIBE
ERNEST HOUSE, UTE MOUNTAIN UTE TRIBAL COUNCILMAN
AL MURDOCK, CHAIRMAN, CITY OF DURANGO WATER COMMISSION
ART ISGAR, LA PLATA CONSERVANCY DISTRICT
BILL PRICE, LA PLATA CONSERVANCY DISTRICT
JEFF MORRISSEY, MAYOR OF DURANGO
RAY DEKAY, SUPERINTENDENT FOR BUREAU OF INDIAN AFFAIRS, SOUTHERN UTE TRIBE
CHARLES PORTER, DOLORES CONSERVANCY DISTRICT
EDDIE BOX, MEMBER, SOUTHERN UTE TRIBAL COUNCIL
BILL McDONALD, DIRECTOR, COLORADO WATER CONSERVATION BOARD
BILL CHATHAM, ADMINISTRATOR, UTE MOUNTAIN UTE TRIBE

Mr. BEVILL. I see our distinguished colleague, Congressman Kogovsek, is here. Congressman Kogovsek, we know you need to get back to your committee work, so if you will just come forward and present your testimony.

We are pleased to have you with us.

STATEMENT OF CONGRESSMAN KOGOVSEK OF COLORADO

Mr. KOGOVSEK. Mr. Chairman, members of the committee, I won't take a great deal of your time, mainly because I know just as my fellow congressman Jim Johnson from Colorado said, that this is the committee to talk to and you have been very supportive of our pleas, and I just want to bring four people up here with me, if I could, Mr. Chairman, for some brief testimony.

I would like to introduce Fred Kroeger, who is the chairman of the Southwest Water Conservancy District of Colorado; Mr. Leonard Burch, the Chairman of the Southern Ute Tribe; Mr. Porter from the Dolores Conservancy District; and Mr. Bill McDonald, Director of the Colorado Water Conservancy Board.

These gentlemen have come from Colorado in the last couple of days to present some very brief testimony. In addition to that, I would very quickly introduce to the committee four or five other people who are here who will not be testifying personally but will submit testimony for the record. Mr. Ernest House, Ute Mountain Ute Tribal Councilman; Mr. Al Murdock, if he would stand, Chairman of the City of Durango Water Commission; Art Isgar is also with us, and Art is with the La Plata Conservancy District; Bill Price of the La Plata Conservancy District; Jeff Morrissey, the Mayor of the City of Durango.

Mr. Ray Dekay is here. Ray is the Superintendent for the Bureau of Indian Affairs for the Southern Ute Tribe; and Eddie Box, member

of the Southern Ute Tribal Council; and Bill Chapman, Administrator for the Ute Mountain Ute Tribe.

I will be very brief. I request that my statement be made a part of the record and I will very briefly indicate to you this morning that we would like to talk about one project in particular, even though we have a list that you will notice as part of my testimony. The Animas-La Plata project is a project which is very important to southwestern Colorado, but not only to southwestern Colorado but also to New Mexico. It has been a project that the President has not seen fit to fund this year, as he did not see fit to fund it last year.

I can only echo the remarks that were made by Representative Jim Johnson, who has served very ably on the House Interior Committee and who has made my job as a new member of Congress on the House Interior Committee a lot easier.

The President and the present administration has not been that sensitive to water projects in the West until recently. I think the President is turning around a little and realizing how important energy development is to the whole U.S. and because of the importance of energy development the President is indicating some sensitivity to our need to store water in Colorado.

I just want to at this time, so that I don't take too much of your time, call on Fred Kroeger for some brief comments.

Mr. BEVILL. Your entire statement will be made a part of the record. Each of you, if you wish, can sumarize.

[The statement follows:]

STATEMENT OF HON. RAY KOGOVSEK

Mr. Chairman, members of the committee, I thank you for this opportunity to speak before one of the most important committees in the House of Representatives. It is important that I come before you today to urge your utmost consideration of the needs and requests of the people of Colorado. We are asking for the help of this committee and Congress to develop the necessary water resources, not only for Coloradans, but for all the people of the United States.

The entire country is calling upon the west, in particular Colorado, to meet the energy needs of the nation. We are ready to meet the demand. Knowing that Colorado is rich in resources, the Administration and Congress are asking that this potential be developed. Yet, every project is still another demand on the available water resources. Oil shale, coal, oil and gas, and uranium; they all require water for their development.

However, energy is but one aspect of the growth of the west. Agriculture, recreation, industry, and municipalities, but to name a few, are all important aspects of our state and its economy. Most importantly, they all require the use of water. Agriculture is highly dependent on large amounts of water for irrigation purposes. Without it our crops would be meager, if any. Water is necessary for the generation of electricity, and the production of steel and other products necessary to the nation. Our ever growing cities require great amounts of water for domestic use in a quantity and quality equivalent to all cities in the United States. Although seldom mentioned, but highly important, is recreation. Colorado has approximately 50,954,964 visitor days, for non-residents in our state every year (based on 1976 figures). Water is crucial to this industry. It is used in some cases to make snow for skiing, to maintain golf courses and parks, for hotels and motels, and for boating, fishing and hunting, just to name a few.

Mr. Chairman, water is the "heart" of the west and without the help of this committee and Congress, we will not be able to adequately fulfill the request of this Administration and the nation to supply stable, domestic sources of energy. We will not be able to help supply the nation with the food the people are asking for, at a price the consumer can afford. We will not be able to provide the quality recreation to the nation that has been provided in the past.

I would like to address those projects in Colorado and would again request that this committee give its utmost consideration for funding:

Animas-LaPlata:
Construction ---------- $2,870,000
For acquisition of lands, initiation of construction on the pipeline relocation, collection of data for final designs, initial purchase of equipment to be used during construction, and continuation of archeological site evaluation.

San Luis Valley Closed Basin Project:
Construction ---------- 2,347,000
For completing acquisition of right-of-way and drilling and developing deep wells for Stage 1–2. Archeology survey, testing and mitigation of Stages 1–2 and 3 will also be completed. A contract will be awarded for drilling and developing deep wells for Stage 3. Design work will continue on Stage 1–2 canals, laterals, transmission lines, and substations.

Fryingpan-Arkansas Project:
Construction ---------- 39,454,000
For completing construction on the Mt. Elbert Forebay Dam and Reservoir, the Pueblo Dam berm, first stage power facilities of the Mt. Elbert Pumped-Storage Powerplant, the north side and south side collection systems, and relocation of buildings on the Twin Lakes Dam and reservoir enlargement. Construction will continue on the second stage facilities of the Mt. Elbert Pumped-Storage Powerplant, the Fountain Valley Conduit pumping plants and laterals, recreation and fish and wildlife veloping deep wells for Stage 1–2. Archeology survey, testing Mt. Elbert Conduit seeding and reforestation. Contracts will be awarded for completing the second unit of the Mt. Elbert Powerplant and for reshaping the quarry area.

Dolores Project:
Construction ---------- 31,719,000
For continued construction of McPhee Dam, Dolores Tunnel and Canal, McPhee access roads, relocation of Dry Canyon Road and purchase of equipment. Contracts will be awarded for reservoir clearing, powerline relocation, Dolores protective dike and landfill, and for construction of Great Cut Pumping Plant, Pre-construction activities will begin on other facilities.

Dallas Creek:
Construction ---------- 8,800,000
For completion of construction of Ridgway Dam foundation and river outlet works. A contract will be awarded for construction of Ridgway Dam, spillway, and stage II of the river outlet works.

Colorado River Basin Salinity Control:
Grand Valley Unit ---------- 6,289,000
Paradox Valley Unit ---------- 3,027,000
Construction: For continued construction on the Government Highline Canal. Work will be initiated on laterals and a wildlife mitigation plan for the Grand Valley Unit. For continued land purchases on the Paradox Valley Unit, as well as investigation work on various features and construction of a temporary camp, a road to the Operation and Maintenance Housing area, a construction office, and a field station. A wildlife mitigation program will be initiated.

Leadville Mine Drainage Tunnel:
Construction ---------- 20,000
For completion of water quality monitoring and investigations.

San Miguel: Advanced planning ---------- 100,000

West Divide: Advanced planning ---------- 100,000

Dominguez Reservoir Project:
General investigations ---------- 70,000
Feasibility and plan formulation investigations.

Dam projects in the West have been costly. GAO and OMB are always telling us that they are not 'cost-effective,' yet no GAO report takes into account more than the immediate, localized, direct effects of a single project on an existing group of agrarian users. If the men and women that settled the West had applied the same cost-benefit standards that GAO has done, the West would still be largely unpopulated.

Of the eleven projects mentioned, eight are located on the western slope of Colorado. This is a very important factor in the development of water resources in the State. The majority of Colorado's energy resources are located in the western part of the State.

Oil shale is being developed in the northern part of the western slope. Rio Blanco and Garfield counties will be greatly impacted with its development. Directly south are the western slope coal fields, already being developed. Mesa, Delta, Montrose, and Gunnison counties are being, or will be impacted. South of the coal fields and through the state border are substantial uranium deposits. These are also presently being developed. San Miguel Ouray, Dolores, Montezuma, and La Plata counties are being or will be impacted.

As this development continues, a domino effect occurs on the demand for water resources. Not only does the production of energy require water, but also the support services and industry it brings with it. New people moving into the area expand the demand for municipal water, as well as recreation.

In the West, where there is water there is life, development, growth. There are towns, farms, schools, jobs. Where there is no water there are no people. Nature has decreed that the West shall be virtually free of permanent human habitation. Moisture falls in significant amounts only between November and March, when it accumulates as snowpack in the upper elevations of the Rockies. From March to June most of that water will rush, in raging torrents, out of the Rockies to the Gulf of Mexico and the Pacific.

By July the torrent will subside and, left to the tender mercy of Nature, by August most of our lands would be arid and able to sustain only the sparsest human population. However, we have chosen to oppose this decree of Nature in the West and by exerting technology we have reached water in deep aquifers in the earth, we have channelized it and we have slowed its rush to the sea so that its passing will give life to our soil and our towns and our people.

Congress and the State of Colorado have a difficult decision to make in resolving the domestic energy issue: (1) Allow increasing demands to compete for limited water resources, (2) Provide for the sound and orderly development of Colorado's water resources, or (3) Reject the nation's demand for the development of a stable, domestic energy supply in Colorado. The State has chosen to seek the help of Congress in the sound and orderly development of our water resources. I am confident this committee will see fit to work with Colorado in water resource development for the benefit of all the people of the nation and provide the necessary funding for these water projects.

I would also like to add, Mr. Chairman, that I am strongly opposed to the Administration's "no new construction starts" policy for water projects. It is prejudice against western water development and certainly not in the best interest of the people of Colorado, or the United States. I urge your assistance in this regard.

As a concluding statement, the State of Colorado remains adamant in its opposition, as it was last year, to any appropriation or reallocation of funds for the purpose of preparing a comprehensive environmental impact statement for the entire Colorado River Basin. If the $80,000 requested in the President's budget for the initiation of a Colorado River Basin Information Base Program is to serve that purpose, then we must take exception to it and urge Congress not to fund that program.

Statement of Fred Kroeger

Mr. Kroeger. Mr. Chairman, members of the committee, all of our testimony has been filed with your group, and we are not going to elaborate on that or read it. We will try to give you back a minute of your time.

I am here as a representative of the Southwestern Water Conservation Board, and we have three projects within our own area. One is

the San Miguel, which the President has included in his budgetary financing in the amount of $100,000 for final planning. We concur with that and hope that it will be retained.

Another one is the Dolores Project, which is in the construction phase, and that also was in the President's budget in the amount of some $30 million, and we too urge that this be retained. This is a tremendously important project in southwestern Colorado.

I guess the real concern, the real major concern we have today is in regard to the Animas-La Plata Project, because it was not included in the President's budget, and we feel like we have been a hostage in the water resource review situation as far as new starts. This is of tremendous importance to our area. The Animas-La Plata project I think does more things for more people, it solves more problems for more special interests than any project I have ever been familiar with, and I have served on the state water board for some 17 years.

It is an agricultural project, and I have witnessed the heartache and the disappointment when the rains don't come and the corps dry up and people have to leave. It supplies domestic water for Durango and the surrounding communities. It supplies water both industrially and agriculturally for two Ute Indian tribes in our area, and it provides a great recreational facility within that community.

I think that this is a project whose time has come. It is a multistate project. It goes on over into New Mexico, and we have been able to work with those people and cooperate and reach the point where today we desperately need to fund the project and get it started.

I would like, if time permits, to have Leonard Burch make a brief statement in regard to the Southern Ute's attitude on this.

STATEMENT OF LEONARD BURCH

Mr. BURCH. Thank you.

Mr. Chairman, members of the committee, as far as the Southern Utes and the Ute Mountain Indian Tribes are concerned, we have supported this project, the Animas-La Plata Project, and have appeared before this committee and we are again urging and requesting your support, because it means quite a bit to our people back home, that we need to have the water to develop our resources and put some land under irrigation.

Again, you have got my statement and also copies of a letter that was written by the Southern Ute Tribal Council to the President urging that funds be included in this budget for this coming fiscal year, and also copies of the letters that were written to the Secretary of the Interior.

So, again, Mr. Chairman and members of the committee, we appreciate the opportunity to appear before this committee and to ask that you help fund this project. Thank you.

Mr. BEVILL. Thank you.

Mr. KROEGER. Mr. Chairman, Mr. Bill McDonald, Director of the State Water Conservation Board, might make a brief statement.

Mr. MCDONALD. Mr. Chairman, a subsequent person on your schedule will speak, so I will yield.

Mr. KROEGER. We also have former State Senator Charles Porter to speak briefly on a project that is very important to him.

STATEMENT OF CHARLES PORTER

Mr. PORTER. Mr. Chairman and members of the committee, I am Charles Porter, Manager of the Dolores Water Conservancy District, who is a sponsor for the Dolores Water Reclamation Project. I am here to urge your concurrence in the administration's request for $31.7 million in construction funds for this project. Construction began last year. It is a good, well-balanced project socially, economically, and environmentally.

The Dolores project was the first one in the Nation to be declared a project of national urgency when it was started, and now it seems to me that the Animas-La Plata deserves that rating certainly. Stored water is more precious than gold to the Nation as well as to the area in which it is located.

Thank you for your kind consideration. I could go on for ages, but it is no use.

Mr. KOGOVSEK. Very quickly, you understand in southern Colorado we have two tribes, the Southern Utes, represented by Mr. Leonard Burch, the chairman. Mr. Ernest House has a very brief statement in regard to our water project.

STATEMENT OF ERNEST HOUSE

Mr. HOUSE. Mr. Chairman and members of the committee: The Ute Mountain Indian Tribe is located in Towaoc, Colorado. I am Ernest House, member of the Ute Mountain Ute Indian Tribal Council. As a tribal member of a community which was dependent on a truck-in water supply, I am here to thank you for your support of the Dolores Water Reclamation Project and to request your concurrence in the $32 million reclamation project and to request your concurrence in the $32 million in construction funds as requested by the administration.

The Dolores project will provide not only potable domestic waters, but also water for irrigation. Lands which have been unable to support even a meager existence hold a promise of future prosperity. Ability to create a self-sufficient economy is directly related to the completion of the Dolores Project.

In no less a way is the Animas-La Plata Project imperative to achieve our economic stability. We join with our brothers, the Southern Ute Indian Tribe, to urge your allocation of $2.8 million in construction monies for the Animas-La Plata Project. We will receive 6,000 acre-feet of municipal and industrial water on the eastern portion of the reservation, as well as irrigation waters for 12,000 acres of farmland. We anticipate that the soil of our reservation will produce flourishing crops and our economic impact on the Four Corners area will be beneficial and vital to the economic well being of all residents in the area.

The amount of water our tribe requests from these projects has been agreed upon with our non-Indian neighbors. It is our heritage to value our resources and to use them for the most benefit. Conservation and utilization are not mutually exclusive as both the Animas-La Plata and Dolores projects demonstrate. Your investment in these capital improvements will have a positive impact that will benefit our

area for decades. Your continued support of the Dolores and Animas-La Plata projects will contribute immeasurably to a self-sufficient Ute Mountain Ute Indian people.

Thank you for your consideration.

Mr. KOGOVSEK. Just in conclusion, you and your committee have almost an impossible task this year. It has always been a very difficult task that your committee has performed as far as realizing which projects are important and deserve funding. You have heard of some of our comments this morning. The Congress is in a budget-cutting mood, and I think it is going to make your job and our job a lot more difficult once we get a bill on the floor of theHouse.

I want you to understand, I want members of the committee to understand that you have the support, as you have had in the past, of Congressman Jim Johnson and myself and other western States congressmen who understand very, very sincerely how important these projects are.

With that, we would be available for questions, if there are any. If not, we want to thank you for your time.

Mr. BEVILL. Thank you very much for a very fine presentation. As you know, this committee will certainly work with you to do what we can to help resolve the problems that each of you have presented. Thank you.

Mr. KOGOVSEK. Thank you very much, Mr. Chairman.

Mr. BEVILL. We will insert the additional statements in the record.

[The information follows:]

STATEMENT OF ART ISGAR
MEMBER OF THE BOARD OF DIRECTORS
LA PLATA WATER CONSERVANCY DISTRICT
HESPERUS, COLORADO
BEFORE THE ENERGY AND WATER DEVELOPMENT
SUB-COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
March 25, 1980

Mr. Chairman and Members of the Committee:

Thank you for letting us come to discuss the Animas-La Plata Water Project with you. I am Art Isgar, a member of the La Plata Water Conservancy District Board of Directors, and with me today is fellow Board member Bill Price. In addition, I am a rancher in what is known as the "dry side." The "dry side" is an area of very fertile soil and sporadic and uncertain water supply. The Animas-La Plata Project should rid our area of its drought nomenclature. Before this can happen, my neighbors and I realize that an enormous amount of work must be done, and I am here to tell you we are ready to do our part, but we need your commitment this year in the amount of 2.8 million dollars for construction funds.

Our area is an isolated part of the country - cut off by miles and mountain ranges from most population centers. Nevertheless, we feel that we are close to you in Washington. We appreciate your past support, and are cognizant of the need of future commitments to bring the project to fruition. The project was authorized by Congress in 1968 as a part of the Colorado River Basin Projects Act. The monies expended in the planning stages to bring us to the threshold of construction amount to $3,486,833. Because of your past support, a feeling of partnership has grown. Although other projects have received construction funding, we have not felt betrayed because we know that a bond of understanding has been forged between us. However, the time has come to go beyond planning and to begin to build together and the importance of your support is critical.

I cannot convey to you the frustration of good hard-working people who every year prepare the soil, plant the seeds, nurture the plants, only to watch hopelessly as their crops burn up because the hoped for rain did not occur. The Animas-La Plata Project will finally allow us to be able to plant and to plan with a known quantity and source of water in mind. We will achieve a future which will grant us the rewards of careful husbandry and hard work. It will enable us to teach these values to our children and hand over our farms to them as a blessing and not a burden.

The Animas-La Plata Project also exemplifies the old-fashioned American ideal of a community spirit to work toward a common goal. Our Southern Ute Indian

neighbors occupy the land they do because of reservation policies developed in the last century. This land is unproductive in large part because there is no constant, reliable water source available to develop it. The Tribe has agreed to an amount of project water which will enable them to become self-sufficient land holders. After more than 100 years, this is an opportunity which should not be denied them. The Animas-La Plata Project is a community project which reflects community interest and will be based on a foundation of community strength.

Thank you for your work and efforts on our behalf. I can promise you that we will share in the work now as after completion we will share in the benefits.

STATEMENT OF FRED V. KROEGER, CHAIRMAN
SOUTHWESTERN WATER CONSERVATION DISTRICT OF COLORADO
BEFORE THE ENERGY AND WATER DEVELOPMENT
SUB-COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
March 25, 1980

Mr. Chairman and Members of the Committee:

I am Fred Kroeger, Durango businessman and Chairman of the Southwest Water Conservation District. I am pleased to come before this committee once again concerning the water reclamation projects in our area. I am here to request 2.8 million dollars in initial construction funds for the Animas-La Plata Project and to concur in the administration's request for $100,000 in advance planning funds for the San Miguel Water Reclamation Project and the $31,719,000 for the Dolores Project construction funds.

The Dolores Project is under construction. Its beneficial features are many. The Dolores Project represents an agreed amount of Indian water rights in project water. The Dolores Project will be recreation enhancing with a planned 4,470 surface acre foot reservoir. The water from the Dolores Project will dramatically alter the economy of the area - both on and off the reservation - by assuring an adequate and dependable water supply for agriculture production. The project will irrigate 7,500 acres of land on the Ute Mountain Ute Indian Reservation, 27,000 acres of land being dry farmed and 26,000 acres of land currently under irrigation but without a dependable water source. Finally, the project will establish an adequate supply of water for many communities, including Cortez, Dolores and Towaoc. The administration's request for almost thirty-two million dollars to continue with construction of this worthwhile project is concurred in by the Southwest Water Conservation Board.

The next project for consideration in our water conservation district is the San Miguel Water Reclamation Project for which the administration has requested $100,000 for advance final planning funds. This project is located in the Upper Colorado River Basin in Montrose and San Miguel Counties of Southwestern Colorado. This project would develop 14,000 acre feet of water to irrigate 6,600 acres of full service land. In addition, the municipal and industrial water supply would total 14,000 acre feet. It is a project which would establish a much needed stable water source for an area of the state whose economy is heavily dependent on agriculture and livestock operations. The $100,000 in final advance planning moneys will be money well spent.

The final project I present to you is the Animas-La Plata Project. The planning state of the Animas-La Plata Project is nearing completion and the request for 2.8 million dollars represents the initial construction commitment

to the Project. The planning for this type of project was initiated by the earliest homesteaders with survey work on the project being done at the turn of the century. In the intervening eighty years, the need for this type of water storage project has not diminished, but rather increased as growth and technology have necessitated further water use. The concept of the Animas-La Plata Project has also grown, however, and I can proudly present it to you as a complete project which fulfills many of the needs of our area.

First, in regard to domestic water, the Animas-La Plata Project will supply water for Durango, Hesperus, and three domestic water districts in Colorado -- Aztec, Bloomfield, Shiprock and Farmington in New Mexico. These are areas of rapid population growth. Durango, for example, is being projected to grow from a town of the present 13,000 to a size of 35,500 over the next 40 years. Existing water supplies are totally inadequate to meet this demand.

Second, the Indian water claims of project water are fully agreed upon. As a lifelong resident of this area, I saw the success of the Pine River Irrigation Project which was made possible in no small part through the cooperation of the Southern Ute Indian Tribe. They have given their support to this project in no less a spirit of cooperation and enthusiasm. If the Animas-La Plata Project is not constructed, Indian water claims could conceivably impair senior water rights along the Animas River and use the entire flow of the La Plata River, and, in addition, endanger the spirit of friendship and cooperation which has permeated our relationship with our Indian neighbors. It is imperative that this just and sound approach to allocation of natural resources be allowed to stand as precedent and herald an era of negotiation, not litigation.

Third, the agricultural benefits derivative from the project cannot be minimized. Whereas, there are presently 10,000 acres which are sporadically irrigated as the water supply allows, after project completion 70,000 acres of rich, fertile soil will produce crops. A steady water supply, and thus a known ability to make the land profitable, will undoubtedly restore agriculture to a viable position within the local economy.

Fourth, the Four Corners area has always been viewed, and justly so, as a recreation and environmental paradise. The Animas-La Plata storage unit, Ridges Basin Reservoir, will create a 2,220 surface acre lake and wonderful water based recreation area just three miles from downtown Durango. Even what might have been adverse environmental impacts have proved to be changes which will be more beneficial after the project. For example, the winter elk range land which will be displaced by the reservoir will be exchanged for a location considered more favorable to the elk by the Colorado Division of Wildlife. The decreased downstream flow below the pumping plant will diminish the existing fishery only to the extent that non-game fish will no longer be able to survive. The reservoir will capture water at high water periods, and this stored water will insure maintenance of a year round flow.

Finally, the Animas-La Plata Project is a responsible commitment to future generations who wish to live in our most blessed area of the country. Because of limited economic opportunities, many of our children and their children cannot eke out an existence in Durango and the surrounding area.

Because the Animas-La Plata Project will create economic stability in agriculture and allow development of our energy resources, job opportunities will be more plentiful and we can offer our children a future that was once only a dream.

The House Interior and Insular Affairs Committee has singled out the Animas-La Plata Project as the one new start that should be funded this year. This, I believe, speaks highly of the many benefits that the project will provide. It is an economically feasible project that will return to the local, state, and national economies many times its cost. I urge your consideration of the funding of the Animas-La Plata Project.

STATEMENT OF CHARLES PORTER, PROJECT MANAGER
DOLORES WATER CONSERVANCY DISTRICT
DOLORES, COLORADO
BEFORE THE ENERGY AND WATER DEVELOPMENT
SUB-COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
March 25, 1980

Mr. Chairman and Members of the Committee:

I am Charles Porter, Manager of the Dolores Water Conservancy District, project sponsor for the Dolores Water Reclamation Project. I am here to urge your concurrence in the administration's request for $31,719,000 in construction funds for the project. Initial construction has begun. The McPhee access road #1 and the field station are complete and the headquarters building is 90% constructed. The next big step is to let for bid the construction of the McPhee Dam and the Great Cut Dike. It appears that most aspects of project construction are right on schedule.

Once construction is completed, the project area should benefit immediately. 61,000 acres of land which were dry farmed under marginal irrigation or not farmed at all should begin producing crops. A large portion of this land under new cultivation is within the Ute Mountain Ute Indian Reservation. This is land which has never been productive but will become a major food producing area with water from the project.

The spring run-off impounded in the Dolores Project will irrigate 7,500 acres of land on the Ute Mountain Ute Indian Reservation. Stable supplies of water resources will enable the Indian people to make their land productive and provide resources in jobs for tribal members. In addition, the negotiated amount of water by the Indians is most beneficial, and demonstrates a cooperative approach to this water project.

The Dolores Project also provides a source of domestic water for the City of Cortez which will supply its needs well into the next century. Cortez has purchased in excess of 6,000 acre feet of water from this project. Cortez will pay in excess of $25,000,000 to the federal government for this water. Community support is wide-spread and the community commitment is self-evident. For years, Cortez has been promised that the Dolores Project waters would alleviate the impacts from population growth and energy development. The project completion should permanently alleviate years of fear that this new growth and development would occur without adequate water.

The recreation facilities from the Dolores Project will further enhance the appealing lifestyle available in this area. Commitments for downstream releases will insure that for a good part of the summer excellent trout fishing as well as camping, boating and swimming will be available to all. In addition, great care has been taken to mitigate negative impacts on the environment; waterfowl nesting areas, ecological studies facilities, and deer and elk range are integrated in the Project plans.

As work thus proceeds on the Dolores Project, local support of the project has not diminished; in fact the repayment contract was approved by a vote of twenty to one. We appreciate your continuing support and interest in our project and will, of course, supply you with any information that you might require to reach your funding decision.

STATEMENT OF ALLEN J. MURDOCK, CHAIRMAN
DURANGO CITY WATER COMMISSION
DURANGO, COLORADO
BEFORE THE ENERGY AND WATER DEVELOPMENT
SUB-COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
March 25, 1980

Mr. Chairman and Members of the Committee:

I am Allen J. Murdock, Chairman of the Durango City Water Commission, and I am here to request $2.8 million in initial construction funds for the Animas-La Plata Project. The function of the City Water Commission as stated in the Durango City Code is as follows: To "study the water problems of the City, particularly problems concerning additional water supply, transporting of water to storage facilities, construction and use of transportation and storage facilities, and to make such other studies as are necessary to cover generally all problems concerning the water system of the City." The other four members of the Commission and I have thoroughly studied the present conditions and capacities of the Durango City water system and know of the inadequacy of the supply of and storage facilities for Durango's water.

The current City water rights, storage and capacity fall critically short of what is required to meet even the immediate spurt in growth. The present water storage capacity of Durango's municipal system provides only six days of domestic water use. The principal source of water supply is from the Florida River, a river which is over-committed and additional water would be difficult to obtain. This supply has already proven to be insufficient. Water rights owned by the City of Durango on the Animas River are of a late priority date and during a dry year will probably be shut off. The water obligations of the City extend beyond the city limits. The City of Durango is legally obligated to supply water to three water districts in close proximity to Durango. There are pending Indian claims to the earliest water rights on the Florida, Animas and La Plata Rivers.

Completion of the Animas-La Plata Project will resolve the problems of the pressures on the City's limited water rights and storage. The supply of water provided by the Animas-La Plata Project would be sufficient to accommodate 48,900 people. The Animas-La Plata Project would provide substantial amounts of water to the Southern Ute Indian Tribe, thereby alleviating the Tribe's need to claim water out of the Animas and Florida Rivers. The Project waters would supply agricultural water for farmers within La Plata County whose crop success is a major economic stimulant to Durango's economy.

The Durango City Water Commission has examined several alternatives to the Animas-La Plata Project and the unanimous conclusion is that the Animas-La Plata offers the best storage plan in the most cost effective manner. Alternatives to the Animas-La Plata Project for construction of municipal storage facilites and the application of water rights sufficient to supply the current and future needs of Durango are relatively more expensive. Other project alternatives which have been studied by the Water Commission are insufficient in terms of cost of electricity, cost of building, cost of storage capacity, and long term regional benefits. The Durango Water Commission has given its unqualified support to Durango's participation in the Animas-La Plata Project and has committed itself to assist in bringing said project into being.

I request your endorsement and active support for the Animas-La Plata Project beginning this year in the amount of $2.8 million for initial construction funds. With construction, present Durango residents will insure future residents adequate water supplies and an effective and long term goal of resource management.

STATEMENT OF BILL BRAY, PRESIDENT
THE BOARD OF DIRECTORS
SAN MIGUEL WATER CONSERVANCY DISTRICT
NORWOOD, COLORADO
BEFORE THE ENERGY AND WATER DEVELOPMENT
SUB-COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
March 25, 1980

Mr. Chairman and Members of the Committee:

The San Miguel Water Conservancy District is the project sponsor of the San Miguel Water Reclamation Project. My name is Bill Bray and as President of the Board of the San Miguel Water Conservancy District, I have had ample opportunity to become familiar with the undeniable benefits which will stem from this project. We are asking you to concur in the administration's request for $100,000 for advance planning. It is anticipated that the planning stage will be completed this year and that next year construction will begin, thus fulfilling a Congressional commitment made to our project twelve years ago.

The San Miguel Project [PL-90-537-501(B)] was authorized at the same time the Arizona Project received authorization. The Arizona Project is near completion while our project is yet to begin. This delay is heartbreaking and frustrating. The domestic and agricultural needs for water do not diminish. The pressures of growth are constant, and the need which was perceived by Congress as great in 1968 has multiplied so that the inconstant supply of water is stretched beyond its limits.

The San Miguel Project is based on sound principles of multiple utilization of precious resources. The repayment feasibility of the project works on somewhat the same principal involving as it does monies earned by existing projects to be used to create other projects through the Colorado River Development Fund as conceived by your peers in 1956. The hope was that this Fund would assist in further development of projects such as the San Miguel Project to maximize the use of the water carried in the Colorado River system. Project development has not occurred as envisioned by earlier Congresses, but that does not diminish the viability and efficacy of their plans. The San Miguel Project along with sister projects is designed to insure a stable agriculture and ranch economy as well as provide much needed domestic water. These projects reach beyond the crucial needs for water today and provide an answer for the well-documented critical water shortages which will occur in the future without these projects.

Our project is on the threshold of construction. We would appreciate your continued support and request that you concur in the administration's appropriation of $100,000 for final advance planning.

STATEMENT OF LEONARD C. BURCH, CHAIRMAN, AND CHRIS A. BAKER, VICE-CHAIRMAN,
OF THE SOUTHERN UTE INDIAN TRIBE
IGNACIO, COLORADO
BEFORE THE ENERGY AND WATER DEVELOPMENT
SUB-COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
March 25, 1980

Mr. Chairman and Members of the Committee:

We are Leonard C. Burch and Chris A. Baker, Chairman and Vice-Chairman, respectively, of the Southern Ute Indian Tribe, Ignacio, Colorado. We are appearing to support the request for 2.8 million dollars in initial construction funds for the Animas-La Plata Project.

The Southern Ute Indian people were granted a reservation and a promise of aid to reach a self sufficient status well over 100 years ago. Since that time our lands were opened to homesteading and our resources diminished and dissipated. While others around us have prospered and flourished, the life of the Southern Ute people has always been difficult, characterized by a higher rate of unemployment, illness and poverty than our non-Indian neighbors.

In recent years however, it has been determined that our remaining reservation lands are what is termed "energy rich." And while the Southern Ute people are not rich, our land holds the key to the foundation of economic self-sufficiency. But to develop our land and insure our future, we require an adequate and certain supply of water. The Animas-La Plata Project is the answer to this need. Project water would be used in part for coal development. This coal in turn could provide jobs and skill training for tribal members as well as ease the terrific energy crunch under which the economy is laboring.

Even more vital than our personal needs for this water, is that the Animas-La Plata Project represents a community effort to resolve the common problem of water scarcity. There is presently pending and filed by the Justice Department on behalf of the Southern Ute Indian Tribe a lawsuit to determine our reserved water rights. However, without regard to this lawsuit, the tribe has agreed with its white and Spanish neighbors as to the extent of water which would be available to the tribe from the Project. For example, for the development of the coal on the Southern Ute Indian Reservation we have been allocated 26,500 acre feet under the project. We agree with this allocation and will work for and within the project to maximize our energy resources with this amount of water. The negotiation of water amounts by and to the Indian people in the Animas-La Plata Project is a reaffirmation of the cooperative spirit which has permeated work toward completion of the Project.

The benefits from the project are area-wide benefits. The Southern Ute Indian Tribe as a part of the Four Corners area will be helped not only by an immediate energy development, but also by the area-wide economic prosperity. The Project has our wholehearted endorsement.

Finally, it is a history of the Indian people that agreements with the federal government have not always been honored, especially when we occupied lands which non-Indians coveted. In the last few years, the government has kept the agreements made with the Indians and acted as our guardian in its trust capacity. Both because of this special trust relationship and because of the commitments made by Congress in 1968 for Colorado River Projects, we feel that you should give the Animas-La Plata Project every careful consideration. The Animas-La Plata Project is a worthwhile project and the 2.8 million dollars of initial construction funds will not be misspent. Our future, the future of Southwest Colorado and ultimately the future of energy development in Southwest Colorado depends on your support.

SOUTHERN UTE INDIAN TRIBAL COUNCIL

Tribal Affairs Building
POST OFFICE BOX 737
IGNACIO, COLORADO 81137
303-563-4525

LEONARD C. BURCH, CHAIRMAN
CHRIS A. BAKER, VICE CHAIRMAN
JOHN E. BAKER, SR., COUNCILMAN
EDWARD BOX SR., COUNCILMAN
NEIL B. CLOUD, COUNCILMAN
CLEMENT J. FROST, COUNCILMAN
GUY PINNECOOSE JR., COUNCILMAN

November 12, 1979

President Jimmy Carter
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Carter:

The Southern Ute Indian Tribal Council respectfully requests that you include funds in your proposed fiscal 1981 budget to the Congress for construction of the Animas-La Plata Water Reclamation Project in Southwestern Colorado.

The Bureau of Reclamation has released the Draft Environmental Statement on the Animas-La Plata Project and it is presently going through the required review process. In addition, the Tribal Council is informed that the Definite Plan Report for the Animas-La Plata Project will be completed prior to December 31, 1979, and thereafter the project will be eligible for construction funds in fiscal 1981. The Animas-La Plata Project will best assure that both the Southern Ute Indian Tribe and the Ute Mountain Ute Indian Tribe receive full benefit and use of precious water resources crucial to their ability to become self-sufficient. Both tribes have strongly supported water resource development projects in cooperation with their non-Indian neighbors for many years. The Southern Ute Indian Tribe and the Ute Mountain Ute Indian Tribe will receive allocations of substantial amounts of water from the Animas-La Plata Project for domestic, agricultural and industrial development of the Indian reservations.

We believe, Mr. President, that the Animas-La Plata Project is essential for the future well-being of Indian and non-Indian people in Southwestern

Colorado. We, the Southern Ute Indian Tribal Council, therefore urge you to give every consideration to requesting construction funds for the Animas-La Plata Project for fiscal year 1981.

Sincerely,

By Leonard C. Burch
Leonard C. Burch, Tribal Chairman

By Chris A. Baker
Chris A. Baker, Vice Chairman

By John E. Baker
John E. Baker, Sr., Councilman

By Edward Box Sr.
Edward Box, Sr., Councilman

By Neil B. Cloud
Neil B. Cloud, Councilman

By Clement J. Frost
Clement J. Frost, Councilman

By Guy Pinnecoose Jr.
Guy Pinnecoose, Jr., Councilman

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NEIL B. CLOUD, COUNCILMAN
CLEMENT J. FROST, COUNCILMAN
GUY PINNECOOSE JR., COUNCILMAN

November 12, 1979

Cecil D. Andrus
Secretary of the Interior
Washington, D.C. 20240

Dear Secretary Andrus:

Enclosed for your information is a copy of a letter which the Southern Ute Indian Tribal Council has sent to President Jimmy Carter requesting construction funds for the Animas-La Plata Water Reclamation Project in the fiscal 1981 federal budget. We would urge you, Mr. Secretary, to assist the Southern Ute Indian Tribe in our efforts to realize the many benefits which will accrue to the Southern Ute and Ute Mountain Ute Indian tribes by construction of the Animas-La Plata Water Reclamation Project. We have been repeatedly promised over a long period of time that the Southern Ute and Ute Mountain Ute Indian tribes would be able to utilize substantial quantities of water for domestic, agricultural and industrial purposes as a result of the construction of the Animas-La Plata Water Reclamation Project.

On July 12, 1978, President Carter addressed the importance of the administration's water policy reform efforts and the problems associated with Indian reserved water rights. The President indicated that Indian water rights are "an important component of the long-term resolution of water problems in the West" and further stated that negotiation of Indian water rights "is favored." We, the Southern Ute Indian Tribal Council have worked cooperatively with our non-Indian neighbors on the Animas-La Plata Project for over twenty years. We recognize that the allocations of water which are presently set aside for the use of the Southern Ute Indian Tribe in the Animas-La Plata Project will best assure the Southern Ute Indian people the full benefit and use of these water resources. The Southern Ute Indian Tribe possesses federally adjudicated water rights on the Pine River. We have participated in the Pine River Indian Irrigation Project for forty years and have received and used water for domestic, agricultural and industrial purposes from the Pine River Indian Irrigation Project. We seek no less from the Animas-La Plata Project and desire to have the water to achieve

our goal of self-sufficiency and self-determination. Paper water rights will not fulfill the needs of the Southern Ute Indian people. Storage of Animas River water will provide us with this critically needed resource in the years to come. We urge you, Mr. Secretary, to further demonstrate your commitment to the Indian people in their effort to become economically self-sufficient. Your assistance in securing funds for this water resource project, which is vital to the Southern Ute Indian people, would illustrate to other tribes throughout the United States that the Carter Administration is actively working on behalf of Indian people in what it has termed as "the long-term resolution of water problems in the West."

Thank you very much for your consideration.

Sincerely yours,

By Leonard C. Burch
Leonard C. Burch, Tribal Chairman

By Chris A. Baker
Chris A. Baker, Vice Chairman

By John E. Baker
John E. Baker, Sr., Councilman

By Edward Box Sr.
Edward Box, Sr., Councilman

By Neil B. Cloud
Neil B. Cloud, Councilman

By Clement J. Frost
Clement J. Frost, Councilman

By Guy Pinnecoose Jr.
Guy Pinnecoose, Jr., Councilman

STATEMENT OF JEFF MORRISSEY, MAYOR
CITY OF DURANGO, COLORADO
BEFORE THE ENERGY AND WATER DEVELOPMENT
SUB-COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
March 25, 1980

Mr. Chairman and Members of the Committee:

As Mayor of the City of Durango, I am here to request that you grant $2.8 million in initial construction funds for the beginning of the Animas-La Plata Water Reclamation Project. The City Council of Durango recently passed a resolution endorsing the Animas-La Plata Project because of concern over the projected growth rate in the immediate city limits that will triple the population within just 40 years. In addition, the Durango Water District serves areas adjacent to the city in which the growth rate is anticipated to be even higher. With the projected increased growth, it is imperative that the water available to the City also be increased. The only method which can increase our water supply so that it will be available for residents who wish to share the quality of lifestyle available in Durango is to store the water in times of plenty so that it will be available in times of need.

The concern for construction of the Animas-La Plata Project is a concern that has been shared by many of the policy makers of Durango. I would like now to share with you a letter quoted in part which was received by the Durango City Council urging support of the Animas-La Plata Project. The message of this letter should be emphasized because it is authored by community leaders of the past several decades, including 19 previous members of the Durango City Council whose term of service has been for the last thirty-five years.

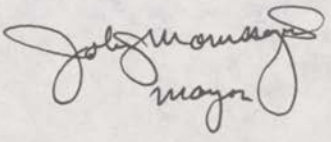
"It is extremely clear that the Animas-La Plata Project can provide some very substantial benefits to Durango, to La Plata County, and to the Four Corners Region. Though there are costs, the history of the water problems of municipalities on the Eastern Slope, which chose not to participate in similar projects, demonstrates that the cost of rejecting opportunity can be higher than we can even contemplate. Our advice to the Council is that the preservation of options, not through inaction, but through the securing of resources of all kinds, can make the decisions of future city councils those of choice and not of desperation. It seems unquestionable that the City Council in 1990 which must govern a prospering city is in a much more enviable position than the council which must decide which section of town must do without domestic water. The responsibility of determining how our region's resources will be used in the future is that of the future decision makers, but it is the duty of the present representatives to secure those resources; to preserve the option for the future; and to safeguard the way for our posterity.

"Because it is now necessary that the City Council assume its position as the vanguard for the future, we urgently request that the City Council of Durango lend its endorsement to the Animas-La Plata Project. Our credentials are no more than yours, but they are indeed the same earnestness, community dedication, confidence, and thoughtfulness that are necessary for the taking of gallant steps. Many of us remember that the Durango City Council has previously endorsed the Animas-La Plata Project, and in no small way, its pendency is a result of the local demand which has withstood numerous obstacles. We are presently on the threshold of realizing a dream that has spanned several generations.

"The City of Durango is not an entity in isolation. Its effectiveness is drawn from the strength of its outlying areas. Only by supporting the project can the City of Durango demonstrate its commitment to the farmers, the Southern Ute Indian Tribe and the Durango citizens who seek regional development. It is not just for those who live outside the city that this project should be constructed, on the contrary the City of Durango can directly benefit from the Animas-La Plata Project. The water rights possessed by the City of Durango are insufficient to guarantee a dependable water supply. In the past, the City of Durango has had to purchase water from the Southern Ute Indian Tribe in order to supply the city residents. Thus, the city's water rights on the Florida River have already proven inadequate for the present municipal needs. The city's water rights on the Animas River are of such a low priority that during a dry year they would be of little benefit without storage. Where would the city otherwise acquire rights for municipal water? The most likely source would be condemnation of early water rights held by Animas Valley Irrigators, a fact which has remained totally obscured in debates surrounding the project. Condemnation of irrigation water for municipal supply is extremely difficult and expensive, and would undermine a traditional and invaluable economic base of the area.

"In a city which has suffered increasingly from inadequate housing, well conceived residential development near Durango cannot proceed until the city is convinced it has enough treated water to deliver for new housing. The City's water problems in relation to new housing are tied to the well recognized inadequacy of water storage, as well as to the low priority of its water rights. The Animas-La Plata Project would solve the overriding problem of acquiring and storing municipal water. This is not an esoteric problem for the future. It is a problem of present crisis, a crisis which is intensified by pending Indian water claims and downstream demands from New Mexico."

The eloquence and persuasiveness of the nineteen men who wrote and signed the above-quoted letter is compelling. I ask you to join us, both the past and present citizens and officials of Durango in support of the project and allocate $2.8 million in initial construction funds for the Animas-La Plata Project so that in the future years it can be said that the strength of the United States on both the national and local level is its far-signted leaders.



LIST OF WITNESSES
BEFORE THE ENERGY AND WATER DEVELOPMENT
SUB-COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
March 25, 1980

PROJECTS INVOLVED:

Dolores Water Reclamation Project
Animas-La Plata Water Reclamation Project
San Miguel Water Reclamation Project

PROJECT SPONSORS:

Southwestern Water Conservation District of Colorado
Southern Ute Indian Tribe
Ute Mountain Ute Indian Tribe
La Plata Water Conservancy District
City of Durango, Colorado
San Miguel Water Conservancy District
Dolores Water Conservancy District
City of Cortez, Colorado

REPRESENTATIVES:

Frederick V. Kroeger, Vice Chairman, Colorado Water Conservation Board,
President, Southwestern Water Conservation District
of Colorado
Leonard C. Burch, Chairman, Southern Ute Indian Tribe
Chris A. Baker, Vice Chairman, Southern Ute Indian Tribe
Henry Jacket, Sr., Tribal Council Member, Ute Mountain Ute Indian Tribe
Carl Knight, Council Member, Ute Mountain Ute Indian Tribe
Ernest House, Tribal Council Member, Ute Mountain Ute Indian Tribe
Art Isgar, Member of the Board, La Plata Water Conservancy District
of Colorado
Bill Price, Member of the Board, La Plata Water Conservancy District
Bill Bray, Board of Directors, San Miguel Water Conservancy District
Charles Porter, Manager, Dolores Water Conservancy District
Jeff Morrissey, Mayor, City of Durango, Colorado
Allen J. Murdock, Chairman, Durango City Water Commission
Raymond J. deKay, Superintendent, Southern Ute Indian Agency
Edward Box, Sr., Southern Ute Indian Tribal Council member
Bill Chatham, Executive Director, Ute Mountain Ute Tribe

RAY KOGOVSEK
3RD DISTRICT, COLORADO

501 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-4761

COMMITTEES:
EDUCATION AND LABOR
INTERIOR AND INSULAR AFFAIRS

Congress of the United States
House of Representatives
Washington, D.C. 20515

DISTRICT OFFICES:
PLEASE REPLY TO:
☐ UNITED BANK BUILDING
201 WEST 8TH STREET, ROOM 425
PUEBLO, COLORADO 81003
(303) 544-5277, EXT. 311
☐ 2860 SOUTH CIRCLE DRIVE
COLORADO SPRINGS, COLORADO 80906
(303) 576-5596

FRED KROEGER, CHAIRMAN, SOUTHWEST WATER CONSERVANCY DISTRICT

LEONARD BURCH, CHAIRMAN, SOUTHERN UTE TRIBE

ERNEST HOUSE, UTE MOUNTAIN UTE TRIBAL COUNCILMAN

AL MURDOCK, CHAIRMAN, CITY OF DURANGO WATER COMMISSION

ART ISGAR, LA PLATA CONSERVANCY DISTRICT

BILL PRICE, LA PLATA CONSERVANCY DISTRICT

JEFF MORRISSEY, MAYOR OF DURANGO

RAY DEKAY, SUPERINTENDENT FOR BUREAU OF INDIAN AFFAIRS, SOUTHERN UTE TRIBE

CHARLES PORTER, DOLORES CONSERVANCY DISTRICT

EDDIE BOX, MEMBER, SOUTHERN UTE TRIBAL COUNCIL

BILL MCDONALD, DIRECTOR, COLORADO WATER CONSERVATION BOARD

BILL CHATHAM, ADMINISTRATOR, UTE MOUNTAIN UTE TRIBE

ANIMAS-La PLATA PROJECT, COLORADO

WITNESSES

F. F. MONTOYA, PRESIDENT, LA PLATA CONSERVANCY DISTRICT
DENNIS PETERSON, PRESIDENT, FARMINGTON CHAMBER OF COMMERCE
HAROLD LAVENDAR, MANAGER, CITY OF AZTEC, NEW MEXICO
QUINCEY C. CORNELIUS, DIRECTOR OF NATURAL RESOURCES, SAN JUAN COUNTY, NEW MEXICO
WILLIAM HUNTINGTON, MAYOR, CITY OF BLOOMFIELD, NEW MEXICO

Mr. BEVILL. Now we will have Mr. Robert Karlin, Mr. Montoya, Mr. Culpepper, Mr. Brooks, and Mr. Huntington.

Mr. CORNELIUS. I am Quincey Cornelius, Director of Natural Resources for San Juan County, New Mexico.

Mr. BEVILL. We are glad to have each of you with us.

Mr. CORNELIUS. Mr. Chairman, we have five very brief statements. I would like to submit Mr. Karlin's statement for the record.

Mr. BEVILL. It would be good if each of you would submit your statements and then just make your summary. That would be a big help to us.

STATEMENT OF QUINCEY CORNELIUS

Mr. CORNELIUS. Thank you. We are here representing different facets in support of the Animas-La Plata Project, which was envisioned in 1938. Thirty years later it was authorized by Public Law 90–537. It has been confronted with environmental delays and rectification of plans. The planning is now complete. Environmental impact statement has been filed and a definite plan report submitted to the Secretary, all at great cost to the taxpayers. It is now time to start construction.

We are here today to request the support of the appropriation of $2.8 million in the fiscal year 1981. I would like to introduce Mr. Montoya.

Mr. BEVILL. The Chair recognizes Mr. Montoya.

STATEMENT OF F. F. MONTOYA

Mr. MONTOYA. I would like to read this. It is a short statement.

Mr. Chairman and members of the committee, my name is F. F. Montova. I am chairman of the La Plata Conservancy District in New Mexico. I have been a life-long resident of that area and am well acquainted with the sparse rainfall and arid conditions in northwestern New Mexico.

We have long looked forward to the additional irrigation water which will be supplied by the Animas-La Plata Project to 8,360 acres of land in New Mexico. During dry years we simply do not have enough water; in fact, two years ago we did not have any water and suffered a total loss of our crops.

Agriculture has been traditional with us and is a way of life with the people I represent. Ever since this country was opened up for settlement we have been farmers and rangers. The fourth generation of

my family is living on our ranch. My father homesteaded part of it. Our soil is rich Our assets are many.

The one real problem we face is that we do not have a guaranteed, continuing water supply throughout the growing season.

The Animas-La Plata Project would mean that:

1. We could substantially increase farm income by participating in intensified farming. We could produce several times as much gross income as we do today. Alfalfa and corn silage produced for feed could be doubled and we could support large livestock-feeding operations.

2. Instead of leaving the land to look for work in overpopulated towns with unemployment on the rise and housing shortages, we could become full-time farmers and ranchers and provide job opportunities.

3. Our climate allows for vegetables and fruits to be harvested. We could supply these products to many homes at a great savings to the consumer because freight and fuel costs are an added expense that could be avoided.

4. We would no longer have the costly job of replacing our diversion dams and irrigation ditches that are periodically washed out by flash floods resulting from sudden storms.

5. Recreational facilities in our area would be greatly increased.

6. Much needed municipal water would be available to the towns in the San Juan Basin.

7. Water would be available for the conversion of our coal supply into electrical power.

I am not just speaking for myself, not just speaking for the farmers in my conservancy district when I ask for the support of the appropriation of $2.8 million to start construction of the Animas-La Plata Project in the fiscal year 1981—I am asking for the initiation of a project that will benefit this nation.

I hope we have reached the end of numerous delays we have faced in securing funding for this project which would enhance the economy of our great country.

Mr. Chairman, thank you for allowing me to be here today to present this statement on behalf of the Anima-La Plata Project.

Mr. CORNELIUS. May I introduce Mr. Dennis Peterson?

Mr. BEVILL. We will be glad to hear from you.

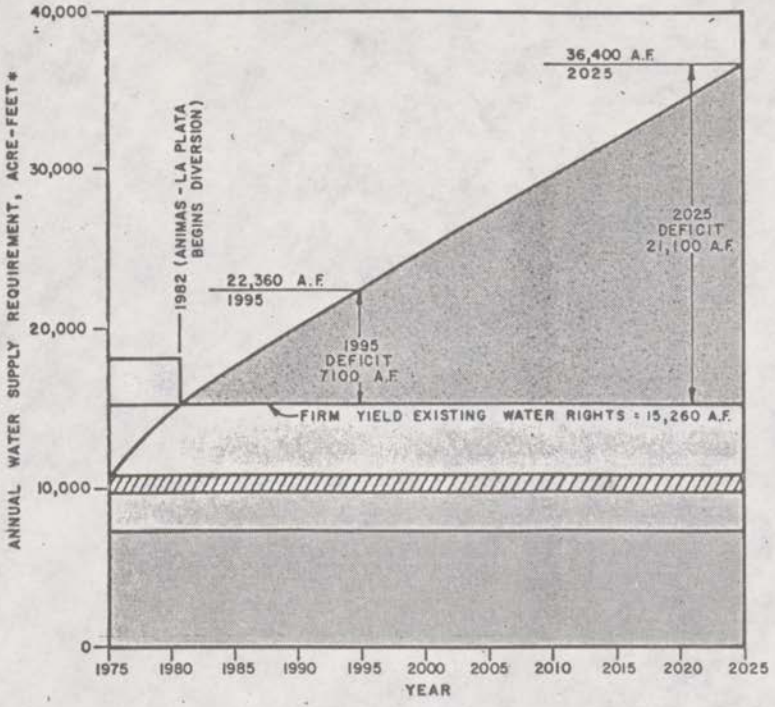
STATEMENT OF DENNIS PETERSON

Mr. PETERSON. I am Dennis Peterson. I am sorry Mayor Culpepper could not be here. I am President of the Chamber of Commerce. The Mayor is a life-long resident of the community and he has seen the community grow from a population of less than 1,000 to more than 40,000. This growth has, of course, resulted from the development of energy resources in San Juan County and the potential is for much more growth and development. We have an abundance of coal, uranium, oil and gas in the San Juan Basin, but we need an assured water supply for their development and for the increasing number of people who will implement that development.

In addition to the burgeon population within our city limits, many people are moving into the surrounding rural areas. Farmington furnishes treated water for two rural districts and to the community

of Shiprock. A study by our consultant, Scanlon & Associates, reinforces the study done by the Bureau of Reclamation and mandates we will need in excess of 20,000 acre-feet of water by the year 2050 to meet the needs of our citizens, if our growth of the area continues at its present rate. The Animas-La Plata Project will go a long way toward meeting this need. I have attached a copy of their projection to this statement.

[The information follows:]



* BASED ON DRY YEAR CONSUMPTION; AVERAGE YEAR IS 7% LESS.

** FIRM YIELD OF STORAGE RIGHT REDUCED FROM 7200 A.F. TO 4360 A.F. AFTER ANIMAS - LA PLATA PROJECT IS OPERATIONAL.

PROJECTED WATER SUPPLY DEMAND AND WATER RIGHTS REQUIREMENT

LEGEND

- 10 C.F.S. DIRECT DIVERSION RIGHT, ANIMAS RIVER.
- 2507 A.F. DIRECT DIVERSION RIGHT, ANIMAS RIVER.
- 1155 A.F. DIRECT DIVERSION RIGHT, SAN JUAN RIVER.
- 7200 A.F. STORAGE RIGHT** ANIMAS RIVER.
- PROJECTED FUTURE WATER RIGHTS REQUIREMENTS.

WATER SUPPLY ALTERNATIVES REPOR
CITY OF FARMINGTON
FIGURE II

Mr. PETERSON. At our present rate of growth, we will need additional supplies of water for municipal and industrial purposes by the time the Animas-La Plata Project is completed.

We feel our city will also benefit from the stable economy which will result from the agricultural income which will be afforded by a full water supply on 70,000 acres in the La Plata Valley and from the industrial growth and recreational benefits evolving from water supplied by the Animas-La Plata Project.

I would like to request that this committee recommend the appropriation of $2.8 million to initiate construction of the Animas-La Plata Project in the fiscal year 1981.

Mr. Chairman, I would like to thank you for the opportunity of appearing before this committee today to present this statement.

Mr. CORNELIUS. I would like to introduce Dr. Harold Lavender.

Mr. BEVILL. Glad to hear from you.

STATEMENT OF HAROLD LAVENDER

Dr. LAVENDER. Mr. Chairman and members of the committee, my name is Dr. Harold Lavender. I am Manager of the City of Aztec, New Mexico.

Aztec is the county seat of San Juan County and we are experiencing growth pains from a population induced by energy resource development.

We do not presently have adequate water supplies to serve the rapidly growing population of Aztec and the surrounding rural area.

We must have additional water immediately. We are doing something about that. The city has authorized a study to acquire additional water rights to take care of our existing needs. The Animas-La Plata Project, of course, is the ultimate answer, we feel, for the needs of the City of Aztec as well as for all of San Juan County.

We have an urgent need for this water as soon as we can get it. We feel that the project is a significant investment to provide a vital resource to an area of great importance to the entire nation. We understand that the beneficiaries will be obligated to pay their fair share of the construction and operation and maintenance costs, and we are willing to contract with the United States Government for water to meet our future needs.

Our share of this project is presently estimated to be 5800 acre-feet, which is a figure that has been used to suggest our future needs for the area surrounding us as well as the city of Aztec. I request respectfully that the committee recommend the appropriation of $2.8 million to start construction of the Animas-La Plata Project in fiscal year 1981.

Mr. Chairman, it is a pleasure to have had this opportunity to speak to you. I thank you very much.

Mr. CORNELIUS. I would like to introduce Mr. William Huntington.

Mr. BEVILL. We will be glad to hear from you.

STATEMENT OF WILLIAM HUNTINGTON

Mr. HUNTINGTON. Mr. Chairman and members of the committee, my name is Bill Huntington, Mayor of the City of Bloomfield, New Mexico. Our community hopes to obtain some of the municipal and

industrial water which will be furnished by the Animas-La Plata Project.

Bloomfield and the surrounding area is experiencing accelerated population growth due to energy resource development and the nearby Navajo Indian Irrigation Project. We furnish treated water to three rural domestic water associations that serve areas adjoining our city limits. Plateau Oil Company, Thrift-Way Oil Company and Giant Refinery, Incorporated, each have oil refineries near our city. Gas Company of New Mexico and El Paso Natural Gas Company have gasoline plants which separate gasoline from pipeline gas and distribute the pipeline gas to customers. The Navajo Indian Irrigation Project will have 40,000 acres under sprinkler irrigation this year.

All of this economic development is directly reflected in the population growth of Bloomfield and the area served by the adjoining rural water districts.

By the time the Animas-La Plata Project is built, Bloomfield will be in dire need of additional water supplies and we look to the Animas-La Plata Project as the most logical source.

I hope that this committee will support a request of $2.8 million to start construction of the project in fiscal year 1981.

Mr. Chairman, I thank you for the opportunity to appear before this committee and present this statement.

Mr. CORNELIUS. Mr. Chairman, that concludes our statements. Thank you very much.

Mr. BEVILL. Thank you for appearing. You have presented very fine statements. We will insert Mr. Karlin's statement in the record at this point.

[The information follows:]

STATEMENT IN SUPPORT OF FUNDING CONSTRUCTION OF THE ANIMAS-LA PLATA PROJECT BY ROBERT E. KARLIN, CHAIRMAN, SAN JUAN COUNTY COMMISSION, NEW MEXICO BEFORE THE ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, MY NAME IS ROBERT KARLIN, I AM CHAIRMAN OF THE SAN JUAN COUNTY COMMISSION IN NORTHWESTERN NEW MEXICO. OUR COUNTY HAS A COMMON CORNER WITH THE STATES OF ARIZONA, COLORADO, AND UTAH. IT IS A VERY ARID AREA WITH ABOUT 8 INCHES OF ANNUAL PRECIPITATION. ONLY 5% OF OUR 3½ MILLION ACRES IN SAN JUAN COUNTY IS IN PRIVATE OWNERSHIP WITH 89% OF THE LAND IN FEDERAL OWNERSHIP OR IN TRUST STATUS FOR THE INDIANS. WE ARE, HOWEVER, BLESSED WITH AN ABUNDANCE OF ENERGY YIELDING RESOURCES.

THE ACCELERATED DEVELOPMENT OF THESE RESOURCES HAS LED TO A RAPID GROWTH IN EMPLOYMENT AND POPULATION IN OUR AREA AND WITH THIS GROWTH, OF COURSE, THERE IS AN INCREASED DEMAND FOR MUNICIPAL AND INDUSTRIAL WATER.

THE ANIMAS-LA PLATA PROJECT WILL PROVIDE BENEFITS IN THE FORM OF IRRIGATION AND RECREATION IN ADDITION TO THE POTENTIAL MUNICIPAL AND INDUSTRIAL USES IN THE COUNTY. THE 70,000 ACRES OF AGRICULTURAL LAND IN COLORADO AND NEW MEXICO WHICH WILL RECIEVE A FULL WATER SUPPLY AND RECREATION BENEFITS ASSOCIATED WITH THE SOUTHERN UTE RESERVOIR SHOULD ASSURE A STABLE ECONOMY IN THE LA PLATA VALLEY FOR GENERATIONS. WE FEEL THAT THE INVESTMENT IN THIS PROJECT WILL YIELD RETURNS LONG AFTER OUR SUPPLY OF NON-RENEWABLE ENERGY RESOURCES SUCH AS COAL, URANIUM, OIL AND GAS HAVE BEEN EXPLOITED.

THIS PROJECT WAS FIRST ENVISIONED IN 1938. THIRTY YEARS LATER IT WAS AUTHORIZED BY PUBLIC LAW 90-537. IT HAS BEEN CONFRONTED WITH ENVIRONMENTAL DELAYS AND RECTIFICATION OF PLANS. THE PLANNING IS NOW COMPLETE, THE DRAFT

ENVIRONEMENTAL IMPACT STATEMENT IS FILED, THE DEFINITE PLAN REPORT HAS BEEN SUBMITTED TO THE SECRETARY--ALL AT GREAT COST TO THE TAXPAYERS. IT IS NOW TIME TO START CONSTRUCTION.

I AM HERE TODAY TO REQUEST THAT THIS COMMITTEE RECOMMEND WRITING IN AN APPROPRIATION OF $2.8 MILLION TO START CONSTRUCTION OF THE ANIMAS-LA PLATA PROJECT IN THE FISCAL YEAR 1981.

MR. CHAIRMAN, IT HAS BEEN A PLEASURE TO APPEAR BEFORE YOU AND I THANK YOU FOR THE OPPORTUNITY TO PRESENT THIS STATEMENT TO YOUR COMMITTEE.

COLORADO RIVER STORAGE PROJECT AND PARTICIPATING PROJECTS

WITNESSES

PAUL L. BILLHYMER, EXECUTIVE DIRECTOR, UPPER COLORADO RIVER COMMISSION

J. WILLIAM McDONALD, DIRECTOR, COLORADO WATER CONSERVATION BOARD, STATE OF COLORADO

Mr. BEVILL. Mr. Paul Billhymer, we are pleased to have you with us. You are the Acting Executive Director of the Upper Colorado River Commission?

Mr. BILLHYMER. Mr. Chairman, it has been changed to Executive Director.

Mr. BEVILL. Congratulations on your promotion, that is good. We will knock out that word "acting."

Mr. BILLHYMER. Thank you, sir.

STATEMENT OF PAUL BILLHYMER.

Mr. Chairman, on behalf of the Commission we have submitted a written statement for the Upper Colorado River Commission, and also I am authorized to submit a statement for the State of New Mexico, which has been submitted for the record.

Mr. BEVILL. Each of those will be made a part of the record.

[The statements follows:]

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STATEMENT OF PAUL L. BILLHYMER, EXECUTIVE DIRECTOR
UPPER COLORADO RIVER COMMISSION
before the
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
of the
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

March 25, 1980

I am Paul L. Billhymer, Executive Director of the Upper Colorado River Commission, Salt Lake City, Utah.

Mr. Chairman, the four States of the Upper Colorado River Commission, Colorado, New Mexico, Utah, and Wyoming, are united in their support of a constructive and progressive program in the Upper Colorado River Basin for fiscal year 1981. Our interested water people appreciate the privilege of appearing before this subcommittee in support of appropriations of funds to continue the construction and operation of the Colorado River Storage Project and participating projects.

Our Commission is in support of those appropriation requests that reflect the official position of each of its member States with respect to water projects and programs involving the Colorado River Storage Project and participating projects. Representatives of each of our member States will be presenting testimony to this subcommittee justifying the appropriations of funds for various projects. Therefore, those justifications need not be repeated herein.

Summary of Specific Actions Requested

1. *Deny the appropriation of the budget item of $80,000 for fiscal year 1981 for the beginning of the Colorado River Basin Information Base Program.*

2. Appropriation of $2,800,000 for initiating construction of the Animas-LaPlata participating project in Colorado - New Mexico in lieu of $0 in the budget.

With the exception of those items specifically noted above in the summary, we are in support of the President's budget items for projects in the Upper Colorado River Basin.

Mr. Chairman, following is an explanatory resolution adopted by the Upper Colorado River Commission petitioning your subcommittee and the Congress to deny the appropriation of the budget item of $80,000 for fiscal year 1981 for the commencement of the Colorado River Basin Information Base Program.

RESOLUTION
of
UPPER COLORADO RIVER COMMISSION
Re: Colorado River Basin Information Base Program

WHEREAS, the Secretary of the Interior, through the President's budget message to the United States Congress, requested appropriations of $80,000 for a new study program entitled "Colorado River Basin Information Base Program"; and

WHEREAS, this proposed program has a total cost of $2,600,000 and is to be completed in fiscal year 1984; and

WHEREAS, this proposal appears to be another attempt by the Secretary of the Interior to secure funds for the development of a basin-wide comprehensive environmental impact statement for the Colorado River system; and

WHEREAS, the funding for such program has twice been rejected by Committees of Appropriations of both Houses of Congress:

NOW, THEREFORE, BE IT RESOLVED by the Upper Colorado River Commission convened in Denver, Colorado, on March 17, 1980, that the United States Congress and its Committees on Appropriations are hereby petitioned to reject the request for appropriation of $80,000 for fiscal year 1981 for the beginning of the "Colorado River Basin Information Base Program";

BE IT FURTHER RESOLVED that copies of this resolution be transmitted to the Committees on Appropriations of the United States Congress, and to the Governors and members of the Congressional Delegations of the seven Colorado River Basin States.

CERTIFICATE

I, PAUL L. BILLHYMER, Secretary of the Upper Colorado River Commission, do hereby certify that the above Resolution was adopted by the Upper Colorado River Commission at the Regular Meeting held in Denver, Colorado, on March 17, 1980.

WITNESS my hand this 18th day of March, 1980.

/s/ Paul L. Billhymer
PAUL L. BILLHYMER
Secretary

Mr. Chairman, on behalf of the Upper Colorado River Commission, thank you for your consideration of this statement.

STATEMENT OF
BRUCE KING, GOVERNOR OF THE STATE OF NEW MEXICO,
TO THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT OF THE
APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES

March 25, 1980

SUMMARY

This statement is submitted in support of appropriations for the construction of the authorized Colorado River Storage Project and participating projects, for the construction of water resource projects authorized to be built by the Water and Power Resources Service and the Corps of Engineers, and for project investigations by these agencies.

In general, I support the President's fiscal year (FY) 1981 budget proposals for water resources. I support appropriations in addition to the amounts proposed by the President for the items listed below.

Water and Power Resources Service

Animas-La Plata Project-Colorado and New Mexico. The President's FY '81 budget does not include any money for this project. It is requested that $2.8 million be included in the FY '81 budget. The Water and Power Resources Service has, in consultation with Colorado and New Mexico and with local entities who would be the immediate beneficiaries of the project, selected a plan to regulate and deliver the project water supply to the areas of use, and all work on the final environmental impact statement and the definite plan report will be completed in FY '80. The project in all respects is ready for construction and there is a great need for additional water in this area of the states where oil, gas, uranium and coal development for energy is underway.

Santa Cruz Dam - New Mexico. The feasibility study for rehabilitation to ensure the safety of the structure and possible raising of the dam was authorized by P.L. 95-578. In FY '80 $50,000 was appropriated. These funds will permit only an appraisal of water supply, agricultural and some environmental issues associated with the proposed modification of Santa Cruz Dam, with a report to be completed by the close of the year. A full-scale feasibility study of possible rehabilitation and improvement will require additional funding by the Congress. In order to fulfill the requirements of P.L. 95-578 it is requested that at least $100,000 be appropriated in FY '81 to continue the authorized study.

COLORADO RIVER STORAGE PROJECT AND PARTICIPATING PROJECTS

The Colorado River Storage Project Act which became law in 1956 authorized a carefully planned and farsighted program for the development and use of waters of the Upper Colorado River Basin. To carry this program forward the President has recommended that $147,955,000 be appropriated to the Water and Power Resources Service. This proposal includes $133,000 for New Mexico's San Juan-Chama Participating Project. Construction on this project was begun in 1964 and is continuing. The FY '81 program provides for continuation of the automation of the water-flow control system required for water accounting.

The President's fiscal year '81 budget does not include funds for the Animas-La Plata Project in New Mexico and Colorado which was authorized in 1968 by P.L. 90-537. The Water and Power Resources Service has, in consultation with Colorado and New Mexico and with local entities who would be the immediate beneficiaries of the project, selected a plan to regulate and deliver the project water supply to the areas of use, and all work on the final environmental impact statement and the definite plan report will be completed in FY '80. The project in all respects is ready for construction and there is a great need for the additional water supply which will be made available by the project in this area of the states where oil, gas, uranium and coal development for energy is underway. It is urged that at least $2.8 million be appropriated in FY '81 in order that construction can proceed in an orderly and economic manner.

I also urge that appropriations for other units in the Upper Basin states be adequate for orderly project development at an economic rate.

CORPS OF ENGINEERS

Los Esteros Project

The Los Esteros project, a dam and reservoir on the Pecos River about seven miles upstream from the Town of Santa Rosa, was authorized by the Flood Control Act of 1954. The operation of Los Esteros Dam and the existing Sumner Dam will be coordinated for flood control and irrigation under the terms of the Pecos River Compact. The project would reduce anticipated flood damage for a distance of 588 river miles downstream to Girvin, Texas.

The President's budget proposes $2,700,000 in FY '81 to continue with the spillway modifications necessitated by revised spillway design. I fully support the President's budget for this project.

Rio Grande and Tributaries (Rio Puerco-Rio Salado), N.M. (Phase 1)

The President's FY '81 budget includes $447,000 to complete Phase 1 preconstruction planning of the authorized Rio Puerco-Rio Salado Project which will provide much needed flood and sediment control in the Rio Grande Basin. I fully support the President's budget for this program.

Santa Fe River and Arroyo Mascaras

The President's FY '81 budget includes $190,000 to continue preconstruction planning of this authorized project which will provide

flood protection for the City of Santa Fe. I fully support the President's budget for this project.

Rio Grande Floodway (Truth or Consequences)

The President's FY '81 budget includes $150,000 to continue pre-construction planning of the Rio Grande Floodway (Truth or Consequences). The authorized project will provide flood protection for the Town of Truth or Consequences. I fully support the President's budget for this project.

Authorized Surveys

The President's FY '81 budget includes funds for the Corps of Engineers to proceed with the authorized survey - Rio Grande and Tributaries, New Mexico and Colorado. Four hundred and fifty thousand dollars is budgeted to continue a review survey to determine flood control, drainage, and related problems and the feasibility of providing improvements for solution of these problems in the Rio Grande Basin above El Paso, Texas. The budgeted amount includes funds for study of flood control at Grants, New Mexico and Alamosa, Colorado and the study of Abiquiu Reservoir and the Rio Chama to its confluence with Rio Grande. The latter study is urgently needed to determine what measures can be taken to modify the Abiquiu Dam and Reservoir project to allow storage of water for conservation and to increase the capacity of Rio Chama below Abiquiu Dam from 1,700 cfs to about 4,000 cfs, to improve river regulation and protect adjacent property.

The President's FY '81 budget includes $440,000 for the Corps of Engineers to continue the investigation - Gila River and Tributaries upstream from Camelsback Dam Site, Arizona and New Mexico, an investigation to survey the feasibility of providing solutions to the flood control problems in the area.

The President's FY '81 budget also includes $100,000 to continue the investigation - Colorado River and Tributaries above Lee Ferry, Arizona (San Juan River and Tributaries). This investigation is being initiated to determine the feasibility of constructing improvements for flood control and related resource purposes within the San Juan River Subbasin of the Colorado River Basin above Lee Ferry, Arizona.

I fully support the President's budget for these authorized surveys.

WATER AND POWER RESOURCES SERVICE

Carlsbad Irrigation Project

The sum of $350,000 is proposed in the President's FY '81 budget to continue the program of rehabilitation work on the laterals and sublaterals in the Carlsbad Irrigation Project distribution system. The work, which will be done by the Carlsbad Irrigation District under the Rehabilitation and Betterment Act, will conserve water in the District. I support this proposal.

Brantley Dam and Reservoir

The President's FY '81 budget includes $3,300,000 for construction of the Brantley Project in the Pecos River Basin. The Brantley Dam and Reservoir project was authorized for construction by the Bureau of Reclamation by P.L. 93-914 in 1972. The basic purpose of the project is the protection of life and property in the vicinity of the City of Carlsbad. The dam would replace the unsafe McMillan Dam which was reconstructed by the U. S. Reclamation Service in 1908 and would provide additional capacity for the storage of flood waters. One percent of the project cost is allocated to irrigation, five percent of the cost is allocated to recreation, fish and wildlife purposes and two percent of the cost is allocated to highway relocation; the balance of the cost is allocated to safety of structures and flood and sediment control. I fully support the President's budget for this urgently needed project.

Central Arizona Project

The Colorado River Basin Project Act P.L. 90-537, enacted in 1968, authorized construction of the Central Arizona Project in Arizona and New Mexico. The President's FY '81 budget proposal includes an appropriation request for $144,080,000. I support the funding for the Central Arizona Project. The Hooker Dam and Reservoir or suitable alternative in southwestern New Mexico is authorized for construction as a part of the Central Arizona Project. The President's proposal includes $600,000 to continue preliminary studies on Hooker Dam and Reservoir or suitable alternative. I fully support the President's budget proposal for study of New Mexico's portion of this important project.

Colorado River Basin Salinity Control Project
P.L. 93-320 Title I - (Ariz. - Calif.)

The President's FY '81 budget includes a total of $48,112,000 for constructing and equipping the Yuma desalting plant, for the Wellton-Mohawk irrigation efficiency program and for continuation of construction on the Coachella Canal replacement. I fully support the budget proposal for this program.

Colorado River Basin Salinity Control Project
P.L. 93-320 Title II

The President's FY '81 budget includes $9,316,000 for funding continued construction of two authorized salinity control units of the project, the Paradox Valley Unit ($3,027,000) and the Grand Valley Unit ($6,289,000). I fully support the budget proposal for this program.

Closed Basin Division, San Luis Valley Project, Colorado

The President's FY '81 budget includes $2,347,000 to be used to complete acquisition of right-of-way and drilling and developing wells for Stage 1-2. The program also includes award of a contract for drilling and developing deep wells for Stage 3. Design work will continue on Stages 1-2 canals, laterals, transmission lines and substations for stages 1 and 2 of the project. The project will facilitate Colorado's deliveries of Rio Grande water to downstream states in compliance with the Rio Grande Compact. I fully support the budget for this project.

Santa Cruz Dam

The President's FY '81 budget does not include funds for this project. A feasibility study for rehabilitation and possible raising of the dam was authorized by P.L. 95-578 and approved November 2, 1978. The purpose of the authorized study is to determine the feasibility of repairing and stabilizing the face of the existing concrete dam, enlarging the spillway capacity to insure the safety of the dam and raising the dam to increase the existing storage capacity of the reservoir. A preliminary report prepared by the Bureau of Reclamation using funds advanced by the State of New Mexico was completed in 1977. In FY '80 $50,000 was appropriated to the Bureau for the first phase of this study. It is requested that $100,000 for continuation of the feasibility study be appropriated for FY '81.

General Investigations

The proposed Water and Power Resources Service program also includes general investigations of interest to New Mexico. These include:

(1) $4,260,000 for continuing investigations under Title II, P.L. 93-320, leading to a feasibility report on other salinity control units upstream from Imperial Dam.

(2) $240,000 for Environmental and Interagency Coordination Activities in New Mexico.

(3) $139,000 to continue the Llano Estacado Total Water Management Study, a special investigation of the water resources problems of the High Plains region of west Texas and eastern New Mexico;

(4) $60,000 to provide technical assistance to the state in the form of expertise in hydrology, engineering or other disciplines to aid the state in water resources planning.

(5) $250,000 to continue an appraisal investigation of the water and mineral resources of the Tularosa Basin.

I support funding for a total of $4,949,000 for the General Investigations described above.

CONCLUSION

The excellent water resources planning and development work being done by the Water and Power Resources Service and the Corps of Engineers in New Mexico is essential to the economy and welfare of the State and of the Nation. I sincerely appreciate the opportunity to present this statement in support of appropriations for the work of these agencies.

COLORADO RIVER WATER CONSERVATION DISTRICT

STATEMENT OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
TO THE ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE
ON APPROPRIATIONS OF THE COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

March 25, 1980

Mr. Chairman Bevill and Members of the Subcommittee:

Thank you for the opportunity to submit this statement which is in support of Fiscal Year 1981 funding of certain Water and Power Resources Service projects and portions of projects within the boundaries of the Colorado River Water Conservation District (River District), a quasi-municipal corporation of the State of Colorado (Title 39, Chapter 46, Section 101, CRS 1973).

SUMMARY

The Water and Power Resources Service projects for which funding is requested are listed below. We request the Subcommittee favorably report the amounts shown.

FISCAL YEAR 1981 FUNDING LEVEL REQUESTED BY
THE COLORADO RIVER WATER CONSERVATION DISTRICT

PROJECT	WORK	Thousands of Dollars for FY 1981 Funding
Dallas Creek	Construction	$ 8,800
Fruitland Mesa	Plan Formulation	100
Grand Valley Salinity	Construction	6,289
Colorado River Water Quality	General Investigation	4,260
Savery-Pot Hook	Plan Formulation	100
West Divide	Advance Planning	100
Dominguez Reservoir	Feasibility Investigation	70
Grand Mesa	Feasibility Investigation	142
Upper Colorado Resources (White & Yampa Rivers)	General Investigation	50
Recreation, Fish & Wildlife Facilities (Section 8 Colo. River Storage Project Act of 1956)	Construction	7,556
Colo. River Information Base Program	Special Investigation	-0-
Blue Mesa Peaking Power	Feasibility	25
Overland Reservoir (Small Project)	Construction	266

STATEMENT

Geographically the River District includes all of 12 and parts of 3 more counties in Western Colorado. It is governed by a Board of 15 Directors, appointed by the respective Boards of County Commissioners. The Colorado River and its principle tributaries originate within the River District and these streams generate approximately 52% of the gaged flow and 70% of the calculated virgin flow of the Colorado River at Lee Ferry, Arizona, the Compact (1922) dividing point between the Upper and Lower Colorado River Basins. The area of the River District is approximately 28% of the area of the State of Colorado; it is shown with the general locations of selected projects for which funding is requested on the attached map.

As the Chairman and Members of the Subcommittee are so acutely aware, we have recently experienced a period of extreme drought in the Rocky Mountain West and in Northwest Colorado. The drought dramatically emphasized the critical need for funding of water conservation projects and the associated water storage, not only for reliable production of irrigated food products, but also for increasing production of energy minerals and for environmental and aesthetic values. Irrigation return flows and releases from storage associated with the irrigation projects listed will help maintain late season stream flows. Without storage cropland and some streams dry up. We observe that the present Administration has talked and written a great deal about water conservation as a cornerstone of its proposed, and not uncontroversial, water policy. However, the only way to truly conserve water in Northwest Colorado and the Rocky Mountain West is with storage. The snowpack this year is well above "normal" but most of the water will runoff and be lost to Northwest Colorado because adequate storage is not in place to conserve the resource.

There has been a great deal of discussion recently concerning the possible conflicts and competition between agriculture and increased energy (especially coal and oil shale) production for the limited water supply. Concern has been expressed that agriculture will probably not be able to compete against industry for water and that agriculture will be priced out of the competitive arena. This is not and does not need to be true. The Congress has recognized the need for agricultural water in the Upper Colorado River Basin and after many years of investigation and analysis created effective vehicles to supply it. These vehicles are the Colorado River Storage Project Act (PL 84-485, April 11, 1956) and the Colorado River Basin Act (PL 90-537, September 30, 1968). Public Law 90-537 provides power revenues from hydroelectric dams in the Upper Basin to help pay a portion of the costs of water conservation projects participating in those revenues. Unfortunately there are some in the Congress and several in the Department of Interior who are misinformed about the role of the Upper Basin Fund. The fund permits the four Upper Basin States (Colorado, New Mexico, Utah, Wyoming) to use their own resources to generate revenue for the development of those same resources. Although the Congress is at present the

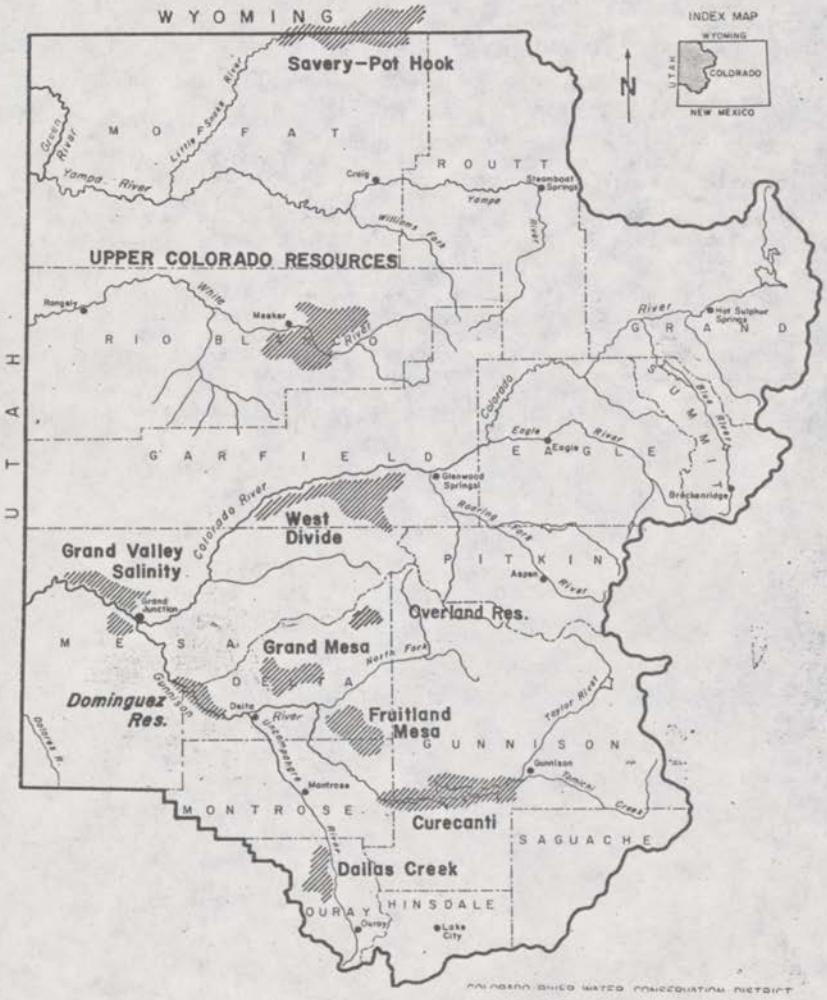
guardian of the fund and the monies are deposited in the Treasury, the monies of the fund belong to Colorado and the Upper Basin States and the appropriation from the fund is not a drain on the Treasury. Savery-Pot Hook, Dallas Creek, Fruitland Mesa, West Divide and Grand Mesa are basically irrigation projects and although they may not be built exactly as they were originally authorized by the Congress, their construction provides Colorado and the Upper Colorado River Basin with the kinds of options that are necessary to a viable water resources future in irrigated agriculture, environmental, aesthetic and energy production values.

We have included a funding request for two projects not included in the Administration budget request, and which were on the "hit list". They are Fruitland Mesa and Savery-Pot Hook, both projects in energy impact areas. If northwest Colorado is to be called upon to help meet the energy demands of the entire nation, the associated water requirements must be met and storage is the only viable option.

There is strong local support for these projects and we request the Subcommittee include in its report $100,000 for each, Fruitland Mesa and Savery-Pot Hook.

We urge that the Committee delete the request by the Interior Department for $80,000 for the Colorado River Basin Information Base Program. This is in fact a request to begin what has in the past been called a "Comprehensive Environmental Impact Statement" involving water resources conservation projects in the Colorado River Basin and is contrary to the previous will of the Congress. The Congress deleted a request for $900,000 for this activity in Fiscal Year 1980.

WATER AND POWER RESOURCES SERVICE PROJECTS
WITHIN THE
COLORADO RIVER WATER CONSERVATION DISTRICT
FOR WHICH FY 1981 FUNDING IS REQUESTED



COLORADO RIVER WATER CONSERVATION DISTRICT

Mr. BILLHYMER. Thank you, sir. In the interests of time, we will not summarize our statements. We feel that is adequate.

I have with me today Mr. J. William McDonald, Director of the Colorado Water Conservation Board, who would like to use some of our time.

Mr. BEVILL. All right, Mr. McDonald.

STATEMENT OF J. WILLIAM McDONALD

Mr. McDONALD. Thank you very much, Mr. Chairman. My name is Bill McDonald. I am Director and Secretary of the Water Conservation Board for the State of Colorado, which is the state agency charged with the conservation and management of the state's water resources. I am testifying today on behalf of that board. I have submitted a written statement which, if I may, I would like included in its entirety in the record, and I will simply proceed to summarize that orally.

Secondly, I would note the Honorable Richard D. Lamm, Governor of Colorado, will be submitting for your consideration a separate written statement shortly.

The President's recommended budget contains $1.1 million for construction, advance planning and feasibility studies on the water projects in Colorado. The board believes that these sums are, with the exception of the failure to include funds for a construction start on the Animas-La Plata Project, adequate for the timely execution and continuation of reclamation projects and programs in Colorado.

We would caution, however, that any reduction in these budget requests, particularly for construction activities, would be detrimental to the water users of the State of Colorado and, in the instance of the closed basin project, and in the instance of the salinity control projects, it would also be detrimental to the interests of several other states as well.

With respect to the Animas-La Plata Project, the board urges Congress to include $2.8 million in the fiscal year 1981 budget for a construction start. The Animas-La Plata Project is, as you have heard, a joint Colorado-New Mexico project. The benefits and uses of water which that project would make have already been summarized for you by previous witnesses. I will not take your time to reiterate those.

I would note, however, that the genesis of this project is the Colorado River Storage Project Act of 1956. Forty-six percent of the power revenues derived from the Colorado River Project were specifically and exclusively dedicated to Colorado, to assist in the repayment of those features of a project which are attributable to irrigation. We are simply asking, with the construction start for an Animas-La Plata Project, that a portion of these revenues be dedicated to the purpose which Congress has already specifically directed.

I would also note that the Colorado River Basin Project Act of 1968 specifies that construction on the Animas-La Plata Project and other participating federal reclamation projects is to provide

> . . concurrently with the construction of the Central Arizona Project, to the end that such participating projects be completed not later than the date of the first delivery of water from the said Central Arizona Project. . . .

CENTRAL ARIZONA PROJECT

The Central Arizona Project is currently scheduled to deliver water commencing in 1985–1986. Obviously, it would seem to us that the Congress is obligated to proceed in a timely manner since there will be a 3- or 4-year construction project on the Animas-La Plata Project. Failure to appropriate funds for the initiation of the Animas-La Plata Project would be unfortunate in our estimation, since it would raise legal questions concerning the first delivery of water to the Central Arizona Project.

Besides the Animas-La Plata Project, the President's budget message made no mention of the previously authorized Fruitland Mesa, Savery-Pot Hook, and Narrows projects in Colorado. These projects are ready for construction and have been for some time. While we totally disagree with the President's reasons for abandoning these projects, it appears fruitless to pursue funding. They have most certainly not been abandoned by the State of Colorado. We will pursue their construction under more favorable conditions.

Another project I would like to briefly mention is the Atmospheric Water Resources Management Program. Colorado supports the request for $375,000 in fiscal year 1981 to continue that portion of this research and development program which applies to Colorado.

Colorado will bear the major burden of weather modification operations to augment the waters of the Colorado River Basin. The state has a particular interest in research not only in the development of the technology but also in the procedures for mitigating impacts on affected communities.

We emphasize, however, that it is research and demonstration which the state for the moment supports with the expenditure of these funds. We believe that many questions remain to be answered before operational programs can be routinely implemented.

As a concluding statement, the State of Colorado remains adamant in its opposition, as it was last year, to any appropriation or reallocation of funds for the purpose of preparing a comprehensive environmental impact statement for the entire Colorado River Basin. If the $80,000 requested in the President's budget for the initiation of a Colorado River Basin Information Base Program is to serve that purpose, then we must take exception to it and urge Congress not to fund that program.

My board supports the budget as presented by the President except No. 2 that we would urge construction start to the Animas-La Plata Project in the amount of $2.8 million. And thirdly, we would remain in opposition to the Colorado River Basin Information Base Program if the purpose of that program is to institute a basinwide comprehensive environmental impact statement.

Mr. BEVILL. Thank you for a very fine statement.

Mr. BILLYMER. We do thank you for including the statements in the record.

[The information follows:]

STATEMENT OF J. WILLIAM McDONALD, DIRECTOR
COLORADO WATER CONSERVATION BOARD

Before the

ENERGY AND WATER DEVELOPMENT SUBCOMMITTEES
COMMITTEES ON APPROPRIATIONS
UNITED STATES SENATE
AND
UNITED STATES HOUSE OF REPRESENTATIVES

On

APPROPRIATIONS FOR COLORADO WATER PROJECTS

Washington, D. C.
March 25, 1980

Mr. Chairman and Members of the Subcommittee:

I am J. William McDonald, Director and Secretary of the Colorado Water Conservation Board. The Board is the state agency charged with the protection, conservation, and management of the water resources of the State of Colorado. I am testifying today on behalf of the Board. The Honorable Richard D. Lamm, Governor of Colorado, will be submitting a written statement subsequently.

Summary of Request

With one exception, the President's recommended budget for the U. S. Water and Power Resources Service adequately funds the activities necessary for the timely execution and continuation of reclamation programs in the State of Colorado. The exception is the exclusion from the President's recommended budget of the Animas-La Plata project. The Board urges that $2.8 million be included in the FY 81 budget for a construction start on this project.

I would also note that the Board opposes the appropriation of funds for a comprehensive environmental impact statement (EIS) covering the entire Colorado River Basin. If the funding in the President's proposed budget for the initiation of a Colorado River Basin Information Base Program is to serve this purpose, then we must urge that it be deleted.

Details of Request

The President's recommended budget contains $99,714,000 for construction, $200,000 for advance planning, and $1,237,000 for

feasibility investigations on projects in Colorado. The Board believes that these sums are, with the exception of the failure to include $2.8 million for a construction start on the Animas-La Plata project, adequate for the timely execution and continuation of reclamation programs in Colorado. We would caution, however, that any reduction in these budget requests, particularly for construction activities, would be detrimental to the water users of the State of Colorado and, in the instance of the Closed Basin project, to the interests of the States of New Mexico and Texas as well.

I would also like to specifically mention the Grand Valley and Paradox Valley Units, both of which are components of the Colorado River Basin salinity control program. The seven states of the Colorado River Basin have, acting through the auspices of the Salinity Control Forum endorsed a basinwide, coordinated approach to the management of salinity. The construction of these two units in Colorado are integral components of that basinwide effort. Therefore, we endorse the funding for these projects which is contained in the President's recommended budget.

With respect to the Animas-La Plata project, the Board urges Congress to include $2.8 million in the FY 81 budget in order that construction on this project can be initiated. I would also note that the Board is adamantly opposed to the President's effort to tie project construction starts to Congressional approval and funding of the proposed independent review function of the U. S. Water Resources Council. Water projects are already subjected to more stringent evaluation procedures and review mechanisms than nearly any other federal program. To create yet another layer of review is utterly wasteful of the taxpayers' dollars.

The Animas-La Plata project is a joint Colorado-New Mexico project. It is designed, among other things, to address many of the problems which confront the Indian reservations in the project area. For example, in Colorado both the Southern Ute and Ute Mountain Ute tribes have substantial amounts of lands which would be irrigated by the project. In addition, both reservations contain significant coal deposits which could be converted into other forms of energy if water supplies can be made available. Other components of the project would serve non-Indian populations in Colorado and New Mexico with municipal water. Finally, project water would significantly strengthen the irrigated agricultural economy of southwestern Colorado.

The construction of this project has been caught up in continuing and long standing delays. When authorized in 1968, it was represented to Congress that all preconstruction planning could be completed in three years. Twelve years have now elapsed. However, at long last the definite plan report and final environmental impact statement have been completed at the field level and are nearing final approval and publication. Pending judicial resolution of issues concerning the expansion

of the conservancy district which is the local sponsor of this project, all is ready for construction.

The genesis of this project is the Colorado River Storage Project Act of 1956. By that act, the Animas-La Plata project was designated as a potential participating reclamation project, subject to a finding of feasibility and specific authorization by the Congress. Both of these latter events have occurred. Forty-six percent of the power revenues derived from the Colorado River Storage Project were specifically and exclusively dedicated to Colorado to assist in the repayment of those project features attributable to irrigation. The necessary revenues will accrue to both Colorado and New Mexico during the repayment period for the project. If the law is to be followed, these revenues cannot be used for any purpose other than to assist in the repayment of designated Colorado and New Mexico reclamation projects. We simply ask that a portion of these revenues be dedicated to the construction of the Animas-La Plata project as Congress has already specifically directed.

I would also note that the Colorado River Basin Project Act of 1968 specifies that:

> The Secretary (of the Interior) is . . . to proceed as nearly as practicable with the construction of the Animas-La Plata . . . (and other) participating Federal reclamation projects concurrently with the construction of the Central Arizona Project, to the end that such projects shall be completed not later than the date of the first delivery of water from said Central Arizona Project . . . . (Sec. 501(b), P.L. 90-537, 82 Stat. 885).

The Central Arizona Project is scheduled to deliver water commencing in 1985. Obviously, the Congress is obligated to proceed in a timely manner since there will be a three or four year construction period for the project. Failure to appropriate funds for the initiation of construction would be unfortunate since legal problems concerning the first delivery of water from the Central Arizona Project might then arise.

Besides the Animas-La Plate project, the President's budget message made no mention of the previously authorized Fruitland Mesa, Savery-Pot Hook, and Narrows projects in Colorado. These projects are ready for construction. While we totally disagree with the President's reasons for abandoning these projects, it appears fruitless to pursue funding for them under the present circumstances. They most certainly have not been abandoned by the State of Colorado and we will pursue their construction under more favorable conditions. Furthermore, it should be noted that certain of these projects could provide the water which will be required if this nation's synfuels program is to go

forward in a timely manner.

Another program which I would like to briefly mention is the Atmospheric Water Resources Management Program. Colorado supports the request for $375,000 in FY 81 to continue that portion of this research and development program which applies to Colorado.

The increase in recent years of winter cloud seeding projects in Colorado has heightened interest and awareness of the possibilities afforded. As to be expected, along with interest in the potential of the technology, concern has increased over scientific uncertainties, over the fact that programs may benefit some at the expense of others, and over conflicts of legal and governmental responsibility. Particular concern has been expressed for increased snow removal costs, effects on wildlife, the downwind results, and compensation for adverse impacts.

Because Colorado will bear the major burden of weather modification operations to augment the waters of the Colorado River Basin, the state has a particular interest in research, not only in the development of the technology but in procedures for mitigating impacts on affected communities. If seeding does result in economic disruption, the extent of the damage must be assessed and compensation procedures addressed.

Colorado supports the FY 81 request for further research on improved seeding techniques, detailed assessment of effectiveness, and the study of impacts in the Colorado River Basin. We emphasize, however, that it is research and demonstration which the state, for the moment, supports with the expenditure of these funds. We believe that many questions remain to be answered before operational programs can be routinely implemented.

As a concluding statement, the State of Colorado remains adamant in its opposition, as it was last year, to any appropriation or reallocation of funds for the purpose of preparing a comprehensive environmental impact statement for the entire Colorado River Basin. If the $80,000 requested in the President's budget for the initiation of a Colorado River Basin Information Base Program is to serve that purpose, then we must take exception to it and urge Congress not to fund that program.

I appreciate the opportunity you have afforded me to impose upon your busy schedule today. The fact that Colorado and other states have had the opportunity to present a case before you should remind us all that the legislative processes of our government are still the best that have yet been devised. We thank you.

NARROWS UNIT, COLORADO

WITNESS

GARY FRIEHAUF, MEMBER OF THE BOARD OF DIRECTORS OF WATER FOR COLORADO, A CITIZENS' COMMITTEE, INC.

Mr. BEVILL. Mr. Friehauf, we will hear from you again, I believe. You are a key man today.

Mr. FRIEHAUF. I appreciate being given the opportunity to appear before you again today. I want to first apologize for Mr. Tonsing. He was unable to be here today but he had other business and had to leave town last evening. With your permission, I will do my best to make the presentation for Water For Colorado.

As I stated earlier for the record, I am Gary Friehauf of Brush, Colorado, a member of the Board of Directors of Water for Colorado, a Citizens' Committee, Inc. It is an independent, nonprofit, nonpartisan organization formed in 1975 to work for adequate, high-quality water, at a reasonable cost, to meet the needs of this and future generations of Coloradans.

We are highly concerned that the President's fiscal year 1981 budget did not include construction funding for four authorized and vital Colorado projects: Animas-La Plata, Fruitland Mesa, Savery-Pothook, and Narrows.

We would request of this subcommittee, the full committee and then the House that at the very least $2.8 million be included in the forthcoming Water and Power Resources Service appropriations to provide for the start of Animas-La Plata, and that the $12 million previously appropriated for Narrows construction—but rescinded by the Hit List actions—be restored in fiscal year 1981.

Animas-La Plata, fortunately, was not ready for a construction start when the fiscal year 1978 appropriations were being considered, and hence included the Hit List.

But Fruitland Mesa, Savery-Pothook and Narrows were caught in the White House web, and there they remain.

Water for Colorado believed in 1977 that the three projects were absolutely necessary to Colorado's economy, which still is heavily dependent upon agricultural productivity, and as a hedge against future drought cycles. We so testified before the Presidential Review Committee hearings held on March 21, 1977, in Grand Junction, Colorado.

ENERGY DEVELOPMENT

But since that time the state has been placed squarely into the center of a national, if not international, mandate—development of our enormous fossil fuel resources to supplement our domestic petroleum production and gradually replace foreign crude oil, barrel for barrel, in the nation's energy inventory.

If we may judge from current events in the Middle East, if anything we are embarking on the development of a significant synthetic fuels industry too late to avert energy shortages, a deterioration of our quality of life and further assaults on the integrity of our national economy.

Much of the burden must be shouldered by my state, because that's where the richest oil shale, and some of the highest-quality bituminous coal, happen to be located.

Isn't it absurd that the White House, which has called for the development of a 2.5 million barrels-per-day-synthetic fuels production capability by 1990 somehow believes that Colorado can do the job without reliable sources of water for new production plants and the people who will build, manage and operate them?

Obviously, it can't be done, and when the White House awakening occurs, water for Colorado wouldn't be surprised to see projects like Fruitland Mesa, Savery-Pothook and Narrows built as part of the energy mandate.

A word about Narrows, which is located in northeast Colorado, far from the oil shale deposits and the seams of low-sulphur bituminous coal. It, too, would play a role in meeting the needs of a burgeoning energy industry, in addition to its primary purpose of providing supplemental irrigation water to increase food and fiber production.

DENVER METROPOLITAN AREA

That's because the Denver metropolitan area will experience perhaps more population growth, as a result of the energy industry expansion, than will even the Western oil shale and coal production areas.

Metropolitan Denver is rapidly becoming the national headquarters for the coal and synthetic fuels industries, as well as their principal transportation and supply center. And Narrows, while it is downstream on the South Platte River from Denver, will provide better management of the water in the basin, from headwaters to the Nebraska State line. Without question, Narrows will be important to the quality of life in metropolitan Denver. There is a growing shortage of warm-water recreation in eastern Colorado, and Narrows would become the largest state facility in the entire state.

I would also like to at this time bring to your attention that the Narrows is a participating project in the Missouri River Basin Fund and, as such, the dollars, we believe in that fund rightfully belong to Colorado for use of water development projects such as Narrows.

In summary, Mr. Chairman and members of the subcommittee, these projects must be built. The main question is "when," and we would urge you to do everything possible to make sure that no further time is lost."

With that, I would like to thank you again.

Mr. BEVILL. Thank you very much.

[The information follows:]

Water for Colorado

A Citizens' Committee, Inc.

1360 S. Clarkson St.
Denver, Colorado 80210
(303) 777-7564

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March 20, 1980

The Honorable Tom Bevill, Chairman
Subcommittee on Energy & Water Development
Appropriations Committee
Suite H218
United States House of Representatives
Washington, DC 20515

Dear Congressman Bevill:

Thank you for scheduling an appearance by my organization before the Energy and Water Development Subcommittee on Appropriations on March 25, 1980.

Rather than the undersigned, our witness will be Mr. Gary Friehauf of Brush, Colorado, a member of the Board of Directors of Water for Colorado, A Citizens' Committee, Inc.

Sincerely,

Robert L. Tonsing
Executive Vice President

RLT/sa

Mr. BEVILL. Has Mr. Harold Scoggins come in yet?

[No response.]

Is there anyone in our audience that was supposed to testify this morning and has not had the opportunity to do so?

[No response.]

If not, this committee will stand adjourned until 2 o'clock.

TUESDAY, MARCH 25, 1980.

AFTERNOON SESSION

MISSOURI AND KANSAS PROJECTS

WITNESSES

HON. E. THOMAS COLEMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI
RAY KIRK, PRESIDENT, MO-ARK ASSOCIATION, WESTON, MISSOURI
GEORGIA NEESE CLARK GRAY, FORMER TREASURER OF THE UNITE STATES
LEW PARAMORE, SECRETARY AND ASSISTANT TO THE PRESIDENT, NORTH PLAZA STATE BANK, TOPEKA, KANSAS
JAMES C. HART, GARDNER, KANSAS, HILLSDALE LAKE
L. M. SCHWARTZ, PAOLA, KANSAS, HILLSDALE DAM
GLEN TOALSON, OSCEOLA, MISSOURI, TRUMAN DAM AND RESERVOIR
WILLARD PENCE, SMITHVILLE, MISSOURI, SMITHVILLE LAKE
JUDGE EDWARD J. BAUMAN, CLAY COUNTY COURT, SMITHVILLE, MISSOURI, SMITHVILLE LAKE
ED BLAKE, EL DORADO, KANSAS, EL DORADO LAKE
GENE EATON, SIDNEY, IOWA, MISSOURI RIVER LEVEE L–611–614
DEAN LINCOLN, PACIFIC JUNCTION, IOWA, MISSOURI RIVER LEVEE L–611–614
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DON ELEFSON, INDEPENDENCE, MISSOURI, R.L.D.S. CHURCH, CITY OF INDEPENDENCE, AND CHAMBER OF COMMERCE
DICK FLEMING, CLINTON, MISSOURI, HARRY S. TRUMAN DAM AND RESERVOIR
WILLIS E. GERKEN, WARSAW, MISSOURI, TRUMAN DAM AND RESERVOIR

Mr. BEVILL. The committee will come to order.

We have our distinguished colleague here, Congressman Tom Coleman.

Congressman, if you wish to bring your group around, we will proceed.

STATEMENT OF CONGRESSMAN COLEMAN OF MISSOURI

Mr. COLEMAN. Thank you, Mr. Chairman. I will be brief.

I simply would like to introduce the members who are here from the Mo-Ark Delegation. They will be visiting with you after I leave about

their various projects, and I ask your consideration of their testimony.

Mr. BEVILL. Call them up to the table if you wish.

Mr. COLEMAN. All right. If the people who are going to testify would come forward, that would be fine.

Ray Kirk is President of the Association. Before I turn it over to Ray I would like to put in my two cents' worth for the one project that is nearing completion in my district, the Smithville Lake Project. As you well know it was authorized in 1965 by PL–89–298. It provides for the construction of a dam in Clay and Clinton Counties. This committee has strongly supported it in the past. As the project is nearing completion, I again ask for your support of further funding of the Smithville Dam project for fiscal year 1981. Now I will turn things over to the President of the organization who can carry on in my absence and present the testimony to the committee this afternoon.

Mr. BEVILL. Very good and we will insert your prepared statement in the record.

[The statement follows:]

STATEMENT BY HONORABLE E. THOMAS COLEMAN

HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

Chairman Bevill, I appreciate very much this opportunity to introduce to you members of the Mo-Ark delegation here today in support of continued funding of the Smithville Lake project in my district in Missouri.

As I am sure you are well aware, I am a long-standing supporter of the Smithville project. Authorized in 1965 by Public Law 89-298, the project provides for the construction of a dam and a lake in Clay and Clinton counties in Missouri. This project is an extremely worthwhile one, which your committee has strongly supported over the years. I certainly would hope that you will continue to do so this year.

The Smithville project is nearing completion, and impoundment is due shortly. It has the support of the Administration, and the Corps is moving as expeditiously as possible to complete its work. And, as you can see from the MO-Ark delegation, the project also has the strong support of community leaders in the Smithville area.

I urge you to support full funding for the Smithville lake project in FY 1981.

Mr. BEVILL. Congressman Coleman, we appreciate your coming by and certainly the subcommittee will work with you as you know. Mr. Kirk, you may proceed as you wish.

Mr. KIRK. Thank you, gentlemen.

STATEMENT OF RAY KIRK

I am Ray Kirk, President of the Mo-Ark Association. Our organization is concerned with the utilization and conservation of water resources in the central midwest. We appreciate the opportunity to appear before you again this year. As this time I would like to introduce our members who will testify as to their progress.

I would like to introduce Georgia Neese Clark Gray, former Treasurer of the United States.

Mr. BEVILL. Mrs. Gray is going to join us at the table. We are so glad to have you with us.

Mrs. GRAY. Mr. Chairman, it is nice to see you again.

Mr. BEVILL. It's good to see you again. Glad to have you with us.

STATEMENT OF GEORGIA NEESE CLARK GRAY

Mrs. GRAY. I am here today to reaffirm my support of the public works programs to assure a cohesive and comprehensive water policy for our nation. For the past 25 years or more, I have appeared to espouse this form of wise investment in the past, present and future needs of the country.

I especially endorse today the requested appropriations for Mo-Ark projects and programs.

Thank you for your consideration.

Mr. BEVILL. Thank you for a very, very good statement.

STATEMENT OF LEW PARAMORE

Mr. KIRK. Mr. Lew Paramore has a compilation prepared by the Kansas City District Corps of Engineers of the track record of the flood control projects that have been completed in the Kansas City District and I would like for him to present this to the committee at this time.

Mr. BEVILL. We are glad to have you.

Mr. PARAMORE. Chairman Bevill, glad to appear before you again. I would like to have this made a part of the record and I know the pressure that this committee, and all the members of congress for that matter as well as the administration, are under to try and reduce expenditures at this time.

I just want to make the record clear that these aren't the run of the mill ordinary expenditures. For example, in the Kansas City District the total cost of all the projects they have built, reservoirs, local flood protection, etc., comes to $1,136 million and they have saved $2,903 million.

Mr. BEVILL. Good investment.

Mr. PARAMORE. In flood control alone. That has nothing to do with the fringe benefits, such as recreation, water supply, irrigation, etc.

I just want to call your attention to two other things, two dams that are within the history of many members of this committee and some of your staff people.

I am sure Hunter remembers.

Mr. MYERS. They have been here a long time.

Mr. PARAMORE. Oh, yes. The track record of Tuttle Creek which cost $80 million and has saved $296 million. Perry Lake, which is between Topeka and Kansas City, cost $49 million and has saved $132 million. I want to call your attention also just to two others and I would like to leave this document to be a part of the record.

Mr. BEVILL. It will be a part of the record.

[The information follows:]

ESTIMATED PROJECT COSTS AND BENEFITS THROUGH FISCAL YEAR 1979

[In thousands of dollars]

Project name	Project costs			O. & M. costs			Benefits	
	Total costs	Federal	Non-Federal	Total O. & M.	Federal	Non-Federal	Recreation	Flood control
Local protection projects:								
Kansas City	47,553	42,433	5,120	8,430	0	8,430	None	2,139,150
Topeka	31,558	21,175	10,383	1,443	0	1,443	None	67,505
Lawrence	10,520	8,390	2,130	298	0	298	None	4,086
Big Stranger Creek	343	337	6	75	0	75	None	469
Stonehouse Creek	349	247	102	32	0	32	None	30
Manhattan	2,754	2,489	265	169	0	169	None	3,229
Frankfort	1,395	1,271	124	67	0	67	None	112
Fairbary	747	727	20	7	0	7	None	280
Seward	134	127	7	23	0	23	None	2,009
Abilene	1,386	1,099	287	55	0	55	None	(1)
Salina	5,839	3,879	1,960	187	0	187	None	4,923
Barnard	161	128	33	7	0	7	None	216
Clyde	1,057	881	176	26	0	26	None	23
Bartley	128	118	10	27	0	27	None	19
Indianola	75	67	8	24	0	24	None	23
Atchison	4,365	4,100	265	22	0	22	None	(1)
Bedford	616	587	29	7	0	7	None	60
Chariton River (1944 act)	8,788	8,053	735	480	0	480	None	5,628
Ottawa	5,339	4,463	876	141	0	141	None	9,075
Osawatomie	2,385	2,037	348	20	0	20	None	1,149
New Haven	151	140	11	14	0	14	None	100
Total local protection	125,643	102,748	22,895	11,554	0	11,554	None	2,238,086
Missouri River level system:								
R 513–512	2,223	1,939	284	96	0	96	None	4,127
R 500	439	408	31	93	0	93	None	855
L 497	1,926	1,734	192	62	0	62	None	3,296
L 488	1,553	1,497	56	104	0	104	None	4,916
R 482	1,170	1,081	89	100	0	100	None	2,657
L 476	1,617	1,520	97	104	0	104	None	3,228
R 471–460	3,915	3,482	433	40	0	40	None	4,790
L 455	4,742	4,270	472	51	0	51	None	4,486
L 448–443	2,920	2,740	180	104	0	104	None	11,625
R 440	1,652	1,567	85	100	0	100	None	3,286
L 408	6,403	5,683	720	26	0	26	None	2,828
L 400	1,183	1,073	110	79	0	79	None	2,696
R 351	3,521	3,222	299	48	0	48	None	2,092
Kimsey-Holly	1,286	1,174	112	30	0	30	None	No record
Total Missouri River levees	34,550	31,390	3,160	1,037	0	1,037	None	50,864
Harlan County Lake	47,705	47,705	0	8,725	8,725	0	18,355	13,381
Milford Lake	49,143	49,143	0	6,395	6,395	0	18,154	83,616
Wilson Lake	20,109	20,109	0	5,026	5,026	0	7,242	4,402
Kanopolis Lake	12,538	12,538	0	5,994	5,994	0	13,775	30,990
Tuttle Creek Lake	80,377	80,377	0	7,813	7,813	0	20,407	296,850
Perry Lake	49,040	49,040	0	5,472	5,472	0	17,172	132,959
Clinton Lake [2]	53,178	53,178	0	333	333	0	470	979
Smithville Lake [2]	69,624	69,624	0	208	208	0	979	6,354
Long Branch Lake [2]	16,597	16,597	0	122	122	0	128	12
Rathbon Lake	27,127	27,127	0	5,341	5,341	0	13,667	11,819
Melvern Lake	37,410	37,410	0	3,858	3,858	0	4,697	12,191
Pamona Lake	13,997	13,997	0	6,197	6,197	0	14,614	16,766
Stockton Lake	76,507	76,507	0	8,179	8,179	0	14,397	1,982
Pomme de Terre Lake	17,097	17,097	0	7,092	7,092	0	28,765	1,883
Harry S. Truman Dam and Reservoir [2]	405,925	405,925	0	679	679	0	166	74
Total lakes	976,374	976,374	0	71,434	71,434	0	172,988	614,258

ESTIMATED PROJECT COSTS AND BENEFITS THROUGH FISCAL YEAR 1979—Continued

[In thousands of dollars]

Project name	Project costs			O. & M. costs			Benefits	
	Total costs	Federal	Non-Federal	Total O. & M.	Federal	Non-Federal	Recreation	Flood control
Summary:								
Lakes	976, 374	976, 374	0	71, 434	71, 434	0	172, 988	614, 258
Missouri River levee system	34, 550	31, 390	3, 160	1, 037	0	1, 037	None	50, 864
Local protection	125, 643	102, 748	22, 895	11, 554	0	11, 554	None	2, 238, 086
Total	1, 136, 567	1, 110, 512	26, 055	84, 025	71, 434	12, 591	172, 988	2, 903, 208

[1] No record.
[2] Under construction status.

Note: These tables contain costs and benefits attributable to Corps projects in the Kansas City District flood control benefits not included above: Upper Missouri River lakes, $1,015,390,000; Department of Interior Lakes, $30,480,000.

Mr. PARAMORE. As local flood protection projects at Kansas City, the Corps has spent $47,550,000 and saved $2,129 million. In Topeka, which is real recent—that has all been after the '51 flood, and really work only started in the late fifties and early sixties—it cost $32 million to the Federal government and it already in a short span of just a little over a decade saved over $67 million, more than two to one.

I just want to call your attention that we are not back here asking you to expend more money. We want you to invest more money in these sound projects.

Mr. BEVILL. It would be fair to say that you are not classifying them as pork barrel projects?

Mr. PARAMORE. I will leave that project to you, sir.

Mr. BEVILL. On flood control historically every dollar this subcommittee has appropriated for flood control, the national average is $7 back in benefits for each dollar invested.

Mr. PARAMORE. Very good investment.

Mr. BEVILL. It's a pretty good record.

Mr. PARAMORE. It really is.

Mr. MYERS. I might add that some of us on this committee were voting for cuts in expenditures before we ever heard of Jimmy Carter. We expect to continue after he has left the White House.

Mr. KIRK. At this time I call James C. Hart, Gardner, Kansas, Hillsdale Lake.

STATEMENT OF JAMES HART

Mr. HART. Mr. Chairman, it is a pleasure to appear before you today. About a year ago I was here, maybe not in this room, talking on some of the same projects.

Mr. BEVILL. You came out all right, didn't you?

Mr. HART. We came out very good and we hope we will still be saying the same thing next year.

But I do represent a group in the Hillsdale area, plus I am a member of the Mo-Ark organization apearing here today for the funding, continued construction, of the Hillsdale Lake as well as the other projects of Mo-Ark organizations and their sponsors.

We have not had in the last six years a severe flooding in the area on which the lake is being built and we haven't had the drought. We hope against hope that we get this thing done.

I would like to bring to light the amount of water that will be stored in this lake, approximately 17 to 18 million gallons daily. Water is so acute in the three county areas of Johnson, Franklin and Miami that request has gone to 42 million gallons daily, so someone is going to be short some water and I beg upon you and your committee to recommend that we go ahead and spend the investment—I will put it that way—the Corps' capability for next year's funding for continued construction.

Mr. BEVILL. We will certainly give every consideration to your request.

Mr. HART. Thank you very much.

Mr. BEVILL. Thank you very much.

Mr. KIRK. Mike Schwartz, former President of Mo-Ark, former Mayor of Paola, Kansas, Hillsdale Dam.

STATEMENT OF MIKE SCHWARTZ

Mr. SCHWARTZ. Mr. Chairman and members of the committee, thank you for the opportunity of being here again to testify on behalf of Hillsdale Lake.

I might add for the record that I elected not to run for office the last time. Perhaps four terms was enough for me as well as for the people.

Mr. BEVILL. I think you picked the right time to quit.

Mr. SCHWARTZ. Thank you, sir.

I am here at the request of the governing body of the City of Paola. Our needs for Hillsdale Dam are the same as before, two primary things, flood control and the supply of water.

I would want to certainly thank this committee for the consideration they have given us in the past. Funding has been excellent. We are getting along fine. Our project is 70 percent completed as of this time. We are sort of on the downhill run.

We are in the budget for $7,170,000. The Corps of Engineers has indicated a capability of $8,414,000. If that larger amount was appropriated, they indicate the project could be completed one year sooner. I think all of us are aware of the need to bring the federal budget into balance and we understand your position as you endeavor to weigh the requests which we make against the hard realities of our financial situation in the United States.

I would comment, as Lew Paramore and others, that we believe the funds we are requesting are not expenditures in the sense that they will be used up. Rather, we regard them as an investment.

I would say that your favorable consideration of our request will be deeply appreciated.

I have a statement I would like to file, a short statement, if I may have your permission.

Mr. BEVILL. Yes, sir, that statement will be made a part of the record.

[The information follows:]

CITIZENS STATE BANK
Member
ON THE SQUARE -- PAOLA, KANS. FEDERAL DEPOSIT INSURANCE CORPORATION

March 25, 1980

U. S. Senate and House Appropriations
Subcommittees on Public Works
Washington, D. C.

Re: Hillsdale Lake

Thank you, again, for the privilege of appearing to testify on behalf of the needs of the people in our area.

The needs for flood control and an adequate supply of water for our growing area have been documented in past hearings. Our problems will not be solved until Hillsdale Dam is completed.

Due to your recommendations in the past, the Congress made appropriations so that our project is now about 70% completed.

The recommended budget for FY 1981 for Hillsdale is $7,170,000. Recently, the Corps of Engineers has indicated a capability of $8,414,000 which will advance completion one year.

We are aware of the need to bring the federal budget into balance. We understand your position as you endeavor to measure benefits against economic problems. However, we respectfully remind our friends that expenditures for dams and lakes are actually capital investments and will ultimately be returned to the U. S. Treasury.

Your favorable consideration of an appropriation for Hillsdale, so that early completion can be assured, will be appreciated.

Respectfully,

L. M. Schwartz*
President

*Representing the City of Paola, Kansas
Mayor 1971 - 1979

P. O. BOX 230 — PAOLA, KANSAS 66071 — (913) 294-2321

Mr. SCHWARTZ. Thank you, sir

Mr. KIRK. Mr. Glen Toalson, former Mayor, Osceola, Missouri, Truman Dam and Reservoir.

STATEMENT OF GLEN TOALSON

Mr. TOALSON. Mr. Chairman, it is a pleasure to be back again and like my friend Mike Schwartz, I want to make a matter of record that I chose not to run after five terms last year, but stupid-like, I filed for the City Council this year.

Anyhow, we are real happy to be back and want to express our appreciation to you gentlemen for everything you have done heretofore.

Last year I said I was back concerned with the senior citizens. Well, I am, but this is not quite the same. I am concerned about where the chopping axe is going to fall, especially in '81. Who knows? We might even get the axe on part of the money you gentlemen gave us last year.

We appreciate the responsibility you have in this and the heat you are getting from the President, as well as from the citizens of America, but our project, Truman Dam, started 16 years ago and inflation has increased the cost many, many times over all these years.

The budget for '81 is only $17,620,000. The Corps' capability is another $8 million, and maybe I have holes in my head, more than God gave me, but I am going to ask you for the whole ball of wax because we need this to hasten the completion of this project and we are hurting. Our economy has declined over 16 years.

Mr. BEVILL. When is this scheduled for completion?

Mr. TOALSON. They just keep setting it up and I believe if we get this extra $8 million that it will make it '83 for the finishing up of the recreational facilities and all of the public use area.

I think that I am right in '83. It would be '84.

$3.5 million of this $8 million is for the continuation of acquisition of flowage easements in the upper regions of the lake. The other $4.5 million is for the hastening of completion of the public use areas and recreation facilities that the Corps has designed. We have our water. We have had it since last Thanksgiving. But there is no place anywhere on Truman Lake where anyone can enjoy it, except in our community. The city built it. The Corps didn't. Our area has lost 154,000 acres in actual fee acquisition and another 111,000 acres in easements. Well, as you all can recognize, that has depleted our tax base. We have lost our agricultural business and all industry and business related to agriculture, so our only hope of recovering is through the route of tourism.

But nobody is going to come in our area and invest until they see this blooming thing completed, and recovery is the only answer we have for salvation.

This $25,600,000 is a capital investment and a capital improvement program in America's future. We have water conservation out of it. We have hydropower, flood control, recreation, fish, and wildlife conservation.

This additional appropriation will help balance the budget because the Treasury will start getting a feedback from increased employment

and increased business in our area, which we do not have now because of the last 16 years' downfall.

So, being a capital investment, this appropriation, in my opinion, is justified and I hope you gentlemen agree with me. It isn't a pork barrel appropriation. It is not a giveaway appropriation, and it is certainly not a, as I call them, farewell program. You all call them welfare programs that contribute and subsidize those who care not and have no desire to contribute to our society.

So, gentlemen, our request of you on behalf of the Osage Valley and the community of Osceola is get the dam project done. I spelled dam "d-a-m."

Thank you.

[The information follows:]

Executive Committee
Glen F. Toalson
Mabel Gist
Maxine Kiefer

Osage-Sac Association
of
Mo.-Ark.
Osceola, Mo. 64776

STATEMENT OF GLEN F. TOALSON
Former Mayor, City of Osceola, Missouri
Chairman, Osage-Sac Assn. of Mo-Ark.
Member, Executive Committee of Mo-Ark Association

25 March 1980

The Public Works Subcommittees on Appropriations
U.S. Senate
U.S. House of Representatives
Washington, D.C.

Gentlemen:

On behalf of the Citizens of the Osceola area, I wish to express our appreciation for your courtesy and consideration extended us today and on previous occasions. Today marks my 19th appearance in support of water resources.

Our country is the leader of the free world and to maintain this position of leadership, we must have ample energy. The answer to energy is water -- water to generate hydro-electric power; to cool thermal and nuclear power plants; to proceed with coal gasification. Although we have enough water at this time, we cannot be sure we will have it in years to come.

A 1974 study by the Unviersity of Missouri at Rolla has concluded that by the year 2000 there will probably not be enough water to meet the needs of all users. For many years, Federal Agencies, in cooperation with local governments, have been planning for the future. We must continue to plan so these resources will be further enhanced. Our children, grandchildren, and great grandchildren can only receive benefits based on what we do today. The presently unsolved energy crisis, if coupled with a shortage of water over a large area would be catastrophic.

Our project will supply a dependable source of water to meet future domestic and industrial needs; provide downstream flood protection; will generate nearly 300 million KWH of pollution-free energy a year; will provide recreation; and fish and wildlife conservation. She will pay for herself in a very short time. Harry Truman Dam is nearly completed and with funding to the Corp's capability of $25,600,000, we can hasten this completion.

Since our area has lost many thousand acres of farm land, it has also lost many businesses related to agriculture. Therefore, it is imperative that public use

areas and recreational facilities be completed this year. Only then will businesses related to tourism and recreation locate in our area. These new businesses will help restore our tax base and will also contribute considerable tax revenue to the U. S. Treasury.

Thank you again for your consideration and courtesy.

Very truly yours,

Glen F. Toalson

cs

Mr. BEVILL. Thank you, sir.

STATEMENT OF WILLARD PENCE

Mr. KIRK. Mr. Willard Pence, the Mayor of Smithville, Missouri, Smithville Lakes.

Mr. PENCE. Mr. Chairman, in 1979 the construction season brought more progress in the Smithville Lake project. The dam is now complete and much progress has been made in the recreation areas. However, I wish you would consider funding for the $7 million; that is, the full capability of the Corps rather than the $6,035,000 which is in the President's budget. This would advance the project approximately six months and this would make the government realize a return on their investment sooner also.

But, since we have the flood protection for the citizens of Smithville which I represent, we want to thank you for this generous consideration in the past years and on this request as well and we look forward to the completion of the Smithville Dam.

[The information follows:]

City of Smithville
108 North Bridge Street Smithville, Missouri 64089
Phone: 816 – 532-0500

STATEMENT OF
MAYOR WILLARD C. PENCE, SMITHVILLE, MISSOURI

TO

THE APPROPRIATIONS SUBCOMMITTEE
ON ENERGY AND WATER RESOURCES
UNITED STATES SENATE AND
UNITED STATES HOUSE OF REPRESENTATIVES

March 25, 1980

The 1979 construction season brought substantial progress on the Smithville Reservoir Project. As you are aware, the dam is complete and a great deal of progress has been made at several of the recreational areas.

I feel it is imperative that the project be completed at its earliest date, and that water should be impounded as soon as construction allows. This will provide maximum economic benefit to the funds invested by City, County, U.S. Army Corps of Engineers and all others in the area. Therefore, I think all efforts should be made that the U.S. Army Corps of Engineers have sufficient funds to schedule the remaining work to the maximum of their capabilities. I urge you to approve and appropriate for the 1981 fiscal year, for the Smithville Reservoir Project, the $7,000,000, which I understand to be the Corps' capability this year, rather than the $6,035,000 listed in the President's budget. While I understand the need for cutting governmental spending, I also recognize that this additional $965,000 will advance the project completion six months, and we can begin seeing the return on the money already invested, as I mentioned before. Additionally, work could begin on the Jerry Litton Memorial Center and the City's Smith-Fork Park, both of which will be significant assets to the Smithville Lake Project.

On behalf of the 2,000 citizens of Smithville, I would like to thank the Committee for your generous considerations in past years, and for this request as well. We look forward with you to the completion of the Smithville Reservoir.

Respectfully submitted,

Willard C. Pence
Mayor

Mr. BEVILL. Very good.

Mr. KIRK. Judge Edward J. Bauman, Clay County Court, Smithville, Missouri, Smithville Lake.

Mr. BEVILL. Good to have you with us, Judge Bauman.

STATEMENT OF EDWARD BAUMAN

Mr. BAUMAN. Thank you, Mr. Chairman. It is a pleasure to be here.

For a decade the United States Corps of Engineers have been constructing Smithville Lake. To date over $85 million of public funds have been expended. We figure final completion to be about 1983. As Judge of Clay County Court, I would like to express our thanks and gratitude to this committee for the support it has given in the past. We view this project as a singular example of federal and local cooperation and partnerships because Clay County has set aside to pay $14 million towards the cost of recreational facilities for this project.

The Corps of Engineers have informed us that $7 million is their capacity for this coming year. We urge that this committee give this favorable consideration for this amount of funds. I have submitted a written statement. I ask that it be made part of the record, sir.

Mr. BEVILL. Your statement will be made a part of the record.

[The information follows:]

COUNTY COURT
OF CLAY COUNTY, MISSOURI
LIBERTY, MISSOURI 64068

EDWARD J. BAUMAN
Presiding Judge
J. B. MOORE
Eastern District Judge
CHARLES BROOMFIELD
Western District Judge

TELEPHONE
(816) 781-7700
Ext. 166

STATEMENT OF THE CLAY COUNTY COURT
Before the Public Works Subcommittees on Appropriations,
U.S. Senate and U.S. House of Representatives, concerning
the Smithville Reservoir, Clay County, Missouri, March 25, 1980.

For nearly a decade the United States Army Corps of Engineers, has been constructing the Smithville Reservoir in Clay and Clinton Counties in Missouri. This project will end, hopefully for all time, the havoc which has been wrought by the Little Platte River. Equally as important, it will, when completed, establish a major leisure-time and recreational facility for the entire Kansas City Metropolitan Area.

To date, over $85,000,000 in public funds has been expended on this project and the final completion is scheduled for 1983. We presently project that upwards of a million and one-half persons a year will soon be taking advantage of this exciting facility.

As Judges of the Clay County Court, we would like to express to this committee and to the United States Congress, the gratitude of all Clay Countians for past support of this project. We appreciate the interest and the efforts of the many individuals who have brought the Smithville Reservoir to this point and will be making possible its final completion.

We view this project as a singular example of Federal-Local partnership in recreational development. Clay County, Missouri has agreed, through a lease agreement with the Corps of Engineers to operate and maintain virtually all lands adjacent to the Reservoir in Clay County. The lease calls for Clay County to pay almost $14,000,000 to the Corps over the next 50 years for this land and the recreational facilities constructed thereon. We are excited about this unique opportunity and know that this excitement reflects that of over tens-of-thousands of residents of metropolitan Kansas City.

The Corps of Engineers informs us that an additional $7,000,000 will be required this year for the project. These funds would assure timely and rapid completion of the Reservoir and its related facilities. We urge that this committee give favorable consideration to this amount of funds.

Ed Bauman
Presiding Judge

J.B. Moore
Eastern Judge

Charles Broomfield
Western Judge

Mr. BAUMAN. I would like to point out one thing.

The written statement received from the Mo-Ark groups says that $7 million is to be used for planning, and it should be corrected to be used for construction.

Mr. BEVILL. All right.

Mr. MYERS. Let the record show that the Judge does a pretty good job on that side too.

Mr. BAUMAN. Thank you.

Mr. KIRK. Mr. Don Westheffer, Lawrence, Kansas, Clinton Dam.

Mr. BEVILL. Good to have you.

STATEMENT OF DON WESTHEFFER

Mr. WESTHEFFER. Mr. Chairman and members of the committee, I am Don Westheffer, President of the Kaw River Water Management Association. I represent the Honorable Barkley Clark, Mayor of Lawrence; Beverly A. Bradley, Chairman, Board of County Commissioners; John McGrew, President of the Lawrence Chamber of Commerce and George Faler, President of the Douglas County Kaw Drainage District.

Our delegation appears before you supporting all the Mo-Ark projects, particularly Clinton Lake.

The President of the United States has recommended 1.1 million dollars for Clinton Lake and its support facilities. The Corps of Engineers has indicated to us that their capability on the project, if you should wish to allocate the funds, is 2.4 million dollars. These appropriations are of extreme importance so that the lake may be utilized to the fullest of all its intended functions. Final filling of the lake will occur in 1981, but we are dedicating Clinton Lake on July 5, 1980.

We would be honored by your presence at this great event. The main access road to the lake, the Clinton Parkway, will be completed this summer and will provide improved accessibility to the lake. The City of Lawrence has just completed its new fifteen MGD water treatment plant, thereby utilizing Clinton Lake as a second source of water for Lawrence residents and businesses in the surrounding area.

We appreciate your past appropriations for the investigation of bank erosion along the Kansas River and tributaries. We encourage you to continue this important project which will improve water quality for cities in both Kansas and Missouri.

Mr. Chairman, on behalf of the citizens of Lawrence and Douglas County, we thank you. We sincerely hope these meaningful programs will continue in their development.

Thank you.

Mr. BEVILL. Thank you.

Mr. KIRK. Mr. Ed Blake, El Dorado, Kansas, El Dorado Lake.

STATEMENT OF ED BLAKE

Mr. BLAKE. Mr. Chairman, members of the committee, I have been representing the City of El Dorado as one of its commissioners and representing the three commissioners and the Mayor. We have been working on this El Dorado Project since approximately 1958 and in 1972 the City of El Dorado entered a contract with the army that they would pay approximately 37 percent of the cost of this project,

which we intend to honor, but at that time the Lake was going to cost about $30 million and due to things that we know about it is going to be considerably more than that now.

What we would like to do is, of course, have this project finished as soon as possible. We do appreciate the amount of money that has been expended in the past. The amount in the budget this time calls for $5,812 and we figure that we need about $6,500,000 to keep it on course.

We would very much appreciate it if we could fulfill this commitment to the people of El Dorado to hold expenses down in the future. We are a town located in Kansas that has the state's largest oil refinery in it and we do need a considerable amount of money which will be derived from the reservoir. We last year had a bad flood, the worst one El Dorado ever had, which, if this had been completed, I am sure we would not have suffered, and we do not want to suffer another one if we can help it.

I myself operate a business in El Dorado and I could look at my door and see the water lapping at the edges, so I would surely appreciate any efforts from the committee to see this project to its completion.

[The information follows:]

TEL. 321 - 9100
220 EAST FIRST STREET
EL DORADO, KANSAS 67042

March 20, 1980

Public Works Subcommittee on Appropriations
United States House of Representatives
Washington, D.C. 20410

Gentlemen:

We the undersigned, duly elected and constituted representatives of the City of El Dorado, Kansas do hereby request and urge the United States House of Representatives to increase the President's recommended budget allocation and appropriate to the full Corps of Engineers' capability for continued construction of the El Dorado Reservoir.

In 1972, the City of El Dorado entered into an agreement with the Secretary of Army to guarantee repayment of the municipal industrial water supply in the El Dorado Reservoir. At the time, the people of El Dorado approved the contract at a special election and agreed to pay approximately 37% of the total cost. We urge the Congress to appropriate to the full Corps capability in order to keep the project on its timetable and to not needlessly permit the cost to escalate due to inflation.

The City of El Dorado lies in the midst of a rich agricultural cattle raising land, surrounded by two large oil refineries, one being the largest in the State of Kansas. The health and vitality of this area is closely linked to the interest of the nation's well being. The area, however, is alternately threatened with floods and drought, currently characteristic of the Kansas Walnut Valley Basin. A devastating flood struck one area last June 8. Our request for funds today is another step in a long road of effort dating back to 1958, to secure economic stability and prosperity in our region.

Construction of the El Dorado Reservoir is now underway. The City of El Dorado urges an appropriation which will keep the project on schedule. We consider the City to be a partner with the Federal Government in this project. The local taxpayers have agreed to the contract with the Department of Army to share in the construction cost. We seek, in light of our financial interest, your utmost consideration of our request.

Respectfully,

Joe W. Stephenson
Mayor

Donald F. Adlesperger
Commissioner

Marilyn White
Commissioner

Roy A. Phillips Jr.
Commissioner

Edward L. Blake
Commissioner

Mr. BEVILL. All right, sir.

Mr. BLAKE. Thank you.

Mr. KIRK. Mr. Gene Eaton, Sidney, Iowa, Missouri River Levee L–611–614.

STATEMENT OF GENE EATON

Mr. EATON. Thank you, Mr. Chairman, members of the committee.

It is a pleasure for Mr. Dean Lincoln of Pacific Junction and I to appear here before your committee. I wish I could say I made it last year, but I got bumped in St. Louis out of the hearings. Apparently our absence didn't make any difference because your committee approved our request.

Mr. BEVILL. We heard about your bad luck and took that into consideration.

Mr. EATON. We appreciate very much your consideration of our project.

Mr. BEVILL. This happened to a member of this committee just this week.

Mr. EATON. Our only district representative was in the company of me and we had a good visit at that time.

Mr. MYERS. I had to stay last night to watch the NCAA championship game which is why my plane didn't fly.

Mr. BEVILL. Now the truth comes out. We heard your flight was cancelled. I know why it was cancelled now.

Mr. EATON. In all seriousness, our project we feel is a vital one to the area affected. It protects 24,000 acres of land, of which 22,000 acres are prime farmland along the Missouri rived in the counties of Pottawattamie and Mills, Iowa. This project, if completed, will finish the last uncompleted stretch of the Missouri River levee from North Council Bluffs, Iowa, to Corning, Missouri.

That is a 90-mile stretch. It will be about the 26th levee unit completed since the Pick-Sloan Act went into effect in 1944.

Through your efforts last year, Congress appropriated $2.3 million, which was adequate to initiate Stage I construction in our project. That money will not be enough for us to complete Stage I and we have to have the $4.4 million that the Office of Management and Budget has included in the recommendations for this year's fiscal funding.

I am advised by the Corps of Engineers that that amount of money is adequate as far as they are concerned to move the thing along on schedule.

This project is vital for a number of reasons. It provides the flood protection not only to the agricultural land, but also to the city of Pacific Junction, Iowa, the main north and south, east-west links of the Burlington Northern Railroad, interstate 29, a water pollution control facility in the city of Council Bluffs, and some other things.

We had a bad flood in 1978 just two weeks prior to the testimony given by my colleague before this very committee. That flood was caused by an ice jam on the Platte River which brought the river to flood stage and caused the river to roll across Missouri like a tidal wave under the unprotected Iowa side. That water, as photographs amply demonstrated, is on both sides of Interstate 29. The Interstate was for a time severly threatened. Had it not been that the water found

a method of going under the highway, it is possible the highway might have had to have been blown to relieve the pressure.

That has been the only flood since the great 1952 flood. We have had floods in 1954, 1957, 1960, 1962, 1967 and 1971. Mr. Lincoln can tell you what it is like to be in the area that is affected by the flood, particularly the 1960 flood.

I won't repeat much of what is in my written statement because I think you have already received that and I trust that is a matter of record.

Mr. BEVILL. That will be a part of the record.

Mr. EATON. I just simply want to underscore what we think this project will do. We think it is an investment in terms of our agricultural land, in terms of protecting the federal government's investment in the interstate highway system, and in terms of preserving vital railroad lines for the shipment of grain.

We, as I said before, sincerely appreciate the efforts that you have given us in the past and we sincerely hope that our project may merit your consideration in the future.

Thank you very much.

[The information follows:]

TO THE CHAIRMAN AND MEMBERS

OF THE PUBLIC WORKS SUB-COMMITTEE

OF THE HOUSE OF REPRESENTATIVES

OF THE UNITED STATES OF AMERICA

DATE

MARCH 25, 1980

STATEMENT BY:

THE M & P MISSOURI RIVER LEVEE DISTRICT - The M & P Missouri River Levee District, a duly established intercounty levee district organized, established and existing as a local governing subdivision of the State of Iowa with offices located in the Mills County Courthouse, Glenwood, Iowa, and the Pottawattamie County Courthouse in Council Bluffs, Iowa.

AND CONCERNING

MISSOURI RIVER LEVEE SYSTEM UNIT L611-614 to be located in Mills and Pottawattamie Counties, Iowa.

WITNESS LIST

Edward E. Eaton, Jr., Attorney for the District, Sidney, Iowa
Dean C. Lincoln, Farmer, Pacific Junction, Iowa

MR. CHAIRMAN AND MEMBERS OF THE PUBLIC WORKS SUB-COMMITTEE OF THE UNITED STATES HOUSE OF REPRESENTATIVES:

On April 6, 1978, my colleague and co-counsel, Edgar E. Cook, of Glenwood, Iowa, Secretary of the District, appeared before your committee and the corresponding committee for the Senate to solicit funding for L611-614. Just a few short weeks earlier, March 22 and 23, the Platte River, swollen to flood stage because of ice jams, had rolled across the Missouri River like a tidal wave, extensively flooding several thousand acres of agricultural land from the East bank of the Missouri to the foothills some 4 to 6 miles East, greatly endangering Interstate 29, the major arterial highway between Omaha, Nebraska and Kansas City, Missouri. Mr. Cook's presentation included aerial photographs of water on both sides of the roadbed of Interstate 29. No such flooding occurred in 1979. Whether or not it will occur in 1980 is uncertain at this time because there are so many variables, such as volume of water from melting snows, rapidity of ice thaw, temperatures, and other factors which are completely unpredictable. One thing is certain: such flooding will remain an ever-present danger until L611-614 is completed in its entirety.

Should R-616 on the Nebraska side be completed first, the hazards of flooding on the unprotected Iowa side will be compounded.

Last year your committee and the Senate Committee recommended Unit L611-614 for initial funding. The "Energy and Water Development Appropriations Act", House File No. 4388, enacted by Congress and signed by the President included $2.3 million dollars for initiation of construction and continued design. We are pleased to report that our District has been formally established and we have secured the necessary right-of-way needed for construction of the levees. The United States Army Corps of Engineers will open bids on April 25, 1980.

By way of brief review, Unit L611-614 comprehends 17.7 miles of river levee on the left bank of the Missouri River in Mills and Pottawattamie Counties, Iowa, between river miles 588.0 and 605.7 and extending from Keg Creek on the South to Mosquito Creek on the North. When completed the unit will be tied into existing levee units L624 on the North, completed in 1950, and L601 on the South, completed in 1966. Included as a part of this project are approximately 9.7 miles of the tie-back levees on Upper Pony Creek and its tributary, Lateral 1B.

Construction will be in three phases designated as Stage I, II and III. The first stage includes essentially the upper one-third of the project. Specifically, it ties into levees of the Iowa Power & Light Company ash

ponds, which is in turn tied into existing Unit L624, and includes approximately 4.1 miles of main river levees from Highway 370 North to the ash ponds and 9.7 miles of tie-back levees on both sides of Upper Pony Creek and its tributary, Lateral 1B. The second stage includes 6.5 miles of main river levee from Highway 370 South to the confluence of the Missouri River with the Platte River. The remaining 7.1 miles of river levee and related construction between the Platte River on the North and Watkins Ditch (Keg Creek) on the South are included in Stage III construction.

This committee and its counterpart in the Senate have recognized the importance of L611-614 by your inclusion of that unit in your 1979-1980 fiscal year public works appropriations. It must be pointed out the money appropriated by Congress in 1979 is only enough to initiate Stage I construction. An appropriation for the fiscal year 1980-1981 will be required to complete Stage I construction and initiate Stage II construction. We have been advised that the Office of Management and Budget has included in its 1980-1981 recommendations $4.4 million dollars for Missouri River levee construction on Unit L611-614. This money is needed to complete the first stage of construction and to initiate the next stage. We earnestly urge that your committee adopt the recommendations of the Office of Management and Budget with respect to continued funding of this project. We cannot construct this levee without Federal participation.

When completed, over 24,000 acres of land, including 22,000 acres of prime farm lands and 500 acres presently in residential usage, will be protected by the levees and tie-backs of L611-614. Interstate 29, State Highway 370, the City of Pacific Junction, and main lines, both North and South and East-West of the Burlington Northern Railroad, will be within its protection. Perhaps, most importantly, its complétion will close the last uncompleted segment of Federal levee from North of Council Bluffs and Omaha to Corning, Missouri, a distance of approximately 90 river miles.

On behalf of the members of the Joint Boards of Supervisors of Mills and Pottawattamie Counties, Iowa, and all of us in any way associated with the M & P Missouri River Levee District, I wish to express our appreciation for your committment to L611-614. Your continued support is earnestly urged.

Thank you.

Mr. BEVILL. Thank you.

Mr. KIRK. Mr. Dean Lincoln, Pacific Junction, Iowa, Missouri river Levee L–611–614.

STATEMENT OF DEAN LINCOLN

Mr. LINCOLN. Mr. Chairman and members of the committee, my name is Dean Lincoln and I live on a farm near Pacific Junction, Iowa. I am testifying in favor of the Missouri River Levee Unit L–611–614 sponsored by the M&P Levee District of Miles and Pottawattamie Counties in Iowa.

I and my two sons farm some 3,000 acres. All of this land is subject to flooding from the Missouri River and the Platte River. We were flooded in 1952 with water in our homes, and our grain storage facilities. In 1960 it came again. After that every few years we were threatened with having to sandbag our old levees.

The last threat of flooding was 1978. When completed, L–611–614 will protect our land as well as thousands of acres of prime agricultural land.

Thank you.

[The information follows:]

STATEMENT BY THE M. & P. MISSOURI RIVER LEVEE DISTRICT, MARCH 25, 1980

The M & P Missouri River Levee District, a duly established intercounty levee district organized, established and existing as a local governing subdivision of the State of Iowa with offices located in the Mills County Courthouse, Glenwood, Iowa, and the Pottawattamie County Courthouse in Council Bluffs, Iowa.

MISSOURI RIVER LEVEE SYSTEM UNIT L611–614 TO BE LOCATED IN MILLS AND POTTAWATTAMIE COUNTIES, IOWA

Witness list

Dean C. Lincoln, Farmer, Pacific Junction, Iowa
Edward E. Eaton, Attorney for the District, Sidney, Iowa

My name is Dean C. Lincoln and I farm near Pacific Junction, Iowa. I'm testifying in support of Missouri River Levee System Unit L611–614, sponsored by the M & P Missouri River Levee District of Mills and Pottawattamie Counties, Iowa.

I live on and farm a 320 acre farm on which I was born and raised, located 3 miles Southwest of Pacific Junction, Iowa and one and one-fourth miles East of the Missouri River. In addition I farm 700 acres of rented land lying between my farm and the Missouri River. Our two sons, Larry and Dennis, each own 300 acres in that area which they farm together with several hundred acres of land which they rent. All of this land has been vulnerable to flooding from the Missouri and Platte Rivers.

Throughout the years our only protection has been the old McCartney levee which is woefully inadequate. During the floods of 1952 and 1960 this levee was breached and our farms, homes, grain storage facilities, and roads were inundated. On many occasions since 1960, high water from the Missouri and Platte Rivers has threatened the McCartney levee, most recently in March of 1978. On all of these occasions we have had to sandbag the levee to avert disaster.

When completed, Unit L611–614 will completely protect the 320 acres which I own, 450 acres of the land I rent and most of the land owned and rented by our sons, as well as thousands of acres of other prime agricultural land. This land is capable of producing excellent yields of corn and beans. All land East of the new levees will be eligible for Federal Crop Insurance whereas virtually all of this land is presently ineligible.

Thirteen years ago I joined with many other landowners in a petition to establish a levee district to construct the needed levees. Many of us signed and

are personally liable on bonds executed to secure over $50,000.00 of funds advanced covering preliminary survey work and expenses. The District has now been established as the M & P Missouri River Levee District. We have been informed that bids for the first stage of construction will be opened on April 25th. Last year Congress appropriated sufficient funds for initiation of Stage I construction. It is vital that Congress in this year's public works bill appropriate the funds recommended by the President for completion of Stage I construction and initiation of Stage II.

On behalf of all landowners and others vitally interested in this project, I wish to express our appreciation to the members of this committee for your past support. Your continued support will insure the completion of this worthy project.

Thank you.

Mr. BEVILL. Thank you.

Mr. KIRK. Charles Zink, President of the Chamber of Commerce, Clinton, Missouri, Truman Dam and Reservoir.

STATEMENT OF CHARLES ZINK

Mr. ZINK. Good afternoon. It is a privilege to appear before this committee as President of the Chamber of Commerce of Clinton, Missouri.

On behalf of the 400 plus businesses of our area, we want to express our appreciation for your past support of the Harry S. Truman Dam and Reservoir project.

The impact of this project is already very apparent in our area. Several new businesses which will depend heavily upon tourism and recreational trade have already opened their doors in our "golden valley area." In addition, many more are waiting for the completion of this project in order that they may proceed with their plans to expand existing or open new businesses.

Industries which are interested in a good living environment for their employees have indicated an interest in our area.

This project has opened the door to our area in the form of improved roads and highways, improved city facilities, and new park and recreational areas.

The Truman project will provide for the generation of 282 million kilowatt hours of electrical energy upon completion. In view of the national energy situation, the dividends to be realized as a result of this new energy producing source are tremendous.

We urge you to provide the necessary funds to meet the full capability of the Corps of Engineers until the project is fully completed. We appreciate your past consideration and support of the Harry S. Truman Dam and Reservoir project and solicit your continued interest and support to its completion.

Thank you.

Mr. BEVILL. Thank you.

Mr. KIRK. Mr. J. I. Akeman, Slater, Missouri, Lower Grand Levees, Missouri.

STATEMENT OF J. I. AKEMAN

Mr. AKEMAN. Mr. Chairman, members of the committee, I am J. I. Akeman, representing the Garden of Eden and the Whittham Levee District in the Lower Grand River. Thank you for the privilege of appearing here and presenting some information about what we need.

The $150,000 appropriation that we are asking for would permit the engineers to go ahead with the general design work, surveys, and a new benefit-to-cost analysis.

In the past, authorized projects in the Grand River Basin would have helped solve our problems. It now appears that they will never be built.

Also, levee project L–246 on the Missouri River right where our Grand dumps into the Missouri is nearing completion and we think this will add to our problem.

The Soil Conservation Service reports that the average annual flood damage right in this section is $1,000,000 a year. I respectfully request that the committee do the favor we ask for for planning funds.

Mr. BEVILL. Very good.

Mr. KIRK. Mr. Don Elefson, Independence, Missouri, representing R.L.D.S. Church, City of Independence and his interest is in the Missouri Levees and Little Blue River Flood Projects.

STATEMENT OF DON ELEFSON

Mr. ELEFSON. I am Don Elefson and I do represent the Church as well as the City of Independence, and the Chamber of Commerce. We are particularly interested at this time in the Little Blue River projects.

I will call your attention to the fact that the Little Blue River Channel work has been under way for a couple of years and we find it now toward the end of completion.

Our main concern at this time is one of timing. We feel it important that critical attention be given to the present need for funds for the lakes due to the fact the channel work that has been completed has allowed the movement of water to be accelerated in the channel area.

This for the present has created kind of a critical situation in that if we get a certain rainfall we can stack the water up at the lower end of the river and it causes us some problems in that area. This will be taken care of, I am satisfied, with the lakes, but the lakes will be important to us and we will kind of hold our breath until they are completed.

We are very happy with the project. It is moving along very well and I would suggest to you that the area that we are talking about is Jackson County, which the Little Blue River is a major portion of the eastern part of Jackson County, which is the county that includes Kansas City and Independence and the metropolitan area of Kansas City.

We are very pleased with our previous reception before you and would encourage you to consider the amount that has been suggested as the Corps capability.

Mr. BEVILL. Very good.

Mr. KIRK. Mr. Dick Fleming, Clinton, Missouri, Harry S. Truman Dam and Reservoir.

STATEMENT OF DICK FLEMING

Mr. FLEMING. Mr. Bevill, Chairman, other members of the committee, my name is Dick Fleming. I represent the Upper Osage-South Grand Basin Association. I will briefly echo the commeents of others who have spoken to you already regarding the Harry S. Truman Dam and Reservoir and make these comments.

One o fthe concerns, of course, is that as we enter into the final stages of this project that the public use areas will take a back seat with regard to completion.

The $17 million appropriated is the President's request and the 25 is the Corps of Engineers' capability.

We think the difference is probably a year, maybe two, in completing the areas for public use and actually completing the dam.

The six generators are in place. We think power can be generated within a short period of time now. The dam is providing through the generation of power and through, of course, flood control, those primary reasons for its construction, but it is impossible to overlook the impact that there will be concerning the use of these public use areas. and, of course, the recovery of the many dollars from the loss of use of the land.

We appreciate what you have been willing to do in the past and as we approach the climax of this particular project, since it is about 85 percent complete now, we would appreciate your serious consideration regarding full Corps capability this year.

We recognize the scary situation we have in our economy now and we know the hard decisions that have to be made, Nevertheless, we do appreciate your consideration and we look forward to that.

Thank you very much.

[The information follows:]

The Upper Osage-South Grand Basin Association

P.O. BOX 505
CLINTON, MO. 64735

STATEMENT OF
T. DICK FLEMING, PRESIDENT
HARRY S. TRUMAN DAM & RESERVOIR PROJECT
MARCH, 1980

TO: U. S. SENATE PUBLIC WORKS SUBCOMMITTEE ON APPROPRIATIONS

Gentlemen;

My name is Dick Fleming. I am President of the Upper Osage South Grand Basin Association. I come representing a number of business and agri-businesses in the Osage and Grand River Basins of central Missouri.

The capital investment made by the United States Government over the last sixteen (16) years in the Harry S. Truman Dam and Reservoir is now ready to pay off. Land taken out of production for the impoundment of the new fifty-five thousand (55,000) acres of permanent pool has created a new and developing industry which in time will out strip the production of the land. Two hundred eighty two (282) million kilowatt hours of electrical output annually, which is produced by the six (6) generators now in place in the Dam proper, creates a new energy source in mid Missouri. These benefits are in addition to the orignial intent of the project to releave flooding, protecting the production of millions of acres that once was ravaged by spring floods.

This Dam has been under construction for sixteen (16) years. We're eighty five (85%) percent complete. The Presidents recommodation of seventeen million six hundred twenty ($17,620,000.) dollars is under the Corps capability. We need to finish this project. To fund below the Corps capability only causes more delays.

The Association appreciates very much the past consideration given by this committee. It has been your vision, your assistance, and your decisions, which has made this important reservoir in our State a reality. We hope in the face of all the economic pressures now facing our nation you will view this project as a capital investment and one that will return dollars, and make the appropriate decision.

Thank you,

T. Dick Fleming
President

Mr. BEVILL. Thank you.

STATEMENT OF WILLIS GERKEN

Mr. KIRK. Mr. Willis Gerken, Warsaw, Missouri, Truman Dam and Reservoir.

Mr. GERKEN. We come before you today with the interest of the Harry S. Thurman Reservoir. We in the Headwaters feel very fortunate to live next door to the electrical project that will benefit the future of many persons. This pollution-free source of energy is nearly complete and ready to produce the much needed energy. Many millions of barrels of oil can be saved by using the already-existing rivers that flow in our reservoir. Although the dam is practically complete, ready to start generating electricity, much work is still to be done on the recreational facilities on the upper area of the reservoir.

As you know, it was necessary to flood much valuable farming land, but this loss can be made up through the tourist dollar. We are here today asking for the $25.6 million that the Corps of Engineers feels is necessary for the fiscal year 1981. It is our deepest hope and concern that you will seriously take this amount into consideration on behalf of the Headwaters Association for making our Harry S. Truman Dam and Reservoir a reality.

Thank you.

[The information follows:]

HEADWATERS ASSOCIATION

Box 52
WARSAW, MISSOURI 65355

March 25, 1980

The Public Works Subcommittees on Appropriations
United States Senate
Washington, D. C. 20510

Honorable Sirs:

We come before you today with the interests of the Harry S. Truman Dam and Reservoir. We in the Headwaters area feel very fortunate to live next door to the electrical project that will benefit the future of many persons. This pollution free source of energy is nearly complete and ready to produce the much needed energy. Many millions of barrels of oil can be saved by using the already existent rivers that flow into our reservoir.

Altho the dam is practically complete and ready to start generating electricity, much work is still to be done on the recreation facilities on the upper area of the reservoir. As you know it was necessary to flood much valuable farming lands, but this loss can be made up thru the tourist dollar.

We are here today asking for the $25,600,000.00 that the Corps of Engineers feels is necessary for the fiscal year 1981. It is our deepest hope and concern that you will seriously take this amount into consideration.

On behalf of the Headwaters Association, we thank you for making our Harry S. Truman Dam and Reservoir a reality.

Respectfully,

Willis Gerken

Willis Gerken
Headwaters & Truman Reservoir Association Director

HEADWATERS ASSN. TRUMAN RESERVOIR

HEADWATERS ASSN. LAKE OF THE OZARKS

Mr. KIRK. Gentlemen, we appreciate your cooperation and support in the past. Without this assistance, the projects already completed would not be in place and doing their job of benefiting the people of our region and our nation. Again we thank you for your consideration.

Mr. BEVILL. We appreciate the fine presentation you gentlemen have made, each of you. We certainly hope to work with you in solving these problems.

Mr. MYERS. Are there other people with us from your group?

Mr. KIRK. Yes. Would the Mo-Ark Delegation stand up?

Mr. MYERS. We will put this in the record.

Mr. KIRK. Yes.

[The information follows:]

MO-ARK ASSOCIATION MEMBERS

Ray Kirk, President
Mo-Ark Association
Weston, Missouri

L. M. Schwartz
Paola, Kansas
Hillsdale Dam

Glen Toalson
Osceola, Missouri
Truman Dam & Reservoir

Leon Brownfield
Kansas City, Mo.
City Council

Willard Pence
Smithville, Missouri
Smithville Lakes

Judge Edward J. Bauman
Clay County Court
Smithville, Missouri
Smithville Lake

Robert W. Harrington
Paola, Kansas
Hillsdale Lake

Don Westheffer
Lawrence, Kansas
Clinton Dam

Mike Wildgen
Lawrence, Kansas
Clinton Dam

James C. Hart
Gardner, Kansas
Hillsdale Lake

Gene Eaton
Sidney, Iowa
Mo. River Levee L-611-614

Mrs. Gene Eaton
Sidney, Iowa
Mo. River Levee L-611-614

Robert Wilson
Independence, Missouri
Lower Grand Levees, Missouri

J. I. Akeman
Slater, Missouri
Lower Grand Levees, Missouri

Joan W. Compton, Exec. Director
Chamber of Commerce
Clinton, Missouri
Truman Dam and Reservoir

Helen Machnicki
City Council
Clinton, Missouri
Truman Dam and Reservoir

Charles Zink, President
Chamber of Commerce
Clinton, Missouri
Truman Dam and Reservoir

Dwight Jackson
Topeka, Kansas
North Topeka Drainage Board

Willis E. Gerken
Warsaw, Missouri
Truman Dam and Reservoir

John Gill
Kansas City, Missouri
Missouri River Levees

Dean Lincoln
Pacific Junction, Iowa
Mo. River Levee L-611-614

Mrs. Dean Lincoln
Pacific Junction, Iowa
Mo. River Levee L-611-614

Ray Kiefer
Osceola, Missouri
Truman Dam and Reservoir

Mrs. Ray Kiefer
Osceola, Missouri
Truman Dam and Reservoir

Richard Sunderwirth
Osceola, Missouri
Truman Dam and Reservoir

Mrs. Richard Sunderwirth
Osceola, Missouri
Truman Dam and Reservoir

Ed Blake
El Dorado, Kansas
El Dorado Lake

Andrew Gray, Past President
Mo-Ark Association
Topeka, Kansas

Georgia Neese Clark Gray
Former Treasurer of the
United States
Topeka, Kansas

Harry Mills
Clinton, Missouri
Truman Dam and Reservoir

Richard King, Mayor
Clinton, Missouri
Harry S. Truman Dam & Reservoir

Ed Button, President
Warsaw Chamber of Commerce
Warsaw, Missouri
Harry S. Truman Dam & Reservoir

Gordon Drake, Mayor
Warsaw, Missouri
Harry S. Truman Dam & Reservoir

Lew Paramore, Exec. Vice
President Emeritus
Mo-Ark Association
Kansas City, Kansas

James A. McPherson
Exec. Vice President
Mo-Ark Association
Kansas City, Kansas

Vance Toalson
Osceola, Missouri
Harry S. Truman Dam & Reservoir

Dick Fleming
Clinton, Missouri
Harry S. Truman Dam & Reservoir

W. L. Woods
Chamber of Commerce
Lawrence, Kansas
Clinton Dam

Don Elefson
Independence, Missouri
R.L.D.S. Church, City of Independence and Chamber of Commerce

Gene DuVall
Fort Scott, Kansas
Fort Scott Lake

Dennis Shockley
Kansas City, Kansas
City of Kansas City, Kansas

City of Independence
103 NORTH MAIN STREET • INDEPENDENCE, MISSOURI 64050 • (816) 836-8300

March 20, 1980

Public Works Committees on Appropriations
U.S. Senate and House of Representatives
Washington, D. C.

Gentlemen:

The City Council of the City of Independence, Missouri, is fully supportive of the ongoing Little Blue River flood control improvements. We respectfully request that funding be continued to the capabilities of the Corps of Engineers for channel improvement and lake construction.

The appropriations toward the completion of the projects are vital to the potential industrial development and economic growth of this area of our community.

The City of Independence asks for your favorably consideration of these appropriations as you make your decisions on budgetary recommendations.

Yours very truly,

E. Lee Comer, Jr.
Mayor

GARDEN OF EDEN DRAINAGE DISTRICT
OF CHARITON COUNTY
TRIPLETT, MISSOURI 65286

The Public Works Subcommittees on Appropriations
U.S. Senate
U.S. House of Representatives
Washington, D.C.
March 25, 1980

MR. CHAIRMAN:

I am Robert E. Wilson, representing the Whittham levee districts and the Garden of Eden. I am here to testify in support of advance design and engineering for the Lower Grand Levee project. I thank you for the privilege of appearing and presenting information about our needs for flood control.

The $150,000 appropriation would permit the Corps of Engineers to go ahead with general design work, surveys and new benefits to cost analysis.

In the past, authorized projects in the Grand River Basin would have helped solve our problems with the construction of upstream reservoirs. Unfortunately, it now appears they will never be built.

The soil Conservation Service reports that the average annual floodwater damages in the area that would be protected by this levee is $1,081,628, from 1970 - 1974. Although this is the most recent data we have, our farmlands continue to flood.

I respectfully request that this Committee favorably consider appropriating adequate funds so that the Corps of Engineers can move ahead.

STATEMENT TO PUBLIC WORKS SUBCOMMITTEES

ON APPROPRIATIONS

U.S.SENATE AND U.S. HOUSE OF REPRESENTATIVES

PRESENTED FOR MAYOR RICHARD L. BERKLEY
CITY OF KANSAS CITY, MISSOURI

TUESDAY,MARCH 25, 1980

Mr. Chairman and Gentlemen of the Committee:

I am Leon Brownfield, City Councilman of Kansas City, Missouri, and I am chairman of its Legislative Committee. I am speaking for and on behalf of the Mayor and City Council.

I have reviewed President Carter's Recommended Budget for FY 1981 and am pleased that, with few exceptions, it closely parallels the reported capabilities of the Corps of Army Engineers to effectively utilize funds for water resource projects in our immediate area.

The Blue River is extremely important to Kansas City. This stream flows generally north-south through the principal heavy industrial area of the city. Severe flooding occurs with extreme frequency and for many years the vital industrial base of this important Industrial Area has steadily deteriorated. A flood control program has been authorized for this stream for many years. Corps of Engineers planning is in an advanced stage and the first construction contract is expected to be awarded this spring. The authorized Blue River project lies wholly within our corporate limits. Channel improvements constitutes a viable, effective and feasible project that has been delayed for many years for reasons totally beyond any control of Kansas City. Delay has been extremely costly in economic development and in jobs. We urge the appropriation of $5 million for construction of Blue River channel improvements in FY 1981.

The City of Kansas City urges early completion of the comprehensive analyses of flood control for Brush Creek, a principal tributary of the Big Blue River. The catastrophic flood of September 1977 makes imperative the completion of this study.

We are also vitally interested in the Little Blue River Project. We support 1980 appropriations consistent with the capability of the Corps of Engineers for the Little Blue River Lakes and Channel improvements.

Kansas City also supports the several projects in Missouri and Kansas for which our delegation is appearing today. We very much appreciate the realistic support accorded these several undertakings in the budget recommended by President Carter for FY 1981.

CITY of CLINTON

105 East Ohio Street
CLINTON, MISSOURI 64735

Office of the: Mayor

Date: March 17, 1980

STATEMENT:

HARRY S. TRUMAN DAM AND RESERVOIR PROJECT

TO:

THE PUBLIC WORKS SUBCOMMITTEES ON APPROPRIATIONS
UNITED STATES SENATE AND HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

We, in the City of Clinton, Missouri, thank you for the opportunity for the delegation from our area to appear before you.

The President's budget for 1981 includes the amount of $17,620,000 for the Truman Dam and Reservoir Project, which is appreciated. However, noting that over fifteen years have passed since the project began, and that "power on lines" is now a forseeable reality, we respectfully request funding in the 1981 budget, which would be to the full capability of the Corps of Engineers, in the amount of $25,600,000. The current rate of inflation would seem to make it all the more necessary to complete this project as soon as possible, rather than continuing this annual Federal expenditure.

I introduce to you, Councilperson Helen Machnicki, who is representing the Mayor's office and the City Council of Clinton, Missouri.

Sincerely yours,

Richard H. King M.D.

Richard H. King, M.D., Mayor
City of Clinton, Missouri



OFFICE OF

THE CITY of WARSAW

BENTON COUNTY
BOX 153
WARSAW, MISSOURI 65355

Phone: 438-5522

Historic Old Steamboat
Town On the Osage River
And Lake of the Ozarks
Site of Harry S. Truman Dam

STATEMENT OF

GORDON H. DRAKE, MAYOR
CITY OF WARSAW, MISSOURI

to the

APPROPRIATIONS SUB-COMMITTEES ON PUBLIC WORKS
UNITED STATES SENATE AND HOUSE OF REPRESENTATIVES

March 25, 1980

HONORABLE SENATORS AND CONGRESSMEN:

Fiscal year 1981 will be the 16th year since the first appropriation for construction of the Harry S. Truman Dam and Reservoir at Warsaw.

After a very slow start good progress has been made on the construction of the dam in recent years. The dam itself is virtually complete, but there remains a lot to be done on the hydro-electric plant and the recreational areas and roads associated with the Reservoir area.

Especially at Warsaw, immediately downstream from the dam, there will be major problems with the water flow, pump-back and resulting fluctuation of the water when the hydro-electric plant is put into operation.

For these reasons, we feel that everything possible should be done to facilitate rapid completion of Truman Dam and all related aspects of it.

Therefore, we respectfully urge that the appropriation for the Harry S. Truman Dam and Reservoir for the fiscal year 1981 be the amount of the Corps of Engineers capability, which is $25,600,000.

Respectfully yours,

Gordon H. Drake

Gordon H. Drake
Mayor, City of Warsaw



CLINTON CHAMBER of COMMERCE

Telephone 816 / 885-8166



123 EAST JEFFERSON STREET
CLINTON, MISSOURI 64735

STATEMENT

HARRY S. TRUMAN DAM & RESERVOIR PROJECT

MARCH 25, 1980

TO: THE PUBLIC WORKS SUBCOMMITTEES ON APPROPRIATIONS
UNITED STATES SENATE AND HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

THE HARRY S. TRUMAN DAM & RESERVOIR HAS BEEN UNDER CONSTRUCTION FOR THE PAST SIXTEEN YEARS AND THE PROJECT IS CURRENTLY 85% COMPLETE. THE GATES WERE CLOSED ON THIS GIANT PROJECT THIS PAST OCTOBER AND THE WATER HAS REACHED THE PERMANENT POOL LEVEL. FROM THE NAKED EYE ONE WOULD ASSUME THIS PROJECT IS COMPLETE. BUT THIS IS FAR FROM THE TRUTH. IN FACT, THE 15% REMAINING IS OF MUCH CONCERN TO US IN THIS AREA.

MUCH LAND HAS BEEN TAKEN OUT OF PRODUCTION TO MAKE WAY FOR THIS PROJECT AND IF OUR AREA IS TO RECOUP FROM THIS LOSS IN REVENUE FROM AGRICULTURE WE MUST TURN OUR INTERESTS TO YET ANOTHER INDUSTRY, THAT OF TOURISM.

THIS PAST WINTER WE EMBARKED UPON A PROJECT WITH LOCAL FUNDS TO RENOVATE AN OLD TRAIN STATION TO SERVE AS A TOURIST INFORMATION BUREAU. PLANS ARE TO OPEN THIS FACILITY IN MAY. FRANKLY, LADIES AND GENTLEMEN, WITH ONLY ONE OF THE 17 PUBLIC USE AREAS ACCESSIBLE TO THE PUBLIC, I AM MORE THAN A LITTLE APPREHENSIVE TO EVEN ATTEMPT TO PROVIDE TOURIST INFORMATION. TO COMPOUND THIS PROBLEM EVEN FURTHER THE INITIAL VISITATION FOR TRUMAN DAM & RESERVOIR HAS BEEN ESTIMATED TO BE 4 MILLION ANNUAL RECREATIONAL DAYS OCCURING DURING THE FIRST YEARS OF COMPLETION. THIS WAS A 1976 PROJECTION AND DOES NOT REFLECT THE ENERGY CRUNCH WHICH HAS OCCURRED SINCE THAT TIME. PEOPLE WILL BE TRAVELING FEWER MILES WHICH MAKES TRUMAN EVEN MORE ATTRACTIVE TO THE TOURIST AS IT IS ONE OF THE NEAREST BODIES OF WATER TO THE METROPOLITAN AREA. WITH THE WATER ALREADY HERE, HOW ARE WE TO HANDLE THESE MASSES OF PEOPLE PRIOR TO THE 1984 COMPLETION DATE WHICH IS NOW BEING PROJECTED?

YOU CAN HELP A GREAT DEAL BY SPEEDING UP CONSTRUCTION BY ONE YEAR AND THIS COULD BE ACCOMPLISHED BY FUNDING TO THE FULL CAPABILITIES ($25,600,000) OF THE CORP OF ENGINEERS FOR THE COMING YEAR. I RESPECTFULLY REQUEST THAT YOU CONSIDER DOING SO.

ON A BRIGHT NOTE, I BRING TO YOU TODAY A SPECIAL INVITATION TO ATTEND THE DEDICATION OF "POWER ON THE LINE" FOR TRUMAN WHICH IS SCHEDULED FOR MAY 16TH. THIS SYMBOLIC DEDICATION MARKS THE BEGINNING OF PRODUCTION OF 282 MILLION KILOWATT HOURS OF ELECTRICAL ENERGY ANNUALLY FROM A SELF-RENEWING, NON-POLLUTING SOURCE.

HARRY S. TRUMAN DAM & RESERVOIR PROJECT

MARCH 25, 1980

TO: THE PUBLIC WORKS SUBCOMMITTEES ON APPROPRIATIONS
UNITED STATES SENATE AND HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

WE DEEPLY APPRECIATE THE MANY COURTESIES THIS COMMITTEE HAS EXTENDED TO US OVER THE YEARS AND PRAY THAT YOU WILL GIVE OUR PROJECT THE SAME TYPE OF CONSIDERATION YOU HAVE GIVEN US IN THE PAST.

SINCERELY,

Joan W. Compton

JOAN W. COMPTON
EXECUTIVE DIRECTOR

The Jewel Shop

HELEN MACHNICKI

Diamonds, Watches, Silver, Dinnerware

- Gifts -

816 / 885-8559

WEST SIDE SQUARE - CLINTON, MISSOURI 64735

STATEMENT MARCH 25, 1980

HARRY S. TRUMAN DAM AND RESERVOIR PROJECT

TO: PUBLIC WORKS SUBCOMMITTEES ON APPROPRIATIONS

U.S. SENATE AND HOUSE OF REPRESENTATIVES

GENTLEMEN:

THANK YOU FOR THE OPPORTUNITY TO BE PRESENT TODAY AS A REPRESENTATIVE OF THE CLINTON, MISSOURI, CITY COUNCIL AND BUSINESS COMMUNITY, ON BEHALF OF THE HARRY S. TRUMAN DAM AND RESERVOIR PROJECT.

THE COMPLETION OF THIS PROJECT AND THE PUBLIC USE AREAS ARE AN EXTREMELY IMPORTANT PART OF THIS PROJECT TO US. IT WILL GIVE US THE POTENTIAL FOR INDUSTRIAL GROWTH. THE AVAILABILITY OF RECREATIONAL FACILITIES WILL BRING US TOURISM AND ITS RELATED INDUSTRIES, TO COMPENSATE FOR THE MANY ACRES OF LAND, AGRI-BUSINESS AND TAX DOLLARS WE HAVE LOST.

WE ARE AWARE OF THE EVER INCREASING FINANCIAL BURDENS WITHIN OUR GOVERNMENT, AND WE SUPPORT YOU IN THE DIFFICULT DECISIONS YOU MUST MAKE. THIS DAM, WITH ITS VAST LAKE AND ABILITY TO PRODUCE 282 MILLION KILOWATT HOURS OF HYDROELECTRIC POWER ANNUALLY WITHOUT POLLUTANTS IS AN ASSET NOT ONLY TO OUR COMMUNITY AND STATE, BUT THE NATION, AND A MONUMENT TO THOSE OF YOU WHO HAD THE FORESIGHT TO TURN THIS DREAM INTO A REALITY. THIS PROJECT IS SO NEAR COMPLETION, BUT YOU WILL RECEIVE NO RETURN ON THE INVESTMENT UNTIL IT IS FINISHED IN ITS ENTIRETY. WE THEREFORE ASK YOUR CONSIDERATION THAT THIS PROJECT BE KEPT ON SCHEDULE, AND FUNDED TO THE FULL CAPABILITIES OF THE CORP OF ENGINEERS.

WE APPRECIATE THE THOUGHTFULNESS, CONSIDERATION, AND GENEROUS SUPPORT YOU HAVE GIVEN US IN THE PAST, AND WOULD LIKE TO THANK YOU FOR YOUR CONTINUED INTEREST IN OUR FUTURE.

SINCERELY YOURS,

Helen Machnicki

HELEN MACHNICKI
COUNCILPERSON
CITY OF CLINTON, MISSOURI

Marmaton River FLOOD CONTROL
AND CONSERVATION ASSOCIATION
FORT SCOTT, KANSAS 66701

March 25, 1980

TO: APPROPRIATIONS SUBCOMMITTEES ON ENERGY AND WATER RESOURCES
U. S. SENATE AND U. S. HOUSE OF REPRESENTATIVES

Re: Marmaton River Reservoir (Fort Scott Lake)

Congress has wisely invested a sum of money for surveys, planning and engineering for this project. Even though this project is small in cost comparison with many such projects, it will have a very favorable impact on many people and communities.

This project would provide flood control benefits. However, more important is the need to conserve water in this area, and a number of communities have asked for rights to purchase water from this proposed impoundment.

We are in the process of a restudy to establish the cost/benefit ratio. It is necessary to obtain a small appropriation over the next two fiscal years to establish that ratio. Included in the proposed budget for FY 81 under the category of Restudy of Deferred Projects is $210,000 for this lake.

There is no question that this is a project that will return to the government and the people many times the investment.

Respectfully,

Gene DuVall

GD:js

60-588 O - 80 - 46 (pt. 9)

STATEMENT OF DWIGHT JACKSON

PRESENTED TO

THE HOUSE & SENATE APPROPRIATIONS SUBCOMMITTEE FOR PUBLIC WORKS

WASHINGTON, D.C. MARCH 25, 1980

MY NAME IS DWIGHT JACKSON. I AM TREASURER OF THE NORTH TOPEKA DRAINAGE DISTRICT IN SHAWNEE COUNTY, KANSAS. WE SUPPORT THE PROJECTS AND THE AMOUNT REQUESTED BY OTHER MEMBERS OF MO-ARK APPEARING HERE TODAY.

WE ALSO SUPPORT FUNDS TO COMMENCE CONSTRUCTION OF ONAGA LAKE WHEN THE CORP OF ENGINEERS INDICATE A CAPABILITY.

WE ALSO APPRECIATE THE FUNDING OF YOUR COMMITTEE FOR THE LOCAL TOPEKA FLOOD CONTROL PROJECTS AND THE UPSTREAM LAKES ON THE KANSAS RIVER. THESE PROJECTS HAVE SAVED MANY TIMES THEIR COST IN FLOOD PREVENTION AND HAVE PROVIDED MANY OTHER BENEFITS FOR THE AREA SUCH AS RECREATION, WATER SUPPLY AND IRRIGATION.

RESPECTFULLY SUBMITTED,

Dwight Jackson

DWIGHT JACKSON

Chamber of Commerce
POST OFFICE BOX 264
WARSAW, MISSOURI 65355

GUNSTOCK CAPITAL
OF THE WORLD

HOME OF TRUMAN
DAM AND RESEVOIR

March 25, 1980

Harry S. Truman Project
Public Works Sub-Committee on Appropriations
U.S. Senate and House of Representatives
Washington, D.C.

Dear Committee Members,

The Warsaw Chamber of Commerce urges you to consider the Corps of Engineers $25.6 Million dollar capability on making your appropriations for the Truman Project.

Our area has very little full-time industry and we are having to rely more on tourism as an economic base. The completion of the Truman Lake can help in establishing this base and so we urge you to direct as many dollars as possible toward finishing the project.

We appreciate the consideration you have given this area and Truman in the past.

Sincerely,

Ed Button

Ed Button, President
Warsaw Chamber of Commerce

The MIAMI COUNTY PUBLISHING COMPANY Inc.

TELEPHONE
(913) 294-2311

THE WESTERN SPIRIT
THE MIAMI REPUBLICAN

POST OFFICE BOX 389
PAOLA, KANSAS

ROBERT W. HARRINGTON
SPORTS EDITOR

March 25, 1980

The Public Works Subcommittees on Appropriations
U. S. Senate and U. S. House of Representatives

RE: HILLSDALE LAKE---U. S. Corps of Army Engineers Project

To The Honorable Chairmen and Members:

Thank you for your past support of the U. S. Corps of Army Engineers Lake Project at Hillsdale, Kansas.

Your past support has indicated that you are well aware of the needs for the lake, which now is about three-fourths complete.

As a sportsman and a conservationist, I respectfully urge you to continue that support to the fullest capability of the Corps of Engineers.

It is not necessary for me to point out the economic benefits the entire country can expect to derive from this project. Neither is it necessary for me to mention that any delay of this project would be costly.

What you may not know is that fish and wildlife in the Hillsdale Lake area will be tremendously enhanced. I am excited about the wildlife prospects.

During construction all wildlife propagation has been altered. However, upon completion, all wildlife habitat will be greatly improved which will provide a increased productivity in both game and non-games species.

Other sportsmen are just as excited as I am. On Saturday, March 29, 1980, many of them will join forces with Kansas Fish and Game and Corps personnel to construct fish shelters of used vehicle tires in barrow pits left by lake and road construction. Later other sportsmen plan to assist in game shelter construction. The sportsmen donate materials, money and time to their projects.

Thank you for this opportunity to request your continued support of this worthwhile public project.

Sincerely,

Bob

Robert W. Harrington

To: The Public Works Subcommittee on Appropriations, United States House of Representatives

PROPOSAL FOR FEDERAL FUNDS FOR A FEASIBILITY STUDY AND CONSTRUCTION OF A LEVEE UNDER THE PICK-SLOAN PLAN

Proposed by: The Missouri-Crooked River Drainage District, L 319-327. John Gill, representative.

The Richmond and Lexington Missouri area is a unique area with a thriving economy. This local economy is based primarily on agriculture but is entwined with a growing industrial base. Transportation through the local area is imparitive as both cities serve labor for both the local area as well as for the Kansas City job market.

Between these two cities lies the Missouri River. Within the flood plain of L 319-327 are fourty thousand acres of prime Missouri River bottom land. Industrialy, the area includes four major seed cleaning facilities, grain storage and machinery storage. Also within the flood plain are three railroads, U.S. By-Products, and the future warehouse for the Missouri Public Service Company.

This area was promised a government levee years ago under the Pick-Sloan plan and the U.S. Army Corps of Engineers. We have been put off for years citing construction of upstream reservoirs and the straightening of bends in the Missouri River at Kansas City. While these are important projects, and the drainage district has supported them, increased water on the downstream areas from these projects have made present levees inadequate.

The Missouri-Crooked River Drainage District has maintained these facilities as much as financially possible. But since these levees are inadequate during a time of high

water, it is imparitive that a new levee be built. While the federal Government is at a time of cutbacks, many projects will be eliminated. But this project is unique in that the project will eventually pay for itself. With the near elimination of flooding, tax revenues will be saved as well as crops.

Now you have seen the need for a government levee in the L319-327 area. The need is obvious and it is a reasonable and self supporting project. Any consideration that can be given to this matter is appreciated.

PUBLIC STATEMENT

Jack Alexander, Water Commissioner
City of Topeka, Kansas

Presented to

SENATE MEMBERS OF THE SUBCOMMITTEE ON PUBLIC WORKS

March 25, 1980

My sincere thanks to J. Bennett Johnston and Warren G. Magnuson, Chairmen of the Subcommittee on Public Works for this opportunity to express the need for water conservation and flood control projects. We are hopeful that the President will recognize the many benefits these projects have provided in the past, and will urge the Congress to support future projects to develop and conserve our water resources.

In past years, I have appeared on behalf of the construction of Grove Lake, near Topeka. Though plans for Grove Lake have been deferred indefinitely, we continue in our hope that its value will be recognized sometime in the future.

I offer my support of other needed Mo-Ark Flook Conservation projects brought here by other areas of our Association. The theme I wish to impress upon you, as representatives of the Legislative Branch of the Federal Government, is the real need for more projects and better planning in flood control and water conservation. The threat of water shortages or the possibility of facing the hazards of natural disasters, are very real possibilities. It is out of a deep sense of public responsibility that I request support of programs to reduce such threats.

The past appropriations of Congress have been put to excellent use. Many of the projects implemented with these appropriations have prevented total devastation during the occurrence of floods.

Room for improvement still remains and flood control is a continuing concern and will be for years to come. In my request that the Corps' recommendation be met, I

specifically want to urge support of construction on Onaga Lake, located northwest of Topeka. Such developments are valuable in meeting the growing needs for water in our communities.

If you reflect on the history of the many projects implementing the Corps of Engineers, you will see that past appropriations have allowed projects which benefits far outweigh the costs.

With these things in mind, it is my hope that you will recognize the necessity of future projects and those currently under consideration.

Thank you.





CHAMBER OF COMMERCE

P.O. Box 422 Osceola, Missouri 64776

STATEMENT OF MAXINE KIEFER
PRESIDENT, Osceola Area Chamber of Commerce



25 March 1980

The Public Works Subcommittees on Appropriations
U.S. Senate
U.S. House of Representatives
Washington, D.C.

Gentlemen:

It is indeed a privilege to appear before this committee as President of the Chamber of Commerce of Osceola, Missouri. On behalf of the businesses of our area, we want to express our appreciation for your past support of the Harry S. Truman Dam & Reservoir Project. The impact of this project is already very apparent in our area. Several new businesses which will depend heavily upon tourism and recreational trade have opened their doors in our area. In addition, many more are waiting for the completion of this project in order that they may proceed with their plans to expand existing or open new businesses. Industries which are interested in a good living environment for their employees have indicated an interest in our area.

This project has opened the door to our area in the form of improved roads and highways, improved city facilities, and new park and recreational areas.

The Truman Project will provide for the generation of 282 million kilowatt-hours of electrical energy upon completion. Power production is scheduled to begin this year. In view of the national energy situation, the dividends to be realized as a result of this new energy producing source are tremendous.

We urge you to provide the necessary funds to meet the full capability of the Corps of Engineers until the project is fully completed. We appreciate your past consideration and support of the Harry S. Truman Dam & Reservoir Project and solicit your continued interest and support for its completion.

Sincerely,

Maxine Kiefer
President, Osceola Area Chamber of Commerce





CHAMBER OF COMMERCE
P.O. Box 422 Osceola, Missouri 64776



STATEMENT OF RAY D. KIEFER
PRESIDENT, OSCEOLA INDUSTRIAL DEVELOPMENT CORP.

25 March 1980

The Public Works Subcommittees on Appropriations
U.S. Senate
U.S. House of Representatives
Washington, D.C.

Gentlemen:

Thank you for the opportunity to be present today as a representative of the Osceola Industrial Development Corporation on behalf of the Harry S. Truman Dam and Reservoir Project.

Our community is vitally interested in this project. In an area which has had a decline in population for years, we are now experiencing an increase in population with a number of new businesses. Construction activities and the relocation of bridges, roads, and municipal facilities have helped to stabilize the unemployment problem in our area. Truman Dam, with its vast lake and ability to produce 282 million kilowatt-hours of hydroelectric power annually without pollutants, will be an asset not only to our community and the state, but the entire nation.

The completion of the public use areas is a very important part of this project. With the availability of the recreational facilities, we can look forward to the advent of tourism and its related industries, and economic growth potential. We, therefore, urge that this project be kept on schedule and funded to the full capabilities of the Corps of Engineers.

We appreciate the thoughtfulness, consideration, and generous support you have given us in the past, and would like to thank you for your continued interest in our future.

Respectfully,

Ray D Kiefer

Ray D. Kiefer, President
Osceola Industrial Development Corp.

cs

THE OSCEOLA AREA

CHAMBER OF COMMERCE

P.O. Box 422 Osceola, Missouri 64776



STATEMENT OF RICHARD SUNDERWIRTH
Chairman: - Tourism Committee

25 March 1980

The Public Works Subcommittees on Appropriations
U. S. Senate
U. S. House of Representatives
Washington, D.C.

Gentlemen:

It is indeed a privilege and a pleasure to appear with members of this committee. We would like to take this opportunity to express to you our deep appreciation for all your efforts and good works that you have given and directed in the building of the Harry S. Truman Dam and Reservoir. We also wish to convey to you this same appreciation from all those back home on whose behalf we come before you today.

In these brief moments, we respectfully urge that the U. S. Corps of Engineers be given their full capability to proceed to the end, that this huge project with its great potential for vacation land, public use area, private facilities, etc. be brought to its ultimate conclusion.

Many changes in our community, both physical and geographical, have been brought about by this project. These changes are in areas such as streets, highways, bridges, sanitary sewer & disposal systems, park & recreational areas, etc. We are aware of the sober responsibilities this program places upon you, our honored representatives, and that ours is only one among so many you have to cope with, and for you to share a bit of your time with us, makes us deeply grateful to you.

To this end, we extend our thanks for all your efforts in our behalf.

Most sincerely,

Richard F. Sunderwirth

Richard Sunderwirth

cs

CITY of OSCEOLA

OFFICE OF THE MAYOR
Osceola, Missouri 64776

STATEMENT OF H.W. GEORGE
PRESIDENT BOARD OF ALDERMEN
CITY OF OSCEOLA, MISSOURI

25 March 1980

The Public Works Subcommittees on Appropriations
U.S. Senate
U.S. House of Representatives
Washington, D.C.

Gentlemen:

As President of the Board of Aldermen of the City of Osceola, Missouri, may I express my sincere appreciation, and that of the City Council, for your consideration of the timely completion of the Harry S. Truman Dam and Reservoir.

We are experiencing many changes in our city as a result of the continued construction of the project, and the anticipated benefits that will be available to us after the completion of all phases of the project. The projected seven million visitors annually to the area, will create a tourism industry to our area that will provide employment and create new businesses and industrial development.

We respectfully request that you consider the funding to the full capabilities of the Corps of Engineers for the coming fiscal year.

Thank you again for your consideration and courtesy.

Very truly yours,

H.W. George

H. W. George, President
Board of Aldermen
City of Osceola, Missouri

cs

Executive Committee
Glen F. Toalson
Mabel Gist
Maxine Kiefer

Osage-Sac Association of Mo.-Ark.

Osceola, Mo. 64776

STATEMENT OF MABEL GIST
CHAIRMAN: PLANNING COMMISSION, ROSCOE, MISSOURI
MEMBER : MO-ARK ASSN. BOARD OF DIRECTORS
MEMBER : EXECUTIVE COMMITTEE, OSAGE-SAC ASSN. OF MO-ARK

25 March 1980

The Public Works Subcommittees on Appropriations
U.S. Senate
U. S. House of Representatives
Washington, D.C.

Gentlemen:

As a representative of the residents of Roscoe, Missouri, in the extreme upper area of the Harry S. Truman Lake, I urge the 1981 budget for that project be increased to the full extent of the Corps of Engineers capability.

We have experienced a loss in tax revenue, a loss in private property and businesses, and are suffering from the "wait and see" attitude of private investors.

After 16 years of waiting for the Lake, I would be hopeful that the Appropriations Committees can see fit to appropriate the necessary funds for the Corps of Engineers to add the "finishing touch" to the Lake, thus providing this generation and future generations the benefits that this great project will give and allow the completed project to add to the economic strength of our nation.

Thank you for the courtesy extended.

Very truly yours,

Mabel Gist

Mabel Gist

ALASKA PROJECTS

WITNESS

HON. DON YOUNG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALASKA

Mr. BEVILL. Congressman Young, come on around here if you will and just have a seat. I know that you need to get back to your committee work.

We are pleased to have you with us.

Mr. YOUNG. Mr. Chairman, I would like to submit at this time my statement and would give each one of you a copy.

Mr. BEVILL. All right.

STATEMENT OF CONGRESSMAN YOUNG OF ALASKA

Mr. YOUNG. Mr. Chairman, members of the committee, I would like to thank you for giving me this opportunity to appear before this subcommittee.

I commend you for your endeavors of solving, I believe, some of the basic problems of our Nation and that is the ability to provide water resources and, of course, hydropower capability to all the states. Primarily I am interested, of course, in my own state.

In our state of Alaska, we need small hydropower sites. We hear much about the large hydropower sites such as the Sitka, which I strongly support, but we have approximately fifty small sites in Alaska that could produce power other than what is being utilized now, which is primarily diesel power, which affects all of us.

I think it is very important that we recognize that the capability of producing power in Alaska, has been historically, and should be, expedited.

The Corps of Engineers recognizes this and, as you well know, there have been requests for money in the President's budget and, of course, I am requesting some additional monies in expediting the process through the Corps so we can get some of these power projects on line as soon as possible.

I am deviating from my prepared text and I will at this time go through some of the projects as I see them and then let you read the testimony at your leisure.

We have, first, the Bradley Lake project. This is a hydroelectric project that is of great importance to the south central group. It will add 118,000 kilowatts to the south central area and the fiscal year of '81 the budget slates $1.315 million for the project.

However, the Corps has an additional capability of $400,000 for '81 to advance the advanced engineering and design study by six months, expediting the process.

We have the Terror Lake Project in Kodiak which is a fishing community, an island unto itself, but has one of the most potentially productive areas. Kodiak relies 100 percent on diesel fuel and, of course, I think it is very important that we expedite that process.

Along with this we have harbors. I know most of you are wondering what connection harbors have with the energy capability, but the harbors of which I speak, Kake Harbor—the harbors in south central

Alaska, and Kodiak Harbor, are very, very important to expedite the process of developing our bottom fisheries in conjunction with the hydropower so we have a reliable resource not only for the State of Alaska, but the United States as a whole.

Mr. Chairman, I know you read much in the papers about the amount of money that Alaska has through the development of the oil industry. It is true we do have an amount of monies and I have advocated the expenditure of those monies in some instances to expedite the process, but we are constantly faced with the slow process of the Corps of Engineers and I want those projects to be expedited and at that time there may be the possibility we can use some of our resources, our own dollars, to help build them, but until the engineering is done and until we can get into the funding phase, it is a very difficult process and is a very long process.

I am aksing you today to consider the requests that I will make to this committee through my written testimony as an attempt to relieve and release the oil that we are now using in our state to allow your states to receive that oil, and we can use the hydropower potential which is in existence in our state.

Mr. Chairman, I again don't want to take all of your time. I can go through projects such as the harbors at Port Lions, Cordova, Juneau, Craig. All of these areas are very important. I hope you take into deep consideration my interest in the State of Alaska to provide itself with the energy that is necessary.

[The information follows:]

CONGRESSMAN DON YOUNG (ALASKA)

TESTIMONY BEFORE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

MARCH 25, 1980

MR. CHAIRMAN: I APPRECIATE THIS OPPORTUNITY TO APPEAR BEFORE YOU AND THE MEMBERS OF THIS DISTINGUISHED SUBCOMMITTEE TO DISCUSS THE PUBLIC WORKS NEEDS OF MY STATE OF ALASKA.

THIS BODY IS MAKING A VALIANT EFFORT TO BALANCE THE BUDGET IN FY 81. IN DOING SO, EACH FEDERAL DOLLAR MUST YIELD THE MAXIMUM BENEFIT POSSIBLE. ALASKA, AS YOU KNOW, HOLDS THE KEY TO THE FUTURE OF OUR COUNTRY. THE RESOURCES POTENTIALLY AVAILABLE TO ALL AMERICANS WILL BE AVAILABLE ONLY IF SOUND, RATIONAL, PLANNED DEVELOPMENT OCCURS DURING THE NEXT FEW YEARS. ALASKA NEEDS TO DEVELOP A STABLE ECONOMIC BASE TO ENSURE A SOUND FUTURE. THE ACTIVITIES PERFORMED BY THE U.S. ARMY CORPS OF ENGINEERS WILL SERVE TO ENHANCE DEVELOPMENT OF THESE RESOURCES. I WOULD LIKE TO BRIEFLY DISCUSS THE PROJECTS THAT DESERVE ATTENTION IN ALASKA.

SMALL HYDRO ELECTRIC PLANTS -- HISTORICALLY, ALASKA'S ELECTRIC POWER HAS BEEN GENERATED BY FOSSIL FUELS. EMPHASIS ON THE DEVELOPMENT OF ALTERNATIVE SOURCES OF ENERGY SUCH AS HYDROELECTRIC POWER COULD REDUCE ALASKA'S DEPENDENCE UPON FOSSIL FUELS. CURRENTLY DIESEL FUEL IN MANY ALASKAN VILLAGES COSTS AS MUCH AS $2.50 PER GALLON. THE NEED FOR HYDRO DEVELOPMENT, THEREFORE, IS CLEAR. THE FY 81 BUDGET CONTAINS $500,000 SLATED FOR THE PREPARATION OF A REPORT ON HYDROPOWER IN ALASKA. THE CORPS OF ENGINEERS HOWEVER, HAS AN ADDITIONAL CAPABILITY OF $395,000 WHICH COULD ADVANCE COMPLETION OF THE REGIONAL REPORT AND THE GENERAL INVESTIGATION STUDY BY 12 MONTHS WHICH WILL IDENTIFY SMALL HYDRO SITES IN ALASKA. THIS

ADDITIONAL CAPABILITY WILL ALSO ALLOW FOR ADVANCEMENT OF AN INTERIM REPORT BY 3 MONTHS. POSITIVE ACTION BY THE SUBCOMMITTEE APPROPRIATING FUNDS FOR THIS ADDITIONAL CAPABILITY WOULD BE IN KEEPING WITH THE PRESENT POLICY TO REDUCE THE USE OF FOSSIL FUELS WHERE ALTERNATIVE SOURCES OF ENERGY EXIST.

BRADLEY LAKE -- THIS HYDROELECTRIC PROJECT IS ONE OF GREAT IMPORTANCE TO THE RESIDENTS OF SOUTHCENTRAL ALASKA WHERE OVER HALF OF THE POPULATION OF ALASKA RESIDES. WHEN COMPLETE, BRADLEY LAKE WILL ADD 118,000 KW TO THE POWER SUPPLY OF THIS REGION. THE FY 81 BUDGET SLATES $1.315 MILLION FOR THIS PROJECT. HOWEVER, THE CORPS HAS AN ADDITIONAL CAPABILITY OF $400,000 FOR FY 81 TO ADVANCE THE ADVANCED ENGINEERING AND DESIGN STUDY BY 6 MONTHS. SEPARATE FROM THIS, THE CORPS COULD USE $1 MILLION FOR FY 80 WHICH WOULD NEGATE THE NEED FOR ADDITIONAL CAPABILITY IN FY 81. I URGE THE COMMITTEE TO APPROVE THE TRANSFER OF FUNDS WITH THE CORPS FOR THIS ACTIVITY. PROMPT COMPLETION OF THIS PROJECT WILL SIGNIFICANTLY EASE THE SUPPLY CONSTRAINTS PROJECTED FOR THE KENAI, ANCHORAGE, AND MATANUSKA SUSITNA VALLEY AREAS IN THE NEXT DECADE.

MR. CHAIRMAN, THERE IS ANOTHER FORM OF DEVELOPMENT THAT MUST NOT BE OVERLOOKED IN APPROPRIATING FUNDS FOR FY 81. AS YOU KNOW, THE OCEAN PROVIDES ALASKA WITH ITS GREATEST RESOURCE, FISHERIES. ALASKA'S WATERS ARE RICH WITH THIS IMPORTANT FOOD SUPPLY. DEVELOPMENT OF ALASKA'S FISHING INDUSTRY IS DIRECTLY CORRELATED TO THE DEVELOPMENT OF ALASKA'S HARBORS. IN ORDER TO OBTAIN THE MAXIMUM UTILITY OF THIS IMPORTANT FISHERIES RESOURCE, THE UNITED STATES MUST TAKE STEPS TO ENSURE THAT THE NECESSARY HARBORS ARE DEVELOPED. IN ADDITION TO PROVIDING SAFE MOORING FACILITIES FOR BOATS, THESE

HARBORS SERVE AS COMMUNICATIONS AND TRANSPORTATION CENTERS FOR NATIVE POPULATIONS MOST OF WHICH LIVE ALONG THE COAST AND ARE DEPENDENT ON FISH AND SHELLFISH FOR THEIR FOOD AND LIVLIHOOD.

I WILL MENTION THE HARBORS IN ALASKA THAT NEED IMMEDIATE CONSIDERATION AND ATTENTION.

KAKE HARBOR -- CONSTRUCTION OF THIS FACILITY WILL CREATE ACCOMODATIONS FOR 150 COMMERCIAL FISHING VESSELS. THESE VESSELS WILL INCREASE THE HARVEST FROM ALASKA'S BOTTOM FISH RESOURCE. THE UNITED STATES IS LOSING MILLIONS OF DOLLARS EACH YEAR TO SOVIET, JAPANESE AND OTHER FOREIGN TRAWLERS WHO ARE CAPITALIZING ON AMERICAN RESOURCES. AS THE RANKING MINORITY MEMBER OF THE SUBCOMMITTEE ON COAST GUARD AND NAVIGATION, I HAVE SEEN THIS HAPPEN. OVER THE PAST 14 MONTHS, THE COAST GUARD HAS MADE 16 SEIZURES IN ALASKAN WATERS OF FOREIGN VESSELS WHO HAVE VIOLATED THE U.S. FISHERIES CONSERVATION AND MANAGEMENT ACT BY MISREPRESENTING THEIR RESPECTIVE CATCHES OF FISH. THIS IS TOTALLY UNACCEPTABLE. IF HARBORS SUCH AS KAKE HARBOR WERE CONSTRUCTED, THE UNITED STATES COULD STOP GIVING ITS RESOURCES AWAY TO FOREIGN COUNTRIES. THE ADVANCED ENGINEERING AND DESIGN STUDY WILL BE COMPLETE FOR KAKE HARBOR THIS YEAR AND THE CORPS OF ENGINEERS WILL HAVE AN ABILITY TO UTILIZE $2.5 MILLION TO INITIATE CONSTRUCTION IN FY 81. I REQUEST THAT FUNDS BE APPROPRIATED FOR THIS HARBOR PROJECT.

SECTION 107 SMALL BOAT HARBORS -- SECTION 107 FUNDS ARE USED TO DEVELOP SMALL BOAT HARBORS. AS I MENTIONED EARLIER, THE NEED TO DEVELOP HARBORS IS CRITICAL TO ALASKA AND THE BALANCE OF TRADE FOR THE UNITED STATES. THE TOTAL 107 PROGRAM REQUEST FOR FY 81 OF $11 MILLION DOES NOT MEET THE NEEDS OF CONTRUCTING HARBORS.

THE ALLOWABLE BUDGET AUTHORITY IS $25 MILLION, THEREFORE I REQUEST THAT $14 MILLION BE ADDED TO THE FY 81 APPROPRIATIONS FOR THE CONSTRUCTION OF SMALL BOAT HARBORS. I REQUEST FURTHER THAT OF THIS $14 MILLION, $5,660,000 BE USED FOR THE CONSTRUCTION OF FOUR SMALL BOAT HARBORS IN ALASKA: PORT LIONS (1.9 MILLION), CORDOVA (1.5 MILLION), JUNEAU SMALL BOAT HARBOR (1.7 MILLION) AND CRAIG (560,000). CONSTRUCTION OF THESE HARBORS WILL GREATLY ASSIST THE FISHERMAN AND THE FISHING INDUSTRY IN ALASKA.

SOUTHCENTRAL ALASKA -- ALASKA NEEDS DEEP WATER HARBORS IN ORDER TO REMAIN COMPETITIVE IN THE BOTTOMFISH INDUSTRY. PLANNING MUST BE DONE SO THAT THIS COMPETITIVENESS MAY BE ACHIEVED. THE FY 81 BUDGET DOES NOT CONTAIN FUNDS FOR SUCH PLANNING, HOWEVER I REQUEST THAT APPROPRIATIONS IN THE ORDER OF $180,000 BE APPROVED SO THAT THE CORPS MAY INITIATE A DEEP DRAFT HARBOR STUDY AT TRIDENT BASIN ON KODIAK ISLAND.

KODIAK HARBOR (DOG BAY) -- THE DEVELOPMENT OF DOG BAY HARBOR IS EXTREMELY IMPORTANT TO THE DEVELOPMENT OF THE BOTTOMFISH INDUSTRY IN ALASKA. IN ADDITION, THIS HARBOR NEEDS TO BE EXPANDED FOR SOME VERY OBVIOUS SAFETY REASONS. AT PRESENT, OVER 800 VESSELS USE THE HARBOR ALTHOUGH THERE IS ONLY BERTHING SPACE FOR 225 CRAFT. THE REMAINING BOATS MUST MOOR ALONG THE UNPROTECTED DOCKS AND WHARFS ALONG THE CITY'S WATERFRONT. THE FIRE POTENTIAL IS HIGH AND THE PROBABILITY OF MAJOR DAMAGE OCCURING FROM A FIRE IS SIGNIFICANT.

THE CONGRESS HAS PASSED AN AUTHORIZATION FOR THIS PROJECT ALBEIT IN DIFFERENT VEHICLES. THE PROBLEM HOWEVER IS THAT THE DEFFERENCES BETWEEN THE TWO BODIES MAY NOT BE RESOLVED UNTIL LATE THIS FALL. THE CORPS OF ENGINEERS IS READY AT ANY TIME TO BEGIN WORK ON THIS PROJECT IF ONLY APPROPRIATIONS WERE AVAILABLE. THE CORPS MUST DO A GENERAL DESIGN MEMO THAT WILL TAKE TWO YEARS TO COMPLETE AT A COST OF $530,000. AFTER THIS GENERAL DESIGN MEMO IS COMPLETED, CONSTRUCTION OF THE HARBOR WILL TAKE TWO OR THREE YEARS AT A TOTAL COST OF APPROXIMATELY $9 MILLION. I REQUEST THAT THE FUNDS BE APPROPRIATED FOR THE FIRST YEAR OF THE DESIGN MEMO SO THAT WHEN THE AUTHORIZATION IS SIGNED INTO LAW LATER ON THIS YEAR, FUNDS WILL BE AVAILABLE TO BEGIN WORK ON THIS HARBOR. THE FUNDS NEEDED FOR THIS ACTIVITY AMOUNT TO $360,000. I URGE THE SUBCOMMITTEE TO LOOK FAVORABLY UPON THIS REQUEST AND APPROPRIATE THE NECESSARY FUNDS FOR ACTIVITY IN FY 81.

MR CHAIRMAN, I THANK THE SUBCOMMITTEE FOR ITS SERIOUS CONSIDERATION OF THESE CRUCIAL PROJECTS IN MY STATE OF ALASKA.

Mr. BEVILL. Thank you, Congressman Young, for a very fine statement. We will certainly work with you, as you know.

Mr. YOUNG. Appreciate that, Mr. Chairman.

Mr. BEVILL. I am particularly impressed with your desire to put more hydroelectric energy on line—what we call the low head dam.

Mr. YOUNG. I hope, Mr. Chairman, the rest of the United States would see the wisdom of this because it is a renewable source of power, clean and environmentally sound. It is time we make decisions.

Mr. MYERS. Could most of your diesel electric production be replaced with hydro?

Mr. YOUNG. I would say, Mr. Chairman, that there is not a place in Alaska that could not develop a hydropower site for coal, but again I must remind everybody the fuel was cheap. We are paying now the same price for fuel as you pay. Yet we produce 1,600,000 barrels a day. Yet, because of the Federal Energy Office, we have to pay the same price. More than that, we burn up a nonrenewable resource that could possibly be spent here because we do have the hydropower site potential.

I just came out of Nome. There are power sites in Nome ever far up next to the Arctic where the water does run all the year round. We use the Pelton wheel, which is a slow wheel, slow turbine type principle. It works adequately. We just got away from it. In Terra Lake and Kodiak, for instance, Bradley's Lake also, we burn diesel fuel and it has caused serious problems and they can be solved with hydropower potential. We should get away from the idea that every dam is a huge dam. There are thousands of small sites in the State of Alaska in the United States.

The east coast, as you well know, was built by hydropower and then we got away from it and started building other sources and that is one of the reasons we are in this energy crunch today.

A certain segment of our society has to make a decision, are we going to have supposedly free-running streams with no power? Are we going to be using nuclear power, or other power? And, frankly, I would opt right now for the hydropower potential which is in the United States.

LOW-HEAD HYDROELECTRIC DEVELOPMENT

Mr. BEVILL. We have set up a program for that which would encourage people to use these old, low head dams that you spoke about. The Departments of Energy and Agriculture and the Corps are coordinating their efforts on this work. It is fairly new. It might be very well suited to Alaska.

Mr. YOUNG. I think, Mr. Chairman, it would fit our state. Our biggest problem has been, and I state this without criticism, it seems every year we go through a series of studies and studies and studies and it slows it down. I think it is time we expedite the study and make the decision so we get these sites on line. It can be done in relatively rapid fashion.

Mr. BEVILL. Thank you so much.

Mr. YOUNG. Thank you for allowing me to appear before this fine, distinguished body.

KASKASKIA RIVER, ILL. NAVIGATION PROJECT

WITNESSES

ALBERT WILSON, KASKASKIA INDUSTRIAL DEVELOPMENT CORPORATION
HERBERT BROWN, JR.

Mr. BEVILL. It is good to see our friends, Mr. Wilson and Mr. Brown, again. We will receive your statement at this time.

Mr. WILSON. Good afternoon, Mr. Chairman and members of the staff.

It is a pleasure to be back again and visit with you seeking funds for Kaskaskia so it can be completed.

We congratulate the committee that this particular project is probably one of the finest streams under control in the midwest through your efforts over the last quarter of a century.

It has been that long and probably another two and a half; three years until we get completed with the bridge, until we finish the new bridge which the removal of the Illinois Gulf Railroad bridge held up for many, many years because of you know why, and we got some dredging to do.

Once this is completed, the project will be 37 miles long and through the very heart of the Illinois coal fields where there are billions and billions of tons of coal to be moved by barge which is the basis of benefit to cost of this particular project.

Mr. MYERS. If we ever decide to use it.

Mr. WILSON. That is a point we are going to get to. I am very happy to know that you are now the Committee on Energy and Water Development. We appreciate that. The two fit very much in our particular case together.

Mr. BEVILL. Barge transportation would provide substantial savings for coal transport.

Mr. WILSON. Today. Way back when we started this, Congressman, it was 50 cents a ton and moved about ten million tons a year, received five million dollars. We had one of the finest benefit-to-cost ratios, $6 to the dollar, and Congress wouldn't accept it. It was too good and we had to bring it down to ninety cents to a dollar and they fell for it. So we are very happy that we have gotten as far as we have. But I want to emphasize that before the Senate this morning there was some dickering with EPA and showing that all this ground being confiscated for flood control and water conservation, taking a lot of tax money out of circulation. They didn't bring out the fact that Shelbyville, three million people visit the lake there, 12,000 acres, at Carlyle two and a half million last year, and downstream several hundred thousand have used the area of navigation for skiing, fishing, camping, and a big power plant in our area because of the water available in the stream has a 2,000 acre lake and you can fish there all year round and it has some of the finest bass fishing in the nation.

They don't take into consideration the tax dollars that are being generated into the municipalities and to the county and to the state and the Federal Government. They don't bring these facts out.

Mr. MYERS. These same people would love to have land taken out of cultivation. I have had some personal experience in this regard. But the

farmers have to pay taxes on it. We can't grow a crop because of the floods but we still have to pay taxes.

Mr. BROWN. We read you loud and clear.

Mr. WILSON. We are all in favor of hydropower plants. We have one at Carlyle that probably generates 2,000 kilowatts, which will take care of several cities in that area.

Along with that, we would like to emphasize the fact that flood control would save the entire valley. In '73, when St. Louis, which we are very close to, had the greatest flood damage in the history of St. Louis, we were able to hold the water on Kaskaskia to a minimum of 28 feet which could have been 40, 42 feet, so the whole stream is a wonderful project, but we would like to bring it to completion so that we can move coal for the use of energy and relieve us of Arabian oil. We have billions and billions of tons of this coal and why not put it to use, conversion to gas, oil, for our own use so that we can be resourceful in our own defense of this nation?

If we don't, and we are importing over fifty percent of our oil, we are going to be sitting ducks I am afraid. I am very concerned about the very defense of our nation. I hope I am wrong, but I hope somebody might back me up on this.

I would like for my executive secretary, my executive vice president, Mr. Herb Brown, to make a few comments. I am sure it will be interesting to you.

[The information follows:]

STATEMENT BY ALBERT A. WILSON, NEW ATHENS, ILLINOIS
IN SUPPORT OF KASKASKIA RIVER NAVIGATION PROJECT,
BEFORE THE SUBCOMMITTEE ON ENERGY AND WATER PROJECTS,
UNITED STATES HOUSE OF REPRESENTATIVES, MARCH 25, 1980.

My name is Albert A. Wilson. I live in New Athens, Illinois and am Board Chairman and Chief Executive Officer of the Kaskaskia Industrial Development Corporation (KIDC), 110 North Van Buren Street, New Athens Illinois 62264, appearing in support of the Kaskaskia River Navigation Project.

Navigation on the Kaskaskia River is now in operation to mile 29 at New Athens, Illinois. Continued funding is needed to complete the removal of the old Illinois Central Gulf Railroad bridge, complete the new railroad bridge over the Kaskaskia River, dredging for about one mile below the new bridge at New Athens, Illinois, and dredging of siltation (sand bars) from New Athens to Fayetteville, Illinois, which is the terminus of the navigation project.

With the desire of the Executive Branch of the government to produce 1.2 billion tons of coal per year by 1985, additional dock facilities and mines will be required on the Kaskaskia. EPA Standards on sulfur in coal will have to be raised, or in my opinion, this goal of 1.2 billion tons will be difficult to reach.

Dependency on foreign oil for 50% of our energy requirements scares me, as it should every American. Our economy and national defense depends on our ability to furnish required energy from within our own resources. The time is here to convert Illinois coal to gas, and oil. The State of Illinois has $65,000,000 available to help promote such projects with additional funding from the Federal Government.

The benefits to cost on the Kaskaskia River Project is the movement of Illinois coal and the State's farm products - wheat, corn and soy beans. Coal is now moving at the rate of two million tons per year, and will increase to four million tons with the opening of additional mines.

I urge your committee to appropriate funds to the full extent of the capabilities of the U. S. Corps of Engineers for fiscal 1981, to assure completion of this important navigation project on the Kaskaskia River.

Your past cooperation in providing funds for this important project is sincerely appreciated by the Officers and Directors of the Kaskaskia Industrial Development Corporation. The foresight of this committee, U. S. Congress and the White House in funding this project over the years will bring benefits far in excess of cost.

The Kaskaskia river basin is probably one of the most outstanding water conservation, flood control and navigation projects in the nation. With other rivers having great flooding problems, doing millions of dollars in damage, the Kaskaskia is well under control. The lower reaches of the river will become a vast industrial complex with a plentiful supply of water, electricity, centuries of available energy from coal, dock sites, navigation and other modes of transportation.

Thank you for your continued support of this much needed project which can be very closely connected to the very defense of this nation.

Respect fully submitted,

Albert A. Wilson

ALBERT A. WILSON
Chairman of the Board and
Chief Executive Officer KIDC

KASKASKIA INDUSTRIAL DEVELOPMENT CORPORATION



Mr. BROWN. I am never at a loss for words when talking about the Kaskaskia River.

One point I would like to emphasize: this particular project is becoming more of a necessity because, as he mentioned briefly, we have 62 billion tons of coal and this project is digging right up in the center of these coal fields and as a matter of fact we have about six or seven more miles to go and we have got coal companies waiting to build dock sites on this particular stretch of the river, and from that area barges can go any place in the world.

If we were to use that oil and gas that is in there, we can tell those Arabs to keep their oil. We have it there and this project is making it available to us all over. It is a very, very good project.

Mr. BEVILL. I can't think of anything we need more than to be able to tell the Arabs that.

Mr. BROWN. Wouldn't that be wonderful if we could?

Mr. BEVILL. Yes, sir. Thank you so much for your fine presentation.

Mr. WILSON. Thank you. I know you will do your best.

Mr. BROWN. Thank you very much.

STATEMENT OF NICHOLAS MELAS

Mr. BEVILL. Mr. Nicholas Melas was also scheduled to testify but he has had plane trouble and is unable to be here. We are going to put his statement in the record at this point.

[The information follows:]

STATEMENT

OF

NICHOLAS J. MELAS

PRESIDENT

OF THE

METROPOLITAN SANITARY DISTRICT OF GREATER CHICAGO

BEFORE THE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

OF THE

COMMITTEE ON APPROPRIATIONS

OF THE

HOUSE OF REPRESENTATIVES

Mr. Chairman and members of the Subcommittee. I am Nicholas J. Melas, President of the Metropolitan Sanitary District of Greater Chicago. I appreciate the opportunity to appear before you today to testify in support of continued funding to the Corps of Engineers for its study of what we call the Tunnel and Reservoir Project (TARP). We are pleased that the President's budget recommendations include $2,500,000 for this study for FY 81 and we hope that this Committee and Congress which has expressed support for this project with past appropriations will continue to do so.

In previous appearances before this Subcommittee we have detailed the importance of this project to the health and well being of the people of the Metropolitan Chicago area. We have shown how the benefits of the project accrue to residents of a three state area. In fact the project is of benefit to the entire Great Lakes region serving the NORTHEASTERN United States. We have documented that the project is the most cost effective means of dealing with storm water management and flooding. Nothing has occurred to change what we have previously presented to this Subcommittee. Thus, we will not take your time to repeat the justification for the project.

We are aware, however, that erroneous information has been disseminated on this project and is gaining currency by repetition, giving rise to misunderstandings which we fear will unfairly prejudice some against the project.

For example, we are concerned that the title and description given by the Corps of Engineers, "The Chicagoland Underflow Plan", may be interpreted by some to believe that the Corps project will encompass new spending for water pollution control and other non-Corp functions. This, of course, is not so. The pollution abatement portion of this project has been approved by the United States Environmental Protection Agency and is being funded under the

construction grant program of the Water Pollution Control Act. We do not believe that it ever was the intent of the authorizing Committee or this Subcommittee that the Corps of Engineers should restudy the water pollution abatement plan.

In 1978, as local sponsors and with support of the State of Illinois, we asked Congress to instruct the Corps of Engineers to undertake a Phase One advanced engineering and planning study of that portion of the Tunnel and Reservoir Project which related to over-bank flooding and storm water damage.

It was our understanding that the objective of the Corps study was to identify the Federal interest and cost sharing appropriate to that work, and that in so doing, the Corps would examine alternative flood control measures to ascertain the most cost effective means of solving the problems which exist. We ask you to reemphasize this assignment to the Corps.

Further, we are disturbed by repeated references by the Corps to so-called "substantial concerns expressed by local organizations and interests" to TARP's high cost and potential environmental and social impacts. That local concern has been on the part of one small group and has been predicated on an erroneous belief that the ultimate cost of the project will exceed $10 billion.

That belief has been fueled by an unfortunate and misleading report issued by the General Accounting Office. The GAO exaggerated the cost of the project by adding $5 billion in costs based upon inflationary factors with no analysis or justification. It also included as a first cost $1.9 billion interest during construction, an item which always has been an economic factor but never a first cost of construction.

We include for the record a letter sent from the Chicago area Congressional Delegation to Mr. James McIntyre, Jr., Director of the Office of Management

and Budget. It details the costs misstatements and shows that the flood control costs are aware what the Sanitary District had estimated.

A second GAO report used the same erroneous costs estimates as a basis for suggesting that large construction projects to correct combined sewer overflows are too costly. At the same time,the GAO did acknowledge that it is more efficient to design an integrated project that attacks both pollution and flooding.

Mr. Chairman, this project has been studied now for over 10 years. The water pollution abatement portion of the project is well under construction and should be completed in the next few years. It is important to the efficiencies of the project that the Corps advise Congress on the Federal interest and cost sharing for flood control in an expeditious manner. We think it would be a waste of time and taxpayers money to study what has been done or approved or to expand the scope of the project beyond what has historically been the Federal role. We urge the Committee to continue funding this project and to emphasize to the Corps to use all deliberate speed.

DAN ROSTENKOWSKI
8th District, Illinois

CHIEF DEPUTY
MAJORITY WHIP

Congress of the United States

House of Representatives

Washington, D.C. 20515

COMMITTEE
WAYS AND MEANS

CHAIRMAN
SUBCOMMITTEE ON SELECT REVENUE MEASURES

SUBCOMMITTEE ON TRADE

JOINT COMMITTEE ON
TAXATION

December 15, 1979

Mr. James T. McIntyre, Jr.
Director
Office of Management and Budget
Executive Office Building
Washington, D. C. 20503

Dear Mr. McIntyre:

Recently, a General Accounting Office Report on the Tunnel and Reservoir Project (Chicago Underflow-Plan), has raised serious misunderstandings about the project. As a result, the Office of Management and Budget and the Corps of Engineers have a false impression of the true value and nature of the project.

We the undersigned Members of the Illinois Congressional Delegation believe it necessary to dispel these misconceptions so that the Federal government meets its commitments to the project and complies with the intent of Congress.

The most glaring error is that the project has a cost of $11 billion. The GAO Report stated "our estimate is that the total project could exceed $11 billion by 1983." This has been interpreted to mean that the Federal contribution to TARP is $11 billion. An examination of the factors that led to this estimate reveal that the GAO report failed to make distinctions between Federal costs and local costs, failed to make distinctions between TARP and non-TARP activities and, most notably, applied two costs never before or since applied to a project of this nature.

The GAO Report included as a first cost $1.9 billion for interest on construction. This has always been used in the economic analysis to determine cost benefit ratio but never as a first cost. The GAO Report states the Corps included this figure in its cost estimate, but no Corps document has been displayed which includes interest during construction as a first cost either for this project or <u>any</u> project. Additionally, by inference, the GAO adds $5 billion in cost based on inflationary factors with no analysis or justification.

Subtracting these two costs reduces the cost to $4 billion. But the GAO fails to understand that it has included elements that are not within TARP. It includes widening and dredging of the Chicago River at $248 million, which is not required by TARP, it includes $640 million in Corps management costs or nearly one-third the estimated cost of the Corps' work to be done in TARP. It includes $1.6 billion cost for upgrading local sewers despite the fact that the only analysis of this element showed it as about $1 billion. Further, this upgrading, a local cost, will be necessary whether or not TARP is built. If TARP is not built, construction of additional treatment plants will be required at a greater Federal cost.

When all this is analyzed, the cost of TARP is reduced to an estimated $3 billion. Of this, $2 billion is for that element of TARP directly related to national goals for clean water. The Comptroller General's own report substantiates this in its recommendation calling for reevaluation of a $2 billion project. All of this was included in the 201 Facilities Plan required by PL 92500, submitted to EPA and subsequently approved by the Officer of Management and Budget. No changes have been made in that facilities plan and more than 50% of the work under that plan is complete. Failure to complete the remainder will prevent the Greater Chicago Metropolitan Sanitary District from meeting its mandate under the Clean Water Act. Further, if not completed, it will render ineffective the expenditures required under the enforceable provisions of the Clean Water Act.

We are not aware of any statement by the Environmental Protection Agency which contradicts the validity of the approved 201 Facilities Plan.

Finally, this brings us to that portion of TARP being studied by the Corps of Engineers. The Metropolitan Sanitary District of Greater Chicago, and other agencies at the state, county and local level studied more than 20 technical and cost alternatives before determining the most cost effective and environmentally beneficial. They determined that by combining flood reduction efforts with pollution control programs a higher water quality was achieved at lower cost than dealing with each problem separately.

As a result, Congress authorized in 1977 a Phase I study by the Corps of Engineers for the purpose of identifying the Federal interest and the true costs of needed structural works. At that time, we, and the Committees on Public Works of the Senate and House of Representatives, requested that the Corps of Engineers determine if additional alternative approaches existed which could reduce the costs of the project. This should not be construed as a lessening of our support for the total project, nor should it be used as a means for delay in making a Report to Congress.

Because the project name uses the word Chicago, people have come to believe it is localized in benefits. Nothing could be further from the truth. The combined sewer systems encompass 53 communities including the City of Chicago. TARP is a regional solution to the pollution attributable to combined sewer overflows from these communities. Without TARP, each community would be required to attempt individual solutions and this approach has been analyzed to be non-cost effective and environmentally unacceptable. We are confident that this project will result in improvement to Lake Michigan and to the Great Lakes. As a result, it is a project of national interest with benefit for the entire United States as well as our neighbors in Canada.

We wish to convey our support for TARP and urge that the Phase I funding commitment made by EPA be adhered to and that the Corps be advised to proceed with dispatch to complete the study assigned to them.

Sincerely yours,

Sidney R. Yates, M.C.

Dan Rostenkowski, M.C.

Edward J. Derwinski, M.C.

Frank Annunzio, M.C.

Morgan Murphy, M.C.

Cardiss Collins, M.C.

Henry J. Hyde, M.C.

Martin Russo, M.C.

John G. Fary, M.C.

Bennett M. Stewart, M.C.

Adlai E. Stevenson, U.S.S.

SOUTHERN NEVADA WATER PROJECT

WITNESSES

DUANE R. SUDWEEKS, ADMINISTRATOR, NEVADA DIVISION OF COLORADO RIVER RESOURCES

Mr. BEVILL. We are ready for our next witness, from the state of Nevada.

Mr. SUDWEEKS. Mr. Chairman, I am Duane R. Sudweeks, State of Nevada.

Mr. BEVILL. All right. You are Administrator of the Neveda Division of the Colorado River Resources. We are glad to have you and you may present your statement and handle it any way you wish.

Mr. SUDWEEKS. Thank you, Mr. Chairman and members of the committee.

For the record, my name is Duane Sudweeks, Administrator of the Division of Colorado River Resources, which is an agency of the State of Nevada.

The purpose of my being here is to present testimony in support of appropriations for fiscal year 1981 in the amount of $23,726,000 for continued construction of the Second Stage of the Southern Nevada Water Project as authorized under Public Law 89-292.

I have provided the committee not only my written statement, but also that of the Honorable Robert List, Governor of the State of Nevada. Governor List expressed regret that he was unable to appear personally. I request that our written testimony be included as part of the record of this hearing.

STATEMENT OF GOVERNOR LIST OF NEVADA

Mr. BEVILL. Both statements will be made a part of the record.

[The information follows:]

STATEMENT OF THE HONORABLE ROBERT LIST

GOVERNOR OF THE STATE OF NEVADA

TO THE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

HOUSE COMMITTEE ON APPROPRIATIONS

PRESENTED BY DUANE R. SUDWEEKS, ADMINISTRATOR,

DIVISION OF COLORADO RIVER RESOURCES

MARCH 25, 1980

Mr. Chairman, Members of the Committee, I am most happy that the required water development facing the residents of Southern Nevada is receiving favorable consideration and that positive action is being taken in the form of excellent cooperation between the Federal Government through the Water and Power Resources Service (formerly the Bureau of Reclamation) of the Department of the Interior, the State of Nevada through the Division of Colorado River Resources and the local-water using agencies. The careful development, management and wise use of our water resources in Nevada is critical to the well being of our people.

The appropriation of the funds necessary to continue construction of the Second Stage of the Southern Nevada Water Project is important to Nevada. Your support of funding authorized in Public Law 89-292 will allow the State to meet the municipal and industrial water requirements of Southern Nevada and avoid adverse social, economic and environmental impacts.

The First Stage of the Project is currently serving the needs of the people in the Las Vegas Valley and Boulder City, however, it will shortly be inadequate to support future water requirements of the expanding population in that area.

Meeting the September 1981 deadline to have the Second Stage of the Southern Nevada Water Project operational to serve the people living in the area, the tourists who visit there and the military personnel stationed there is an urgent and necessary undertaking. The continued recognition of this need by the Executive Branch and the Congress is deeply appreciated.

Construction is underway and contracts in the total amount of $69,544,523 have been issued to date. It is anticipated that during the remainder of the 1980 Fiscal Year $19,557,646 in additional construction contracts will be issued by the Water and Power Resources Service. The proposed $23,726,000 budgeted for Fiscal Year 1981 would be applied towards payments of those contractual obligations. All funds appropriated for the Second Stage of the Southern Nevada Water Project under Public Law 89-292 are reimbursable with interest to the Federal Government. In this regard, I wish to point out that the State of Nevada through the Division of Colorado River Resources has made all repayments for First Stage facilities as scheduled. The First Stage facilities are in a sound financial and operational condition. The additional obligations for the Second Stage will be treated in an identical manner.

The State of Nevada is actively cost sharing in this water resource development project in that, with the authority provided by the State Legislature, it has completed the design and is well into the construction phase of the enlargement of the First Stage of the Alfred Merritt Smith Water Treatment Facility. Sixty million dollars of State General Obligation Bonds have been sold for this purpose to provide necessary facilities for a complete municipal and industrial water supply system.

The decision to make water available to the people of Southern Nevada was confirmed by the passage of Public Law 89-292 in October of 1965. As a result of this action, appropriations were made which allowed the First Stage of the Project to be completed in 1971, supplying 132,200 acre feet of water per year to the area, which was a portion of the 300,000 acre feet of water per year allotted to the State of Nevada from the Colorado River. It was then anticipated that this water supply system would be sufficient until approximately 1990. However, our population growth and the rapid expansion of the area produced a larger demand for water, thus the necessity for the Second and final stage of the Project authorized under Public Law 89-292.

It is critical that the entire water system including the Federally funded additional pipelines and pumping plants and the State funded expansion of the water treatment facilities be continued as expeditiously as possible. All construction is closely coordinated between the Federal, State and local water users. I believe that each portion of the systems required to deliver water to the people must progress on schedule in order that efficient and effective use of Federal, State and local funds takes place in meeting water requirements. Any reduction in funding which will not allow construction to continue on schedule will result in extra costs to the people of Southern Nevada and the possibility of an inadequate water supply.

It is for these reasons that Fiscal Year 1981 appropriations in the minimum amount of $23,726,000 be supported. I respectfully urge that your Committee support this appropriation for Fiscal Year 1981. I believe it is clearly a matter of record that the Project fully meets or exceeds all the criteria of a wise and prudent water resource development, including the tests of safety, environmental considerations and cost effectiveness.

Your demanding task of putting the country's monetary resources to the highest and best use is not an easy one. In the case of the Second Stage of the Southern Nevada Water Project your continued support is appreciated.

STATEMENT OF DUANE R. SUDWEEKS, ADMINISTRATOR

STATE OF NEVADA DIVISION OF COLORADO RIVER RESOURCES

TO THE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

HOUSE COMMITTEE ON APPROPRIATIONS

MARCH 25, 1980

Mr. Chairman, my name is Duane Sudweeks. I am the Administrator of the Nevada Division of Colorado River Resources, an agency of the State of Nevada. I appreciate this opportunity to present a statement supporting proposed appropriations for the Southern Nevada Water Project, authorized by Public Law 89-292, in the amount of $23,726,000.

In implementing the Southern Nevada Water Project Act, the facilities were staged to economically and prudently develop the required municipal and industrial water supply to the Southern Nevada area. The First Stage was completed and placed into operation in 1971, with a maximum annual delivery capacity of 132,200 acre feet. The First Stage has provided an additional source of water from Nevada's allocation from the Colorado River to the communities served by the Las Vegas Valley Water District, the cities of North Las Vegas, Henderson and Boulder City, and Nellis Air Force Base. It also provided a means by which the overdrafing of the limited groundwater supply and its attendant adverse environmental impacts have been mitigated.

It was anticipated that the First Stage would provide an additional supply of treated Colorado River water for the metropolitan Southern Nevada area to about the year 1990. Both the population increase and attendant water requirements, and the continuing need for groundwater pumping management have required the Second and final stage of the Project to be operational in the early 1980's. Construction of the Second Stage to double the capacity of water deliveries and allow an additional 166,800 acre feet per year of Colorado River water to be delivered has already commenced and the appropriation for Fiscal Year 1981 would allow that construction to continue on schedule towards the operational completion date of September 1981.

Both the First and Second Stages of the Project and the needed water treatment facility have been a joint Federal, State and local effort. Federal appropriations, along with State funding authorized by the Nevada Legislature, and the investment of local funds for the receipt and distribution of the water from the Project are all necessary paralleling and on-going activities.

Under the authority granted by the Nevada Legislature, the Nevada Division of Colorado River Resources has sold $60,000,000 worth of State General Obligation Bonds to finance the costs of the enlargement of the treatment facility to match the Second Stage of the Project. In addition, approximately $30 to $40-million of local funds will be expended by the water receiving entities before 1981 in preparation of receipt of Second Stage water deliveries.

Each and every part of the Southern Nevada Water System has been coordinated and integrated to provide potable water deliveries to current and future residential, commercial and industrial consumers. No water from the Project is utilized for agricultural irrigation purposes.

The Water and Power Resources Service, the State of Nevada, and local projections of water needs support and verify the need for the completion of the Second Stage of the Southern Nevada Water Project prior to the end of the 1981 calendar year. Without such availability of water, the Southern Nevada area could be substantially damaged, both economically and environmentally. Delay in completion would preclude the full utilization of the investment in the First Stage wherein facilities were constructed to accommodate Second Stage capabilities.

It is our understanding that the Water and Power Resources Service has indicated that they have the capability of effectively and efficiently using $23,726,000 in Fiscal Year 1981. I urge the Subcommittee to support this Fiscal Year 1981 appropriation for continued construction activities.

Mr. Chairman, it has been my pleasure to present this statement to the Subcommittee and I appreciate the opportunity to request your favorable consideration.

UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
HOUSE COMMITTEE ON APPROPRIATIONS

MARCH 25, 1980

SUMMARY

PROJECT: Southern Nevada Water Project - Public Law 89-292

REQUEST: Support of the Executive Budget recommended appropriation for Fiscal Year 1981 in the amount of $23,726,000 to continue construction activities.

ATTACHED STATEMENTS FROM:

Robert List, Governor of the State of Nevada

Duane R. Sudweeks, Administrator, Division of Colorado River Resources, an agency of the State of Nevada

WITNESS: Duane R. Sudweeks, Administrator, Division of Colorado River Resources, an agency of the State of Nevada

Mr. SUDWEEKS. Thank you.

Governor List stressed the necessity to continue construction of the second stage of the Southern Nevada Water Project. He pointed out that the first stage of the project will shortly be inadequate to meet the future water requirements of our expanding population.

Construction of this project is well under way. Contracts in the total amount of $69,544,523 have been issued to date. It is anticipated that during the remainder of the 1980 fiscal year approximately $20 million in additional construction contracts will be issued.

The proposed $23,726,000 budgeted for fiscal year 1981 would be applied towards payments of those contractual obligations. It is critical that the entire water system, including the federally funded additional pipelines and pumping plants as well as State funded expansion of the water treatment facilities be continued as expeditiously as possible.

Therefore, Governor List, as well as myself, urge that your committee support this appropriation in the amount of $23,726,000 for fiscal year 1981.

I wish to thank you for your time and consideration of this extremely important project.

Mr. BEVILL. Thank you for a very fine statement. We will certainly give it every consideration.

Mr. SUDWEEKS. Thank you very much.

ILLINOIS PROJECTS

WITNESS

HON. TOM RAILSBACK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. BEVILL. The Chair notes that our distinguished colleague, Congressman Railsback, is in the room. Mr. Railsback, we are pleased to have you. You may submit your statement.

STATEMENT OF CONGRESSMAN RAILSBACK OF ILLINOIS

Mr. RAILSBACK. Thank you very much. I would like to request that my full statement be included in the record.

Mr. BEVILL. It will be included in the record.

[The statement follows:]

CONGRESSMAN TOM RAILSBACK
BEFORE HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
MARCH 25, 1980

Mr. Chairman, Members of the Subcommittee, I want to thank you for this opportunity to appear again before you this year on behalf of my constituents in the 19th Congressional District of the State of Illinois.

Your interest and attention to the flooding problems of my district over the past years is greatly appreciated, especially because my district is bordered on the west by some 217 miles of the Mississippi and on the east by some 60 miles of the Illinois River. In addition, over 200 miles of the Rock and LaMoine Rivers plus their tributaries are located throughout the internal portion. This obviously means that the farmers, businessmen and other citizens who live in the 19th District are continually conscious of the devastating effect of floods, high water and resulting problems. In addition, keeping the Mississippi River navigable for shipment of grain, coal, petroleum, chemicals and other important finished and raw materials is another necessary and important object of my testimony, especially now since the Rock Island and Milwaukee railroads' existence appears to be in a state of flux. My constituents depend both on protection from flooding and on a reliable and continuous means of transportation.

While it now appears that flood damage will be a minimum this Spring of 1980, nevertheless, I appear before you today because I want to emphasize the need to continue the flood protection projects in my district in order to be prepared should the years ahead bring more devastating floods, as past history has shown. When the floods arrive - it is too late, we

must continue to move ahead now in our planning.

I want to thank the President for including most of the necessary projects for the 19th Congressional District in his FY 81 Budget. I respectfully request the subcommittee members to approve these important items at the requested budget figures.

In addition, I want to address myself and direct your attention to four specific items. All four items have a Corps capability above the FY 81 budget request. These projects are Operation and Maintenance, Year-Round Navigation Study, General Regulatory Functions, and the Moline Flood Protection Project.

For the Operation and Maintenance of the navigable streams the Corps capability is $6,161,000 over the President's budgeted figure; for the Year-Round Navigation Study the capability is $250,000 over the budget figure and the General Regulatory Functions the capability is $90,000 over the budget. The Moline Flood Protection Project has a $150,000 Corps capability, even though the President requested no funds in his budget.

In light of the present state of the economy and its effects on my constituents and also the federal budget situation, I am prompted to respectfully request approval of only the funding levels requested in the President's budget and not the greater capability expressed by the Corps. These additional expenses should be deferred until the taxpayers are better able to afford the added tax burden. And I believe that there would be no dangerous effects by delaying the efforts that would be initiated by these increased funds.

On the other hand, I am very concerned that there were no funds requested by the President for the Moline Flood Protection Project, when actually

the Corps capability is $150,000. If you will recall, last year I appeared before you and also spoke on the Floor of the House to have a bare minimum of funding put back into the budget for planning and designing this very vital and absolutely necessary flood protection project. $250,000 was approved, for which I thank you.

I come before this subcommittee again, respectfully requesting that $150,000 be approved. The design and planning for this flood project has been proceeding at all possible speed since 1972 and with your approval of this amount, it will make it possible for the corps to complete the necessary preconstruction planning and design work by the time the President again approves "new construction starts." This project was authorized by Congress in 1972 mainly because damages resulting from the 1965 record flood amounted to $4,572,000 at current prices. We should do everything we can to minimize such damage. Similar reoccurring costs can be prevented in the years ahead with proper flood control protection. The protection of human lives and property threatened by the devastating floods should have our highest priority. I, therefore, ask you to approve $150,000 funding for the Moline Project in the FY 81 budget, so that preconstruction work will not be interrupted on this absolutely necessary flood protection project.

For your general information I have attached a list of all the Corps of Engineers projects and studies in my district with a brief description.

Thank you for letting me appear before you.

OPERATION AND MAINTENANCE:
Budget: $13,189,000 Capability: $19,350,000

The President requested $13,189,000 to perform maintenance work on the Mississippi River between the Missouri River and Minneapolis, Minnesota, most of which work would be within my District. These monies would be used to keep the river adequately maintained for needed navigational purposes and at the same time be a tremendous help in flood protection.

MISSISSIPPI RIVER, COON RAPIDS DAM TO MOUTH OF OHIO RIVER:
Budget: $550,000; Capability: $550,000

The purpose of this study is to determine whether any modifications of existing projects should be made in the interest of providing increased flood control and for allied purposes. The study is primarily concerned with increasing the degree to protection in drainage and levee districts where extensive urban development has taken place in recent years. The initiation of preliminary feasibility studies for the selected areas is dependent on future funding levels and, therefore, I respectfully ask that your subcommittee approve the capability of $550,000.

EAST MOLINE, IL
Budget: $3,300,000; Capability: $3,300,000

This project will protect East Moline from floods on both the Mississippi and Rock Rivers. These funds will be used for initiation of construction on relocations and levees. The project to be completed in FY 83.

FULTON, IL
Budget: $4,200,000; Capability: $4,200,000

This project will protect both Fulton, Illinois and the Cattail Drainage District. These funds will be used to continue the on-going construction which is 53% complete and is scheduled for completion in December, 1982.

MILAN, IL
Budget: $1,100,000; Capability: $1,100,000

This project will protect the village of Milan the Big Island Conservancy District from floods on the Rock and Mississippi Rivers, and Mill, Kyte and Eckhart Creeks. The project is scheduled for completion in June, 1984.

MOLINE, IL
Budget: $0; Capability: $150,000

This project will protect the City of Moline from Mississippi River floods. The project is scheduled for completion in June, 1985.

ROCK RIVER AREAS 2, 3, 4 & 5
Budget: $245,000; Capability: $245,000

The project would consist of channel improvement, overbank clearing of trees and brush, and levees and appurtenant works, making this reach of the Rock River, in effect, a leveed floodway. The planning will be continued with these funds.

MILL CREEK & SOUTH SLOUGH, IL
Budget: $31,000; Capability: $31,000

The Mill Creek and South Slough project requires continued operation and

maintenance expense to insure channel clean-out and snag-clearing to help prevent buildup and future flooding. The necessity for keeping this slough open is its use as an outlet for Milan's treated sewage which moves through Mill Creek and South Slough into the Mississippi River.

GENERAL REGULATORY FUNCTIONS
Budget: $734,000; Capability: $824,000

These funds are needed to perform regulatory functions such as issuance of permits to protect navigable waters in the District.

INSPECTION OF COMPLETED WORKS
Budget: $93,000; Capability $93,000

These monies are necessary to continue the on-going responsibility of inspecting flood protection levees.

MISSISSIPPI RIVER YEAR-ROUND NAVIGATION
Budget: $400,000; Capability: $650,000

The continuing study was authorized by resolution of the Senate Public Works Committee and House Public Works Committee in 1966 to determine the practicability and economic justification of providing for year-round navigation on the Upper Mississippi River.

QUAD-CITY URBAN STUDIES
Budget: $54,000; Capability: $54,000

The study has been in progress since it was authorized by the Senate and House Public Works Committee in 1974. The objectives encompass an overall evaluation of land use, navigation, flood damage prevention, water supply, water quality and water-based recreation. I am specifically interested in their study of how to effectively alleviate the continuing flooding on the Rock River and the Green River.

MISSISSIPPI RIVER POOL 13
Budget: $180,000; Capability: $180,000

Construction of sanitation facilities at Thomson Causeway Recreation Area.

LAKE MICHIGAN DIVERSION DEMONSTRATION
Budget: $300,000; Capability: $300,000

The President has asked for $300,000 to continue this study. It is my recommendation to your Subcommittee to approve the $300,000 so that this study may be completed as soon as possible. This money is being used for a demonstration and study of the feasibility of increasing the amount of water diverted from Lake Michigan at Chicago into the Illinois Waterway. My main concern with this project is the possible flooding it could cause downstream and thereby directly affecting my constituents. I want to be sure that the water being released from Lake Michigan will be so regulated that it does not flood the homes and property of my constituents in Liverpool and the surrounding area in downstate Illinois. The citizens

there have experienced enough hardship and inconveniences from seasonal flooding without being exposed to flooding resulting from relieving some other problem, such as shoreline damage on Lake Michigan. In other words, let's not be party to alleviating a problem in one area of the country by transferring a resulting problem to another area.

LaMOINE RIVER ILLINOIS BASIN PROJECT

The LaMoine project, when approved and completed, would do three things: provide flood control, create a much-needed water supply for the surrounding towns and area, and create a recreational area with adequate water to boat and fish. The Chicago Corps is working closely with the local interests, trying to resolve their respective differences over topographical maps, design criteria, and cost estimates. Once these differences are settled, then the Corps of Engineers will compile information needed to determine the economic feasibility of the entire project. Hopefully, it will be favorable. While the President's budget did not include an amount for completion of this study, and neither did the Chicago District of the Corps of Engineers express any need for further funds now, I give you this brief summary of this project so you will be fully acquainted with its purpose, knowing that I may return next year before your Subcommittee asking for the necessary funds for financing.

Mr. RAILSBACK. Mr. Chairman and members of the committee, as you may recall, I represent a district in the western part of Illinois, right on the Mississippi River, and I have actually 217 miles of the Mississippi River, so that whenever we have high waters we have a great many problems, and I just want to thank the committee for all of the previous help that you have given to the people in the 19th District.

Having said that, I would like to really skip over the first part of my statement and go to page 2 and refer to what I think may be the most appropriate and most relevant. In light of the present state of the economy and its effects on my constituents, and on the federal budget situation, I am prompted to respectfully request approval of only the funding levels requested in the President's message, and not the greater capability expressed by the Corps.

These additional expenses should be deferred until the taxpayers are better able to afford the added tax burden, and I believe that there would be no dangerous effects by delaying the efforts that would be initiated by these increased funds.

On the other hand, I am very much concerned that there were no funds requested by the President for the Moline Flood Protection Project, when actually the Corps capability is $150,000. If you will recall, last year I appeared before you and also spoke on the floor of the House to have a bare minimum of funding put back into the budget for planning and designing this very vital and absolutely necessary flood protection project. $250,000 was approved, for which I thank you.

I come before this subcommittee again, respectfully requesting that $150,000 be approved. The design and planning for this flood project has been proceeding at all possible speed since 1972 and with your approval of this amount, it will make it possible for the Corps to complete the necessary preconstruction planning and design work by the time the President again approves "new construction starts."

The project was authorized by Congress in 1972 mainly because damages resulting from the 1965 record flood amounted to $4,572,000 at current prices. We should do everything we can to minimize such damage. Similar reoccurring costs can be prevented in the years ahead with proper flood control protection.

The protection of human lives and property threatened by the devastating floods should have our highest priority. I, therefore, ask you to approve $150,000 funding for the Moline Project in the fiscal year 1981 budget, so that preconstruction work will not be interrupted on this absolutely necessary flood protection project.

Without taking up any more of your time—I know the committee is very busy—I have attached a list of the projects which I believe are relevant to my district. I thank you, Mr. Chairman.

Mr. BEVILL. Thank you for a very fine statement, Congressman Railsback. We will certainly work with you on this, as you know.

Mr. MYERS. How many miles of river did you say you have in your district?

Mr. RAILSBACK. 217, almost from the Wisconsin border all the way to Quincy, Illinois. I have a lot of problems when the waters are high.

Mr. BEVILL. That is as long as the Wabash, isn't it?

Mr. RAILSBACK. Not quite.

Mr. MYERS. Not quite, but it is a lot of river. That is just one side of it, Tom. It runs down and floods both sides.

Mr. RAILSBACK. That is right. Once in a while it floods on the Iowa side. It floods a lot on my side.

Mr. MYERS. I have the same problem with the Wabash. It floods more on my side than on the other side.

Mr. RAILSBACK. That is what I tell Jim Leach, anyway.

Mr. BEVILL. Thank you very much.

Mr. RAILSBACK. Thank you.

TALLAHALA CREEK, MISSISSIPPI PROJECT

WITNESS

HON. TRENT LOTT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. BEVILL. I notice our friend and colleague, Congressman Trent Lott, is here. Congressman Lott, we will recognize you at this time. Our friend and colleague, Congressman Emery, is also in the room.

Mr. LOTT. Thank you very much, Mr. Chairman.

Mr. BEVILL. I thought you had already testified about everything in Mississippi?

Mr. LOTT. That was actually on the Tennessee-Tombigbee, Mr. Chairman, which is just next door.

Mr. BEVILL. Now we are going to talk about home.

STATEMENT OF CONGRESSMAN LOTT OF MISSISSIPPI

Mr. LOTT. Yes, sir. I believe you do have a copy of my prepared statement.

Mr. Chairman and members of the Subcommittee, I am grateful for the chance to appear before you again this afternoon in behalf of the Tallahala Creek Reservoir Project principally affecting Jones and Jasper Counties, Mississippi.

When I began to prepare my remarks for today, I reviewed my testimony on this same project for last year. Much to my dismay, there have been few, if any, changes in the status of the Tallahala Creek Reservoir since my presence here on April 10, 1979. In fact, my last year's testimony could almost be repeated verbatim. We still have a project which was funded initially twelve years ago in 1968 with over $13 million in construction monies having been appropriated since then. To date, however, no actual construction has taken place. All the funds have been diverted to other purposes.

Countless delays have plagued the Tallahala project over the years. The latest one resulted from the discovery of oil at the planned reservoir site. Last year I was advised by the Corps of Engineers that a supplemental environmental impact statement was required because of the oil discovery. In addition, I was told that the draft supplemental EIS was complete and was scheduled to be presented to Congress pursuant to the Clean Water Act in late summer of 1979. Today we know that prediction was, shall we say, a bit optimistic. The Corps now tells me, and they so advised this subcommittee earlier this month on March 5, that the final supplement to the EIS is scheduled to be filed with EPA in July 1981 and with Congress in October 1981.

Mr. Chairman, the Corps of Engineers certainly is not totally the cause of the numerous delays encountered by this project. I have read the transcript of the March 5 hearing before this subcommittee when several questions were directed to General Bratton by the Chairman of the Committee, Mr. Whitten, and the ranking minority member of the subcommittee, Mr. Myers. The upshot of those questions and responses and the dialogue that followed among the subcommittee members reveals that in spite of the Corps' efforts to coordinate a compromise among the three federal agencies involved, the fact is that EPA and the Fish and Wildlife Service have done little if anything to resolve their differences for the past two years. What they have done, though, is to propose change after change in the draft supplemental EIS, which, of course, is an effective dilatory device.

I think we have reached a point after twelve years, Mr. Chairman, when the interagency bickering has gone on long enough. Further studies and the like are no longer beneficial. The Tallahala Creek Reservoir is worth building. It will provide flood control for the citizens of Laurel, Mississippi; it will supply Jones County with drinking water; fish and other wildlife will have a refuge; and the people of Mississippi and neighboring Alabama will have expansive recreational opportunities.

If we are serious about moving the Tallahala project off dead center, if we are serious about sending a signal to the foot-dragging agencies involved in this scenario, and most importantly if we are serious about helping the people of my state, we should provide a minimal amount of funds in the FY 1981 appropriation for this project. Money is needed now for appraisals and land acquisition. These are things that can proceed while the supplemental EIS is being finalized, and when the reservoir is ultimately approved, construction can begin immediately.

So, Mr. Chairman, I am here to request that the subcommittee include $1 million in your bill for Tallahala. I feel this will indicate the concern of the Congress for the project and will provide the agencies involved with what I hope will be the needed incentive to proceed expeditiously with the supplemental EIS.

Mr. BEVILL. Thank you, Congressman Lott, for an excellent statement.

DICKEY-LINCOLN SCHOOL LAKES PROJECT, MAINE

WITNESS

HON. DAVID F. EMERY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE

Mr. BEVILL. Our good friend and colleague, Congressman Emery, is with us. We are pleased to recognize you at this time. You may proceed as you wish.

STATEMENT OF CONGRESSMAN EMERY OF MAINE

Mr. EMERY. Thank you very much, Mr. Chairman. I do have a prepared statement which I will submit for the record rather than read the whole thing.

[The information follows:]

STATEMENT BY CONGRESSMAN DAVID F. EMERY

Mr. Chairman, I am very pleased once again to appear before this Subcommittee to testify in opposition to the Dickey-Lincoln School Lakes Hydroelectric project proposed for northern Maine. The U.S. Army Corps of Engineers has requested $795,000 for advanced engineering and design for FY 81.

Mr. Chairman, 20 years of study and investigation, at a public expense of over $10 million, have made painfully clear the fact that Dickey-Lincoln is a poor investment of taxpayers' money, is environmentally unsound, and is an inappropriate response to New England's power demands.

To refresh all of our memories, the Dickey-Lincoln School Lakes Hydroelectric project is comprised of two dam sites on the St. John River. The Dickey dam would be an earth-fill construction 10,100 feet long and 335 feet high, operated to generate peaking power. The Lincoln School dam, located 11 miles downstream, would be somewhat smaller, with the purpose of regulating the flow of the St. John River, checking the surge drawdown of the Dickey dam, and providing some intermediate power for northern Maine.

The topography of northern Maine is particularly unsuited for large-site hydroelectric development. The terrain is gently sloped, with many small rivers that quickly run dry after the spring. Thus, a 2-mile long dam, which would flood 88,000 acres of prime timber land, would be required to produce an annual energy yield equivalent to one half of one percent of New England's current oil consumption.

The energy alternatives to this $1 billion extravaganza are numerous, readily available, and technologically and environmentally acceptable. In 1977, an Audubon Society study revealed that if the same fiscal resources were devoted to attic insulation, the yearly savings would be 43 times as great as Dickey-Lincoln's output. The New England Energy Congress, a study group sponsored by the New England Congressional Caucus and Tufts University, explicitly refused to consider Dickey-Lincoln as a viable energy alternative and reported that government incentives, similar to those worked out in the crude oil Windfall Profit Bill that promoted tidal, wood, solar, low-head hydro, wind, solid waste, and other energy resources, could result in New England generating 25% of its power needs from alternatives to petroleum and environmentally-costly projects.

A study coordinated by my office demonstrated that northern Maine could produce the same amount of electricity that Dickey-Lincoln would allocate to the region from six existing small hydroelectric sites and at less cost and with far less economic and environmental dislocation. I am very pleased to further report that half of these sites are now under active consideration for development by towns and local power concerns.

While these figures are impressive, the environmental impacts are staggering. Initially, we, the opponents, spoke of the inundation of 270 miles of free-flowing streams and rivers, and 88,000 acres of timber lands. This region is now a prime wilderness recreation area rich in trout fishing, hunting, and canoeing, as well as a productive timber region.

To cure this devastation, the Corps of Engineers spent a million dollars to devise a Fish and Wildlife Mitigation Plan. Now we must worry about a plan whose effects are more devastating than the original problem. To gain grudging support from the concerned state and federal agencies, the Mitigation Plan requires locking up an additional 300,000 acres of timber land, a $6 million fish hatchery, and adding a yearly allocation for management and maintenance. After all of this, the report concludes that the impact of Dickey-Lincoln is probably irreparable.

The House of Representatives has reacted to these facts, and has refused to fund the project for the past two years, only to see the Senate reinstate the funding in Conference. The House Public Works Committee, in an unprecedented action, firmly deauthorized the project.

Mr. Chairman, I believe the prior actions of this Committee and the House of Representatives speak for themselves. If this Congress truly seeks to provide a balanced and restrained federal budget, it should start by eliminating the FY '81 appropriation for Dickey-Lincoln.

Mr. EMERY. I would like to recap some of the points that I have made before this committee in the past in opposition to the proposed Dickey-Lincoln School Lakes Hydroelectric Project proposed for

northern Maine. I think you might find it refreshing in a year of budgetary constraints that somebody comes before your subcommittee asking that a project not be funded. We feel very strongly in Maine that this project is not in our best interests, nor is it in the best interests of the New England energy problems.

We have had 20 years of study and investigation at public expense of well over $10 million. We have made painfully clear the fact that the Dickey-Lincoln Project is a poor investment of taxpayers' money and is environmentally unsound and is a inappropriate response to New England's power demands.

To refresh all of our memories, the Dickey-Lincoln School Lakes Project is comprised of two damsites on the St. John River. The Dickey Dam would be an earth-fill construction 10,000 feet long and 335 feet high, operated to generate peaking power. The Lincoln Dam, located 11 miles downstream, would be somewhat smaller, with the purpose of regulating the flow of the St. John River, checking the surge drawdown of the Dickey Dam, and providing some intermediate power for northern Maine.

Three of the four members of the state's congressional delegation oppose the Dickey-Lincoln Project. Congresswoman Snowe, in whose district the project would be located, opposes it. Senator William S. Cohen, who used to represent the 2nd Congressional District, opposes it, and I oppose it.

Just about every political opinion survey in recent years in the State of Maine shows that a majority of the voters in the State of Maine oppose it. Many members of the state legislature have opposed the project. All of the major newspapers in the state have editorialized against the project, but it comes up year after year after year. This committee has opposed the funding in the past, for which we are grateful, but it has been reinserted on the Senate side, and we hope that we will be able to reverse that trend.

In the last go-around the Senate added money that had previously been rejected by a 5-vote margin, Senator Cohen being on the opposite side of the question from Senator Muskie. Nevertheless, we feel that this project is ill advised. It has many environmental problems, and we feel that there are many ways that money could be spent in Maine to improve energy supplies and produce far fewer environmental problems and game management problems, timber problems, things of that nature, which we are very concerned about.

ALTERNATE ENERGY PRODUCTION

For example, my office has conducted a study which shows that developing 6 smaller sites could produce nearly 70 percent of the electric for use in Maine that Dickey-Lincoln would provide at mearely one-third of the cost. Other studies have shown that using small tidal facilities, generating hydrogen, reducing waste and doing other things of that nature, would provide much more electricity for the State of Maine and the rest of New England at less of a cost. I think those are alternatives that the Army Corps of Engineers and other officials ought to study in greater detail, and we would hope that this committee would accept our recommendation and continue to oppose it.

We feel very strongly about it. That completes my testimony, Mr. Chairman. I will submit further information for the record and I thank you very much for your consideration.

Mr. BEVILL. The record will be open until April 2nd. You may insert it at any time.

Mr. EMERY. Thank you very much.

Mr. MYERS. What is the attitude of your Governor now?

Mr. EMERY. Governor Brennan supports the project, although he hasn't been as vocal as some other forces in the State of Maine, but he nevertheless does support the project.

Mr. BEVILL. Thank you very much.

Mr. EMERY. Thank you.

ROCHESTER AND WINONA, MINN., FLOOD CONTROL PROJECTS

WITNESSES

HON. ARLEN ERDAHL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA
DARRELL STRAIN, CITY COUNCILMAN, ROCHESTER, MINN.
EARL LAUFENBERGER, MAYOR OF WINONA, MINN.

Mr. BEVILL. We are pleased to have Congressman Arlen Erdahl with us. You may proceed.

STATEMENT OF CONGRESSMAN ERDAHL OF MINNESOTA

Mr. ERDAHL. Thank you, Mr. Chairman and my colleagues on the committee. I appreciate the opportunity to appear before your distinguished subcommittee on behalf of appropriations for items in the Corps of Engineers' budget for Minnesota's First Congressional District. I am pleased that Darrel Strain, City Councilman from Rochester, and Earl Laufenberger, Mayor of Winona, are with me today to present testimony on behalf of funding for projects in their communities. Both of these gentlemen are well equipped to do that because they have been working on these projects for a long time; in fact, back, in the days when my predecessor Al Quie was a member of this Congress.

Mr. BEVILL. He got promoted to Governor.

Mr. ERDAHL. I am sure he feels that way sometimes. He tells me he likes it there.

While I support the efforts to balance the federal budget, I believe the Congress must set its priorities carefully and that in doing so, funds will be provided for continued planning of the Rochester Flood Control Project and construction of the Winona Project. I strongly support the appropriations of $330,000 to continue the advance engineering and design of the flood control project at Rochester, Minnesota, on the South Fork of the Zumbro River.

This project is essential to the residents of the city of Rochester, who are giving it strong local support. As you may know, a devastating flood hit Rochester on July 5 and 6, 1978, in which 5 persons lost their lives and damages estimated at $60 million were sustained. This

project must move forward expeditiously to prevent future loss of life and property.

If I could add an aside without taking the Councilman's point he might bring up, that just a couple of weeks ago we had the potential of another disastrous flood as we had the spring runoff coupled with some rain.

Mr. Chairman, I request your subcommittee to approve $5,300,000 for continued construction of the flood control project on the Mississippi River at Winona, Minnesota. The Corps of Engineers is replacing a 10.4-mile-long temporary dike with a permanent dike. The project boasts a benefit-cost ratio of 2.9 to 1 and is vital to the city of Winona. When completed, the dike will protect the lives of some 18,000 people and property valued at $143.9 million. The total project cost is estimated to be $25,450,000 with the federal share of $23,300,000.

The last item is $177,000 for operation and maintenance on the St. Croix River. The river is used for navigation and recreation. It is extremely important to people in the metropolitan Minneapolis/St. Paul area for recreation and to people living in Washington County, which is the county immediately east of St. Paul, for navigation. I hope you will include this in the appropriations act.

Rather than take any more of your time, I would like to present Darrell Strain, Rochester City Councilman, who will be followed by Earl Laufenberger, Mayor of Winona, to make brief presentations, and then along with myself, will be available to try to respond to any questions you might have.

Mr. BEVILL. Very good.

Mr. ERDAHL. This is Mr. Darrel Strain of Rochester, Minnesota, member of the city council.

Mr. BEVILL. Pleased to have you with us, Mr. Strain.

STATEMENT OF DARRELL STRAIN

Mr. STRAIN. Honorable Chairman, Mr. Bevill and committee members, I am Darrell Strain from Rochester, Minnesota, city councilman, and I come here today carrying a message from our Mayor and city council and from the 60,000 people of our small community. If nothing else today, I would like to leave a message that we are talking about a plan that we have worked on with our congressman for a number of years, and I appreciate that, and the message I would like to leave is that this is more than a water resources project or a flood control plan. This is a people plan or a social plan, if you will. We are talking about at least 10,000 people in our community that are affected, and as Congressman Erdahl stated, in 1978 we had a devastating flood, the 100-year flood, so-called, which took 5 lives, and left about $60 million in damages.

Now, we have prepared this blue booklet, and rather than read through it, I would just like to summarize it, going through the first page of the contents, the history of the flooding, the severe flooding that has taken place in our community. The second page is a letter from every one of our councilmen and the mayor of the city of Rochester, speaking to the issue, the need for flood control for our citizens.

On the third page I would like to point out and reiterate the people part of this program. What we show here is that in the floodplain

area the number of dwellings concerned is 3,735 dwellings, taking in 10,000 people. In that area we have homes that are basically occupied by elderly people to a high percentage, and as this shows, 78 percent of the people in that area per household have an income of less than $15,000. These people don't have too many options.

Going to the fourth page, we have a valuation of the properties involved, showing that we have $54 million in assessed valuation and probable sales value of $270 million. The last page of this booklet shows, again by chart, the income level of the people living in the area per household, the household characteristics, which shows almost double the percentage of the rest of the community with elderly and female heads of household, and lastly on that chart there are more older homes in that area. We have a severe need and have been working on this program with many people for a long time. I would appreciate your continued support in Congress to help us achieve objectives.

Thank you.

Mr. BEVILL. Very good.

Mr. ERDAHL. Mr. Chairman, maybe Mr. Strain could just move down a chair and stay here and we could ask the Mayor of Winona to come forward. If I might just interject a couple of things here, I am quite proud as the representative from this area to have these two fine communities. Winona was named one of the All-America Cities in the United States in 1979. It is an old river port, and Rochester, of course, as we all know, is the home of the world-famous Mayo Clinic. Mayor Laufenberger, will you proceed.

STATEMENT OF EARL LAUFENBURGER

Mr. LAUFENBURGER. Honorable chairman and members of the committee, you have my statement as well as some facts concerning our projects and technical data. The City of Winona has been working since 1951 to obtain permanent dike protection for flooding of the Mississippi River. The first half of the project was completed in 1967. In 1970 an interim survey report for Stage II was completed. The next several years were spent preparing an environmental impact statement. The city had to sacrifice 40 acres of potential industrial land in order to satisfy environmental concerns and to clear the way for approval of the environmental impact statement in the spring of 1977.

We are thankful that Congress appropriated construction funds to allow commencement of construction of Stage II during the summer of 1979. We are happy to report that construction of Stage II is now underway. The Corps of Engineers timetable calls for the completion of Stage II in the fall of 1984.

The City of Winona has accepted all local obligations for the project. In Reach "A" now under construction, all of the right-of-way was donated to the city without cost. We are also happy to report that the citizens of Winona passed a $900,000 general obligation bond issue by an overwhelming margin of 5,728 to 540 in December 1979, which will provide the remainder of local share of funds for the entire Stage II project.

The City of Winona is hopeful that you will favorably consider our request so that the construction may continue in an orderly manner.

Thank you.

Mr. ERDAHL. Thank you, Mr. Chairman. Again, if there are questions, as I said, for these gentlemen representing the communities of Rochester and Winona, I am sure that they are willing to answer them.

Mr. BEVILL. Thank you very much for a very fine presentation. You know we will be glad to work with you on this. Thank you very much.

Mr. ERDAHL. Thank you very much, Mr. Bevill.

Mr. BEVILL. Your statements and the additional materials will be inserted in the record.

[The information follows:]



CITY OF WINONA

CITY HALL
4TH & LAFAYETTE ST.
WINONA, MN. 55987
PH: (507) 452-8550

1978-79
ALL-AMERICA CITY

Statement by the Mayor
to the Energy and Water Development Subcommittee
Committee on Appropriations
U.S. House of Representatives

Members of the Committee:

We need flood protection for the well being of our City. We appreciate your consideration of our request.

The City of Winona has been working since 1951 to obtain permanent dike protection from flooding by the Mississippi River. The first half of the project was completed in 1967. In 1970 in Interim Survey Report for Stage II was completed. Then the next several years were spent preparing an Environmental Impact Statement. The City had to sacrifice 40 acres of potential industrial land in order to satisfy environmental concerns and to clear the way for approval of the Environmental Impact Statement in the spring of 1977.

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The City of Winona is hopeful that you will favorably consider our request so that construction may continue in an orderly manner.

Thank you.

TO: ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE ON APPROPRIATIONS,
U.S. HOUSE OF REPRESENTATIVES

FROM: CITY OF WINONA, MINNESOTA

PROJECT: STAGE II - FLOOD CONTROL, MISSISSIPPI RIVER AT WINONA,
MINNESOTA (AUTHORIZED BY CONGRESS, 1971)

REQUEST TO SUBCOMMITTEE: APPROPRIATION OF $5,300,000 FOR COMPLETION
OF CONSTRUCTION FOR REACH "A" FOR CONSTRUCTION
AND ENGINEERING OF REACH "B" AND INITIAL
CONSTRUCTION OF REACH "C" OF ABOVE PROJECT
BY ST. PAUL DISTRICT OFFICE, CORPS OF ENGINEERS

WITNESS LIST:

MAYOR EARL LAUFENBURGER, P.O. BOX 378 WINONA, MN 55987

MARCH 25, 1980

CITY OF WINONA REQUEST FOR FUNDING

FOR

STAGE II - FLOOD CONTROL

MISSISSIPPI RIVER AT WINONA, MINNESOTA

I. PRESENT AUTHORIZED PROJECT IS PART OF THE AUTHORIZED 1958 FLOOD CONTROL PROJECT.

A. STAGE I WAS COMPLETED IN THE SPRING OF 1967.

B. STAGE II, AUTHORIZED IN 1971, WILL COMPLETE THE PROJECT THAT WAS AUTHORIZED BY THE 1958 FLOOD CONTROL ACT.

C. QUOTE FROM "INTERIM SURVEY FOR FLOOD CONTROL, MISSISSIPPI RIVER AT WINONA, MINNESOTA, BY DEPARTMENT OF THE ARMY, ST. PAUL DISTRICT, CORPS OF ENGINEERS, ST. PAUL, MINNESOTA, JANUARY 1970" TO PROVE THE ABOVE STATEMENTS.

EXISTING AND AUTHORIZED IMPROVEMENTS

CORPS OF ENGINEERS PROJECTS

"The only existing Corps of Engineers flood control project in the immediate Winona area is a continuous flood barrier about 6.1 miles long from Minnesota City downstream to a point just upstream from the Minnesota Highway 43 bridge as shown on Plate 1. House Document #324, 84th Congress, 2d session, contains the interim survey report recommending a local protection project at Winona and the 1958 Flood Control Act authorized construction of the project. A contract was initially awarded for the existing segment of the authorized project (Stage I) in October of 1964 and was about five percent complete when work was suspended for the winter season. The record flood on the Mississippi River in April 1965 prevented resumption of work in the spring and made it advisable to redesign the project increasing levee heights to protect for higher flows. A contract was reawarded in September of 1965 and was completed in the spring of 1967 with federal costs of $2,035,631 and $17,316 contributed by local interests. Included as part of the authorized project is a plan which would strengthen and extend an existing levee downstream from the Lake Winona outlet. The estimated cost of this portion is $1,020,000 federal with $17,000 to be contributed by local interests based on 1965 prices. At the request of local interests, this portion of the authorized project was not constructed in order that the scope of the project could be reconsidered to allow for the protection of additional lands needed by the City for industrial expansion. The uncompleted portion of the project was placed in a "deferred for restudy" category. Expansion of the authorized Lake Winona levee alignment is considered further as part of this survey report."

II. DESCRIPTION OF PROJECT

THE PRESENT AUTHORIZED PROJECT, STAGE II, WOULD TIE INTO THE DOWNSTREAM EXTREMITY OF THE COMPLETED LEVEE PROJECT, STAGE I, AT HUFF STREET AND WOULD EXTEND DOWNSTREAM TO PROTECT THE INDUSTRIAL BASED RIVERFRONT AND WOULD PROVIDE THE NECESSARY CLOSURE BELOW LAKE WINONA NEEDED TO COMPLETE THE AUTHORIZED PROJECT. THE FLOOD BARRIER WOULD EXTEND FROM HUFF STREET TO BELOW PEERLESS CHAIN, THEN FOLLOW THE ABANDONED GREAT WESTERN RAILROAD ROW TO CONNECT TO T.H. #61-14 WEST OF AND ADJACENT TO BURNS VALLEY CREEK.

QUOTE FROM SAID INTERIM SURVEY

PLAN OF IMPROVEMENT SELECTED

GENERAL DESCRIPTION

"The selected plan of improvement which includes both nonstructural and structural measures would provide the most practical and economical plan for fulfilling the existing and prospective flood control needs at Winona. The proposed plan would include levee and flood wall protection with necessary interior drainage works for the riverfront and the Lake Winona closure reaches as well as a sound floodplain management program to prevent unwise development of the area bordered by US Highway 61 and Burns Valley and Pleasant Valley Creeks. The plan would also complete the authorized project by providing the downstream flood barrier needed to prevent Mississippi River backup flows from entering Lake Winona and inundating the area now only partially protected by the completed segment of the authorized plan. The selected plan would also provide control of Burns Valley Creek by means of channel improvement, raising and extending the existing levee system, a drop structure, an erosion control structure, a bridge modification and a sewer line modification. The structural plan proposed is shown on Plate 3 with pertinent features and typical sections shown on Plates 4 and 5."

PROJECT FEATURES

"The recommended flood barrier consisting of levees and floodwalls would tie into the downstream extremity of the completed levee project, would extend downstream to protect the industrial based riverfront and would provide the necessary closure below Lake Winona needed to complete the authorized project. Control of Burns Valley Creek would be afforded by extensive channel improvement and raising of existing side levees. Included in the Burns Valley Creek modifications would be a drop structure and necessary erosion control facilities. Practically no disruption would result to the existing industrial and residential development in the area. In addition the recommended alignment below Lake Winona provides protection for an area that would permit growth opportunities not originally included in the authorized plan.

"Earth levees averaging 10 feet in height and totalling approximately 3.8 miles in length comprise about 85 percent of the proposed flood barrier. Concrete floodwalls also averaging about 10 feet in height total about 3,400 feet in length and have been designed integral with a sheetpile cutoff wall to control underground seepage."

III. COST BENEFIT RATIO

THE BENEFIT COST RATIO FOR STAGE II AS QUOTED IN SAID INTERIM REPORT IS 2.9.

SAID INTERIM REPORT STATES THAT "UNTIL STAGE II OF THE AUTHORIZED PLAN IS CONSTRUCTED AVERAGE ANNUAL DAMAGES WITHIN THE AUTHORIZED PROJECT LIMITS WILL REMAIN AT ABOUT $1,610,000 ANNUALLY."

IN THE SAME PARAGRAPH SAID INTERIM REPORT ALSO STATES "THE DISTRICT ENGINEER FINDS THAT A FLOOD BARRIER EXTENDING DOWNSTREAM FROM THE STAGE I LEVEE TERMINUS ALONG THE WINONA RIVERFRONT AND AROUND THE LOWER SECTION OF THE COMMUNITY TO REPLACE THE AUTHORIZED STAGE II LEVEE IS ECONOMICALLY JUSTIFIED.

IV. COST AND HARDSHIP ENCOUNTERED BY THE CITY UNTIL STAGE II IS COMPLETED

THE OUT-OF-POCKET EXPENSE TO THE CITY FOR RECENT FLOODS HAS BEEN TREMENDOUS AND IS SHOWN AS FOLLOWS:

YEAR	TOTAL COST OUTLAY	REIMBURSEMENT FROM "OEP"	NET COST OUTLAY
1965	$1,912,580	$1,746,268	$166,312
1967	252,875	-	252,875
1969	109,448	104,777	4,671
1971	33,970	-	33,970

THE ABOVE COSTS MAINLY COVER MAINTAINING TEMPORARY DIKES AND TEMPORARY PUMPING IN THE STAGE II AREA AND DO NOT INCLUDE SALARIES OF CITY EMPLOYEES AND VOLUNTEERS AND ACTUAL FLOOD DAMAGES SUSTAINED.

THE CITY HAS NO ASSURANCE THAT IF A FLOOD OF THE 1965 MAGNITUDE OCCURRED AGAIN PRIOR TO COMPLETION OF STAGE II THAT THE "OEP" WILL ASSIST IN THE COST OF THE FLOOD FIGHT.

DUE TO TAX LEVY LIMITATIONS NOW EXISTING IN MINNESOTA, THESE FLOOD FIGHT COSTS ARE CUTTING DEEPLY INTO THE CITY CAPITAL IMPROVEMENT PROJECTS.

THE ESTIMATED DAMAGES AS DETERMINED BY THE CORPS OF ENGINEERS, THAT THE CITY WOULD HAVE INCURRED WITHOUT A FLOOD FIGHT ARE $35,900,000 IN 1965. IF A FLOOD EQUAL TO THE 1965 FLOOD ENTERED THE CITY IN 1979, THE DAMAGES WOULD BE $89,750,000 IN 1979 DOLLARS.



City of Rochester
Minnesota

TO: Honorable Tom Bevill, Chairman
Honorable Committee Members
Energy and Water Development Subcommittee
on Appropriations
House of Representatives
Washington, D. C. 20515

RE: Rochester, Minnesota Flood Control Project
$330,000 Appropriations for Detailed Design Planning by
the U. S. Army Corps of Engineers

FROM: Mayor and City Council
Rochester, Minnesota

CONTENTS

1. Letter from Mayor and Council
2. Population and Housing Data
Household Characteristics
3. Property Value Data, Flood Plain Parcels
4. Comparisons of Flood Victim and Non-Flood
Fringe Households

Rochester's Flood History

July 6, 1978	23 feet
March 1, 1965	19.12 feet
March 29, 1962	18.46 feet
Oct. 18, 1955	18.00 feet
June 23, 1908	18.00 feet
July 21, 1951	17.50 feet
March 26, 1961	15.43 feet
June 21, 1974	16.86 feet
March 31, 1952	13.26 feet
March 11, 1973	15.34 feet
June 4, 1958	13.54 feet
April 6, 1965	13.55 feet
March 4, 1966	14.94 feet
May 1, 1973	13.36 feet
Feb. 9, 1966	13.93 feet
June 24, 1952	11.60 feet
March 11, 1967	12.45 feet
June 19, 1954	11.21 feet
March 27, 1967	11.45 feet
April 4, 1969	11.17 feet
June 15, 1967	11.12 feet



City of Rochester
Minnesota

March 25, 1980

Honorable Tom Bevill, Chairman
Honorable Committee Members
Energy and Water Development Subcommittee
on Appropriations
House of Representatives
Washington, D.C. 20515

RE: Rochester Minnesota Flood Control Plan - Funding of $330,000 for Corps of Engineers Detailed Design Phase

Dear Committee Members:

Thank you for the opportunity to provide input to the committee regarding the need for continued funding for our project planning. There is a critical need to solve the flooding problem in our community. We have a recurring history of floods. In July, 1978, our community was hit by a devastating flood which took five lives and left over $60 million in damages.

Currently, the authorization phase of the project is being processed as part of the 1979 Water Resources Bill (H.R. 4788 and S. 703). Congress has voted approval on H.R. 4788 and the Senate is involved in writing up S. 703.

Our specific plan is a joint effort between the U. S. Army Corps of Engineers, and the U. S. Soil Conservation Service. We would like them to proceed parallel to one another, as they are dependent-coordinated projects.

We hope you will continue to share with us in finding a solution to the severe problem which affects our people, properties, and public installations. Your approval of the subject appropriation will allow the continuation of final detailed design of the plan.

Thank you.

Respectfully submitted,

Mayor Chuck Hazama

Richard J. Postler, Council President

Darrell Strain, Councilman

Peter Solinger, Councilman

Dr. Joseph Duffy, Councilman

James Powers, Councilman

Paul Allen, Councilman

Robert L. Larson, Councilman

TABLE 1 POPULATION & HOUSING DATA

	Rochester	Flood Plain Areas	Areas Outside Flood Plains
1. Number of occupied dwelling units			
single family	13,600	2,235 (16.4%)	11,365
multifamily & mobile homes	9,000	1,500 (16.7%)	7,500
Total	22,600	3,735 (16.5%)	18,865
2. Household population	57,690	9,970 (17.3%)	47,720
3. Group quarters population	2,080	341 (16.4%)	1,739
4. Total Population	59,770	10,311 (17.3%)	49,459

Source: Consolidated Planning Land Use Records File

TABLE 3 HOUSEHOLD CHARACTERISTICS

	Rochester	1978 Flood Areas	Areas Outside Flood Plains
1. Housing Unit Inadequacy			
% households overcrowded	25.7%	37.1%	24.4%
% with 7 or more structural problems	5.6%	11.4%	5.3%
% of structures over 30 years old	24.6%	53.1%	22.6%
2. Characteristics of Household Head (s)			
% widowed, single, or divorced.	35.5%	45.7%	34.5%
% female	27.0%	40.0%	25.2%
% over age 62	17.5%	31.4%	16.9%
3. Income characteristics			
% with annual incomes below $5,000	13.6%	25.0%	12.5%
% with annual incomes below $10,000	31.9%	46.9%	30.4%
% with annual incomes below $15,000	50.1%	78.1%	46.2%

Source: Consolidated Planning Department Survey of Household Characteristics, January, 1978, matched against July 1978 Red Cross Survey of Flood Victims.

TABLE 2 PROPERTY VALUE DATA, FLOOD PLAIN PARCELS

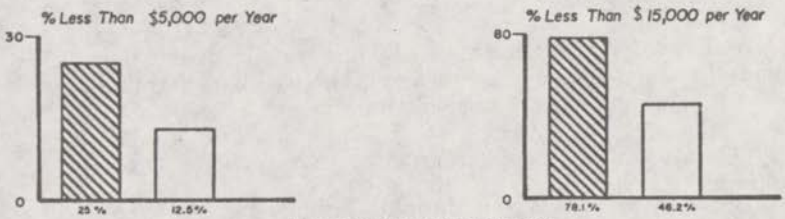
	# of Parcels	Assessed Value ($1,000's)	Probable Sales Value ($1,000's)
1. Residential Property			
single family		12,534	78,262
multifamily (excluding mobile homes)		5,564	25,138
nursing homes		265	892
parsonages		29	96
Total	2,598	18,392	104,388
2. Business Property			
commercial		16,902	53,108
industrial		2,966	9,297
utilities		43	134
telephone & railroad		60	189
Total	387	19,971	62,728
3. Governments, excluding schools			
State of Minnesota		11	34
City of Rochester		9,328	29,641
Olmsted County		303	948
Total	103	9,642	30,623
4. Schools, churches & Charitable Institutions			
schools		3,359	10,528
colleges		781	2,578
churches		1,048	3,284
charitable institutions		764	2,404
Total	36	5,952	18,794
5. Open land			
vacant urban land		284	1,062
parks & game refuges		36	117
cemeteries		0	1
road rights of way		0	0
Total	211	320	1,180
Grand Total	3,335	$54,277	$217,713

Source: Olmsted County Assessor files, adjusted to reflect 1979 Multiple Listing Service data excluding sales of newly built units.

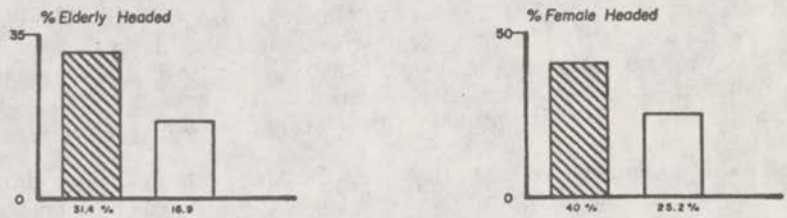
COMPARISONS of FLOOD VICTIM & NON-FLOOD FRINGE HOUSEHOLDS

ROCESTER, MINNESOTA 1978

INCOME



HOUSEHOLD CHARICTERISTICS



HOUSING UNIT INADEQUACY



Flood Victim Households

Non - Flood Fringe Households

Source: 1978 Survey of Household Characteristics, Olmsted County Consolidated Planning Department, January, 1978.

BIOMASS ENERGY PROGRAMS

LAFAYETTE LAKE AND LITTLE CALUMET RIVER PROJECTS, INDIANA

WITNESS

HON. FLOYD J. FITHIAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mrs. BOGGS. The committee will come back to order, please. We are honored today to have our colleague, Mr. Fithian of Indiana, with us. We will be happy to have your testimony at this time.

STATEMENT OF CONGRESSMAN FITHIAN OF INDIANA

Mr. FITHIAN. Thank you, Madam Chairperson.

I am here today to support an endavor that you and I have engaged in over time down in your fair city with regard to alcohol fuels. This is my primary thrust of my testimony today. I thank the committee for the opportunity to appear before it. I will have a couple of quick remarks about the Army Corps of Engineers programs as well, but I shall not ask the indulgence of the committee for long, since I know we are up against a vote coming soon and you have other witnesses.

As the subcommittee may know, the Department of Energy developed a supplemental funding request for alcohol production research and development late in 1979. The plan, which I am recommending that you include in the FYH 1981 DOE appropriation, was designed to complement the Administration's alcohol fuel initiative of January 11, 1980. Nevertheless, the proposal was inexplicably rejected by OMB several weeks ago.

OMB's action in killing the DOE supplemental funding request was, in my view, both inconsistent with the President's strong support of alcohol fuel commercialization and ill-advised in view of ongoing commercialization activities by DOE and USDA.

Ironically, the $30 million R&D plan was specifically designed to answer two of the most troubling problems with existing ethanol conversion technologies—the food vs. fuel question and the energy efficiency problem. The plan was directed specifically toward reducing the capital and energy requirements of ethanol conversion processes and toward expanding the range of usable feedstocks for ethanol conversion to include agricultural, forestry, and urban wastes.

To put it another way, if ethanol is to become a major source of liquid fuel, it must pose no threat to our food and fiber supply and it must yield substantially more energy than is required to produce it. Research directed toward these goal, to affirm what I believe to be the case and to affirm this in the engineering sense, should be at the very heart of the federal biomass R&D effort. Yet without the additional $30 million in FY 1981, this research may never be performed.

I commend this item to the attention of the committee, and I know the chairman and I have had discussions on the floor of the House

about the commitment of all of us to R&D in this field, and the fine research that is going on at Auburn University and Purdue University, among others, and so I am here today simply to underscore that.

CORPS OF ENGINEERS

Turning now to the Army Corps of Engineers water development budget for FY 1981, I would like to express my support for the $239,000 request by the Corps for the operation and maintenance at Burns Waterway Harbor in my district. In addition, I fully support both the Army Corps and my colleague, Congressman Adam Benjamin, in their request for $40,000 for general investigations and planning for the Little Calumet River Project (Phase 1).

I respectfully request that no funds be appropriated for the Lafayette Lake Project in Indiana, including no funds for any potential review or restudy of the project. I fully support my colleague, Congressman Phil Sharp, in his request that $300,000 for advanced engineering and design for the Big Blue Lake be deleted from the budget request for FY 1981 since the House of Representatives recently voted to deauthorize the project.

I believe these steps will help trim the costs of water projects no longer requiring federal assistance, and will be a small but forward step toward balancing the federal budget and reducing inflation.

My purpose for coming here today is my absolute conviction that we ought to do what we can to advance alternate fuels, and the small commitment that was asked for in the supplemental which did not get through OMB is really kind of something that we should excuse ourselves and ask for forgiveness for pushing for small amounts of funds for something that is tremendously important. In any case, I trust to the good sense of this committee and the diligent leadership of both majority and minority parties to advance that concept which is so badly needed in our energy picture.

Mr. BEVILL. Thank you very much, Congressman.

Mr. MYERS. I have one question. With regard to your request for the additional $30 million which the President saw fit not to put in, if we include items like this in this bill, do you think it would be subject to a veto? We were criticized the other day, we in Congress, when the President accepted the award as the Environmentalist of the Year, when he said that this terrible water resources bill we passed was loaded with things we didn't need. If we put projects like this in, don't you think we are subjecting ourselves to a veto?

Mr. FITHIAN. I take the President's comments of January 11 to reflect what the administration at least at the top levels, USDA, Secretary Bergland, Department of Secretary Charles Duncan and my own conversation with Mr. Eizenstat at the White House indicated that for the first time since I have been working on this that the top echelon of the administration is really now united and pointed in the same direction with regard to alcohol fuel.

Mr. MYERS. If we are united, that is something new, let alone on any one project.

Mr. FITHIAN. It certainly is with regard to alcohol fuel production. While I lament the fact that it took an embargo to get us there with

a unity, we do have that unity now. My judgment, Mr. Myers, is that it would not encounter any presidential wrath.

Mr. MYERS. I have one other question. You support the $40,000 for general investigations along the Little Calumet, and you oppose any flood control measures along the Wabash. What is the difference between a flood along the Little Calumet and a flood along the Wabash? One is important and one isn't?

Mr. FITHIAN. You are supporting Congressman Benjamin's request for that, and I do support that project. Mr. Myers, I tried to distinguish between what I think are good and bad projects.

Mr. MYERS. What makes a good project along the Little Calumet and bad project along the Wabash?

Mr. FITHIAN. I suspect if you look at the engineering studies that are at least tentative and pointed in that direction, the number of people that are involved, the costs, what I trust will be the cost-benefit ratio, but I think there is something more important than that that you and I both know.

Mr. MYERS. I am asking the question. I don't know.

Mr. FITHIAN. That is, that there is no prospect of doing the Lafayette Lake Project since the State of Indiana so overwhelmingly has spoken at its state legislature, and with our Governor's support for the elimination of the Lafayette Lake Project, so whatever theoretical prospect of saving flooding as a result of that project remains that, very theoretical, and the one that I think Congressman Benjamin is referring to here at least tentatively has the support of the state. You have to make a difference between what localities in states want and what they don't want. I think that is the issue.

Mr. MYERS. I invited our Governor and asked him the same question. Why is the flood up in his area more important than down in my area? And you are right between us. I've yet to get a satisfactory answer.

Mr. FITHIAN. Right; I was caught between you and the Governor.

Mr. MYERS. I have never had a satisfactory explanation from anyone yet except maybe geographical locations. Thank you.

Mr. BEVILL. The Chair recognizes Mrs. Boggs.

Mrs. BOGGS. Mr. Chairman, the visit to New Orleans to which our colleague refers was the first inter-American Conference on Renewable Sources of Energy, and we are very pleased to have had the participation of Mr. Fithian in that conference. It was a remarkable success. There was tremendous interest by people not only in America but 42 different countries were represented by the various delegates, over 1,000 people. Mr. Fithian will remember that we also had Congressmen Bedell as well. We did note our sadness in the fact that our colleague Mrs. Smith wasn't with us.

I am sure you have a lot of support on this committee from both ends of the table.

Mr. FITHIAN. I thank you, Mr. Chairman, for the opportunity to appear.

Mr. BEVILL. Thank you very much, Congressman Fithian. We will certainly consider all your requests.

PAPILLION CREEK AND TRIBUTARIES PROJECT, NEBRASKA

WITNESSES

LARRY HADAN, SECRETARY, PAPILLION VALLEY PRESERVATION
MEL HOIIER, CHAIRMAN, PAPILLION VALLEY PRESERVATION ASSOCIATION
MILTON FRICKE, CHAIRMAN, PAPIO FLOOD PROTECTION ASSOCIATION, AND DIRECTOR, PAPIO NATURAL RESOURCES DISTRICT

Mr. BEVILL. Mrs. Hadan, we are pleased to have you appear before our committee again. You may submit your prepared statement, and proceed as you wish.

Mrs. HADAN. We will make it very brief. We would like to have the statements that I have submitted added to the official record. With your permission, the Papillion Valley Preservation Association would like to share their time, their 5 minutes, with Mr. Milton Fricke, Chairman of the Papio Flood Protection Flood Association, and also representative from the Papio Natural Resources Board.

[The information follows:]

STATEMENT BY
PAPIO NATURAL RESOURCES DISTRICT

BEFORE

ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE ON APPROPRIATIONS
COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES
CONGRESSMAN THOMAS BEVILL, CHAIRMAN

ON

PAPILLION CREEK AND TRIBUTARIES FLOOD CONTROL PROJECT

MARCH 25, 1980

Papio Natural Resources District

SUMMARY OF TESTIMONY

before

ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE ON APPROPRIATIONS

Papillion Creek and Tributaries Flood Control Project:

The District's testimony requests funding for planning of dam sites 18 and a new look at 20 in the Papillion Creek and Tributaries project. Testimony notes that the District supports a Joint Resolution of the Papio Valley Preservation Association and the Papio Flood Protection Association that provides for a number of local efforts to recognize the flood hazard and requests Federal participation through the implementation of a portion of the originally authorized project.

The Papio Natural Resources District appears before your Committee this year to discuss a project of vital interest and concern to the District. The Papillion Creek and Tributaries Flood Control Project has been discussed many times with the Committee. We appreciate your previous support for the project and ask for your continued support of Federal involvement in this needed project.

The Papio Natural Resources District Board of Directors at a meeting held on March 24, 1980 took action to endorse a request for funding for sites 18 and 20 and also supports the concepts of the seven points in a Joint Resolution of the Papillion Valley Preservation Association, Inc., and the Papio Flood Protection Association. That agreement provides for involvement of Federal, State and local agencies in programs to recognize and reduce the flood hazard in the Papillion Creek basin. Four of the original flood control sites in the West Branch Papillion Creek are supported by the Papio Natural Resources District.

The Joint Resolution contained the following seven points:

1. Develop state legislation requiring control of water run-off in housing and/or commercial developments in the watershed.

2. Promote the acceleration of P.L. 566 projects under the supervision of the Soil Conservation Service, U.S.D.A., and Conservation Assistance Program projects of the Papio Natural Resources District.

3. Implement reasonable channelization measures to provide adequate run-off from the watershed.

4. Continue enforcement of floodplain regulations by local units of government.

5. Seek legislation bringing dam site No. 20 back to active status.

6. Urge funding and construction of dam No. 18.

7. Deauthorization, by Congress, of the original Corps Papio Project and proposed Site 3A except dams 18 , 20, 19 and 21 or a permanent injunction of all dams except numbers 18 and 20, 19 and 21.

The District is hopeful that the Congress can continue to support that portion of the Papillion Creek and Tributaries Project which involves Federal activities.

STATEMENT BY
PAPIO NATURAL RESOURCES DISTRICT

BEFORE

ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE ON APPROPRIATIONS
COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES
CONGRESSMAN THOMAS BEVILL, CHAIRMAN

ON

MISSOURI RIVER AGRICULTURAL LEVEE UNIT R-616

MARCH 26, 1980

Papio Natural Resources District

SUMMARY OF TESTIMONY

before

ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE ON APPROPRIATIONS

Missouri River Levee Unit R-616 Project:

The District's testimony supports funding for the construction of Missouri River Levee Unit R-616. The Papio Natural Resources District, as the local sponsor for this project, has acquired all the necessary right-of-way for the project. The District is requesting sufficient appropriations in Fiscal Year 1981 so that the project can be completed in a timely manner.

The District, as local sponsor for the project, has made expenditures of approximately $1,280,000.00 for the necessary right-of-way and other local sponsor requirements on this project. The local expenditures to date are approximately 35% of the total estimated project expenditures as of October 1, 1979. We understand that the present Corps requested funds for Missouri River Levee System Iowa, Nebraska, Kansas and Missouri does not include any funds for Missouri River Levee Unit R-616 because of on-going litigation. We would strongly urge the Committee to include funds, as you have in the past three years, sufficient for the Corps to complete construction of this project during the coming fiscal year. We are hopeful that the current litigation will be successfully resolved so that the Corps can proceed with construction. Action to restore and preserve funds for the Federal portion of this project is urgently requested.

Mr. Chairman and Members of the Energy and Water Development Subcommittee on Appropriations:

The Papio Natural Resources District is appearing before your Committee on a project of vital interest and concern to the District.

Papio Natural Resources District continues to support the need for flood control measures and Federal support of those activities. Flood control facilities and activities can take the form of both structural and non-structural measures or combinations of the same. We would urge the Committee to continue to support worthwhile flood control projects.

The project which we would like to review with you is the Missouri River Levee Unit R-616 project. The District would like to thank the Committee for including funds in the last three(3) Fiscal Year appropriations to the Corps of Engineers for Missouri River Levee Unit R-616. We appreciate your consideration of our request in the previous three years and would like to request your continued support for this project. The District, as local sponsor for the project, has acquired the necessary right-of-way for the project. We are hopeful that the current litigation which has delayed project construction will be resolved in the near future so that the project can proceed. We are requesting your support of and inclusion in the budget of sufficient appropriations for Fiscal Year 1981 so that this project can be completed in a timely manner.

The District, as local sponsor for the project, has made expenditures of approximately $1,280,000.00 for the necessary right-of-way and other local sponsor requirements on this project. Funds which were used for this acquisition included local tax funds and funds from the State of Nebrsaka. This large expenditure by the local sponsor was made in anticipation that construction of the project would begin in Summer of 1978. The local expenditures to date are approximately 35% of the total estimated project expenditures as of October 1, 1979. We understand that the present Corps requested funds for Missouri River Levee System Iowa, Nebraska, Kansas and Missouri does not include any funds for Missouri River Levee Unit R-616. We would strongly urge the Committee to include funds, as you have in the past three years, sufficient for the Corps to complete construction of this project during the coming fiscal year. We are hopeful that the current litigation will be successfully resolved so that the Corps can proceed with construction. Your actions to restore and preserve funds for the Federal portion of this project are urgently needed.

The Missouri River levee system was authorized by the 1944 Flood Control Act as a feature of the comprehensive Pick-Sloan plan. The construction of levee units was initiated in 1948, primarily in the reach from Omaha, Nebraska through Kansas City, Missouri. To date, approximately 25 levee units have been completed. Levee unit R-616 is one of the few remaining authorized and active levee projects that has not been completed. Since authorization in 1946, units of the Missouri River levee project were re-evaluated at intervals for economic feasibility as the upstream main stem reservoirs were being completed. Unit R-616 was re-evaluated in 1972 and was found to be highly economically justified.

This levee unit will be located along the right (West) bank of the Missouri River near the City of Bellevue, Sarpy County, Nebraska. The project would consist of a levee approximately 4.5 miles in length with an average height of approximately 12.4 feet. The R-616 levee would extend upstream along the West bank of the Missouri River from the present Papillion Creek levee which was constructed as part of Missouri River Levee Unit R-613 to Nebraska Highway 370.

This unit will provide flood protection to 3,950 acres of Missouri River floodplain. Approximately 3,315 acres are presently agricultural lands and 30 acres are residential. Transportation, communications, recreation, utilities, including the City of Omaha Papillion Creek sewage treatment plant, commercial and other uses account for the remaining 605 acres. A portion of Offutt Air Force Base, headquarters of the Strategic Air Command, will be provided protection by this levee unit.

The project also contemplates utilization of one of the borrow pit excavations for recreational purposes. The City of Bellevue has worked closely with the District on this. The District has acquired for the City of Bellevue lands surrounding the borrow pit which will eventually become a portion of the City's Haworth Park.

The Papio Natural Resources District at its March 10, 1977 meeting authorized the signing of a written agreement with the Corps of Engineers in which the District agreed to assume the local project sponsorship requirements. This includes providing without cost to the United State all land, easements and rights-of-way necessary for construction of the project and maintenance and operation of the completed project.

This project has been endorsed by Sarpy County, the City of Bellevue, and the City of Omaha, which are directly affected and interested in the early completion of this project. The project is also an integral part and will connect with previously constructed levee unit R-613 downstream of this project.

Flooding which occurred in the area in 1978 again pointed out that the area which would be protected by this levee project is prone to flooding from high flows on the Missouri River and Platte River. A portion of the area which was inundated by flood water at that time would have been protected had Levee Unit R-616 been in place.

At the present time the project is involved in litigation which the District is hopeful will be concluded as early as possible so that the project may proceed. The District has fulfilled its local obligation of acquiring all of the necessary land rights for the project and had advised the Corps of their availability. Because of the present involvement of the District and sizeable commitment of funds to this project, we are hopeful that this project can proceed as rapidly as possible. We feel that the multiple benefits including flood control, recreation, and wildlife habitat development which would be derived from this project make it a very desirable project.

It is our understanding that the President's budget does not contain any funds for completion of Unit R-616 because of the current litigation. We would like to indicate to you our support of this project and urge that you include in your appropriation a sum sufficient to assure the completion of Missouri River Levee Unit R-616.

We would like to thank the Committee for this opportunity to appear before you and present our testimony.

PAPILLION VALLEY PRESERVATION ASSOCIATION, INC.

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

March 25, 1980

Please enter the attending statements in the official record.

With your permission the Papillion Valley Preservation Association would like to share its time with Mr. Fricke, Chairman of the Papio Flood Protection Association.

But first it is my pleasure to introduce to this committee the Chairman of the PVPA--Mr. Mel Hoier.

There is a new spirit in the Papio Valley. A spirit of friendship, cooperation and a sincere desire to work for a common goal.

After a concerted effort the Papillion Valley Preservation Assoc. and the Papio Flood Protection Association agreed to combine forces and work for a flood control program and a resolution was drafted.

We believe that the attached resolution, although briefly stated, will be the foundation of a continued effort by responsible people in the Papio Watershed.

An agreement was reached that the entire resolution would be accepted and if any portion is deleted the resolution would be considered void. See correction - next page.

We believe this resolution will lead to a program that would be realiable for many years and yet realistic enough that all three counties and the Natural Resources District could and would implement.

The attached resolution has been endorsed by the following:

1. Sarpy County Board of Commissioners
2. Douglas County Board of Commissioners
3. Washington County Board of Supervisors
4. The Papio Natural Resources District
5. The Papillion Valley Preservation Assoc.
6. The Papio Flood Protection Assoc.

Respectfully submitted,

Mrs. Larry Hoier

Secretary-PVPA

JOINT RESOLUTION:

The Papillion Valley Preservation Association, Inc. and the Papio Flood Protection Association agree on the following approach to immediate efforts to provide flood control in the Papio Watershed (West Branch):

1. Develop state legislation requiring control of water runoff in housing and/or commercial developments in the watershed.
2. Promote the acceleration of PL 566 projects under the supervision of SCS and CAP projects of the Natural Resources District.
3. Implement reasonable channelization measurers to provide adequate runoff from the watershed.
4. Continue enforcement of flood plain regulations by local units of government.
5. Seek legislation bringing Dam 20 back to active status.
6. Urge funding and construction of Dam 18.
7. Deauthorization, by Congress, of the original Corps Papio Project and proposed Site 3A or a permanent injunction of all dams except numbers 18 and 20, 19 and 21.

correction 7. Deauthorization, by Congress, of the original Corps Papio Project and proposed Site 3A, except numbers 18 and 20, 19 and 21 or a permanent injunction of all dams except numbers 18 and 20, 19 and 21,

CHARLOTTE L. PETERSEN
COUNTY CLERK
KAREN MADSEN
DEPUTY

WASHINGTON COUNTY

Office of County Clerk

COURTHOUSE
BLAIR, NEBRASKA 68008

March 24, 1980

COUNTY SUPERVISORS
FRED HANSEN
ROBERT WILKINS
FLOYD THIBLETT
EMMETT BOCKERT
JACK JENSEN
WM. SHAMBURG
JAMES HANCOCK

RESOLVED:

Motion by Robert Wilkins Seconded by John Lutz

I move that this Board of Supervisors of Washington County, Nebraska, hereby endorses and supports, in conjunction with the Sarpy County Board of Commissioners and the Douglas County Board of Commissioners, the attached resolution adopted jointly on March 17, 1980, by the Papillion Valley Preservation Association, Inc. and the Papio Flood Protection Association regarding flood control in the Papio Watershed (West Branch).

ADOPTED:

YEAS: Six NAYS: 0

(CERTIFIED COPY)

Charlotte L. Petersen
COUNTY CLERK
AND
CLERK OF THE BOARD OF SUPERVISORS

3 24 80
Charlotte L Petersen

JOINT RESOLUTION:

The Papillion Valley Preservation Association, Inc. and the Papio Flood Protection Association agree on the following approach to immediate efforts to provide flood control in the Papio Watershed (West Branch):

1. Develop state legislation requiring control of water runoff in housing and/or commercial developments in the watershed.
2. Promote the acceleration of PL 566 projects under the supervision of SCS and CAP projects of the Natural Resources District.
3. Implement reasonable channelization measurers to provide adequate runoff from the watershed.
4. Continue enforcement of flood plain regulations by local units of government.
5. Seek legislation bringing Dam 20 back to active status.
6. Urge funding and construction of Dam 18.
7. Deauthorization, by Congress, of the original Corps Papio Project and proposed Site 3A or a permanent injunction of all dams except numbers 18 and 20, 19 and 21.

BOARD OF COUNTY COMMISSIONERS
DOUGLAS COUNTY, NEBRASKA

Resolved

Motion by Buglewicz; Seconded by Green

I move that this Board of Commissioners of Douglas County, Nebraska, hereby endorses and supports, in conjunction with the Sarpy County Board of Commissioners, the attached resolution adopted jointly on March 17, 1980, by the Papillion Valley Preservation Association, Inc. and the Papio Flood Protection Association regarding flood control in the Papio Watershed (West Branch).

ADOPTED: March 18, 1980

YEAS: Albert, Green, Lynch, Buglewicz, Fellman

(CERTIFIED COPY)

Walter B. Spellman

COUNTY CLERK
AND
CLERK OF THE BOARD OF COMMISSIONERS

Certified Copy to: County Clerk,
County Commissioners, Papio Natural Resources District,
Papio Valley Preservation Assoc., Special Services,
Papio Flood Protection Assoc., Sarpy County,
M.A.P.A., City of Omaha, U. S. Corps of Engineers,
D. Sykes, Washington County

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The Papillion Valley Preservation Association, Inc. and the Papio Flood Protection Association agree on the following approach to immediate efforts to provide flood control in the Papio Watershed (West Branch):

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3. Implement reasonable channelization measurers to provide adequate runoff from the watershed.
4. Continue enforcement of flood plain regulations by local units of government.
5. Seek legislation bringing Dam 20 back to active status.
6. Urge funding and construction of Dam 18.
7. Deauthorization, by Congress, of the original Corps Papio Project and proposed Site 3A or a permanent injunction of all dams except numbers 18 and 20, 19 and 21.

Mr. BEVILL. Mr. Fricke, we will be glad to hear from you too.

Mrs. HADAN. I would like to introduce Mr. Mel Hoier, Chairman of the Papillion Valley Preservation Association at this time.

Mr. BEVILL. Mr. Hoier, we are glad to have you with us.

Mrs. HADAN. In the last few weeks the upper and the lower end of the Papio Valley have become united. We have reached a compromise between the two associations. We have gained the support of the three counties involved and also the Natural Resources District Board. What we have brought with us is a joint resolution of 7 items that we would like incorporated into the Papillion projects.

If you will notice, on the second page under Joint Resolution, item 7 needs some clarification. At the time this was being typed the Secretary, myself, unfortunately left a portion of this out. The intent is as I will read to you, and then I will give this copy that I am reading from to your clerk so you have it for the record:

7. "Deauthorization by Congress of the original Corps Papio Project and proposed site 3(a)," and it should have read:

". . . except Nos. 18 and 20, 19 and 21, or a permanent injunction of all dams except Nos. 18, 19 and 21."

We feel that this agreement that we have reached jointly would be a foundation that would last for many years into the future. It is also a resolution that the three counties, as witnessed by their testimony, would be able to carry out.

We have gained support, as I say, of Sarpy, Douglas, and Washington Counties, the Natural Water District Board, and the two associations. Sarpy County will submit their testimony along with the Papillion Resources Board. You have the chairmen of the associations on either side of me. I introduced Mr. Mel Hoier.

STATEMENT OF MILTON FRICKE

Mr. FRICKE. I think she told you most everything. We have met on common grounds finally. This is something new. It has been 10 years since we have been in conflict and disagreements, but we gave a little, they gave a little, and we want to see something done. Papio has been by the Corps of Engineers split into three areas, the Little Papio, the West Branch, and the Main Stem. The Little Papio has Dam No. 11 on it, and channelization is pretty well under control. The West Branch has nothing at this time, and so we are asking for help on the West Branch. That will take care of that part of it. We are asking for no help on the Main Stem.

As Mrs. Hadan said, the three counties have agreed to this. We have been to the Governor and he hasn't had time. This all happened on the spur of the moment deal one night at about one o'clock in the morning. Our two boards had been meeting time and time again.

Mr. MYERS. What did you serve? I would like to get some of those drinks and pass them around in Indiana.

Mr. HOIER. We had chocolate cake.

Mr. MYERS. Chocolate cake?

Mr. FRICKE. Yes, prepared by my wife, and I think she got to them.

Mrs. BOGGS. It's the way to a man's heart.

Mr. BEVILL. That is quite an accomplishment.

Mrs. BOGGS. It is indeed.

Mr. FRICKE. We are very proud of this. As I said, as soon as the Governor can, he was going to try to be here, have a statement for you this week.

Mr. BEVILL. Our record will be open until April 2nd. If you can get a statement from him and submit it for the record, we will accept it until April 2nd.

Mr. FRICKE. I might add that the original flood plan for the Main Stem and the area before the Corps got into it was P.L. 366 in land treatment. This is what we want to revert back to. About a dozen of those 566 structures have been completed at this time, and I think there are 4 more allowed this next summer. We handle these locally.

Mr. MYERS. There is no money in the budget for P.L. 566.

Mr. FRICKE. I think our local NRDs handle it.

Mr. MYERS. P.L. 566 goes through the same appropriations process.

Mr. HOIER. These are evidently from former appropriations that they are working on, because they assured us they could build it.

Mr. FRICKE. That was the original program, and we think that it will take care of the problems in Omaha, and we are having problems with the City of Omaha, I may say. I feel they don't know what it is all about, and sometimes this happens. They have had a negative attitude from the beginning, for the last 10 years, and they don't pay much attention to our information.

Mr. BEVILL. That happens here in the Congress every once in a while.

Mr. FRICKE. We did have this problem with our natural resource district. We had a split down the middle. Mel had a group and then there was another group, and this should be dissolved at this time. We are hoping we can have some good responses from our board. We need them and respect them, but it has been tough for a time or two.

Mr. HOIER. I just want to thank you for your support in the past and ask for your continued support. The Papio RD heard of this agreement last Friday night, so we do not have written support for it, but they did vote to approve this resolution. Then they voted to ask for planning funds for dam 18 and a new look at 20. The written testimony will be sent in. I also have for you a statement from the Natural Resources District which has been handed in.

Mr. BEVILL. We will put that in the record and make it a part.

Mr. HOIER. This is on R–615.

Mr. BEVILL. We appreciate your fine testimony. Of course, Mrs. Hadan, you mentioned the deauthorization and related matters. It will certainly be helpful to us to have your recommendations. But as a practical matter, you know the authorization committee would handle those questions.

Mrs. HADAN. We understand that. We just wanted you to understand the complete picture of it.

Mr. HOIER. And rather than I coming tomorrow, I came today.

Mr. BEVILL. Thank you.

Mr. FRICKE. We think we are helping you with your budget.

Mr. BEVILL. Mrs. Smith.

Mrs. SMITH. Mr. Chairman, may I just say that these folks are not from my congressional district, but I do appreciate you being here

and I am gratified. I know that this Papio Project has been the subject of a sincere difference of opinion for a long time. I am delighted with what you have done. Thank you for coming.

Mrs. HADAN. Thank you.

WATER RESOURCES AND ENERGY PROGRAMS

WITNESSES

BRENT BLACKWELDER, WASHINGTON REPRESENTATIVE, ENVIRONMENTAL POLICY CENTER
DAVID BERICK, NUCLEAR BUDGET ANALYST

Mr. BEVILL. Dr. Blackwelder, we are pleased to have you with us. We haven't seen you in a good while. We are looking forward to hearing from you and getting your contribution.

Mr. BLACKWELDER. I appreciate the opportunity to be here. On my right is David Berick, who specializes in the nuclear budgets. The first part of our testimony deals with water resources and the last two pages deal with the nuclear budget.

Mr. Chairman, we have ten minutes?

Mr. BEVILL. Yes, that is correct.

Mr. BLACKWELDER. Let me just summarize some things.

Mr. BEVILL. As a matter of fact, we are going to have a vote at four o'clock, but we still have enough time.

Mr. BLACKWELDER. What I would like to talk briefly about is some of the arguments that you advanced in your committee report last year in support of the program and I don't want to be speaking about all projects, but I just want to highlight some of the problems that I saw with the arguments that have been advanced in behalf of flood control. A major problem we see is that flood damages around the country keep getting worse. The curve keeps going up and up.

One of the reasons is that projects are justified not merely on taking the existing development, but in fact on intensifying and promoting development in flood plain locations, and in fact your report lists three reasons why flood damages prevented are greater in fact than the cost of the original projects.

One reason is that all this development has been concentrated in hazardous locations and therefore when it is protected those damages prevented keep mounting up. The problem is that once in a while a hurricane Agnes comes along, hurricane Camille and damages are far and away greater than what they would have been had some alterntive plan been put forward.

In fact, if we don't change our strategy what we fear is that at the turn of the century we are going to find annual damages three to five billion dollars and that is in fact what some of the government agencies like the Water Resources Council, the Department of the Interior, are saying is likely to be the case.

So, therefore, to use the erroneous argument of damages prevented, which is the argument that the Corps of Engineers uses, is a mistake.

LAND USE CONTROL

Mr. Bevill. Are you assuming that we are going to have land planning and land management where the government would say where a shopping center could and could not be built. You see, you are assuming, aren't you, that this is going to be done? Every time a land planning program comes before Congress, it is voted down.

But aren't you assuming that the government is going to tell people where they can build and where they can't build?

I am sure construction work aggravates the flood problem. That is what you are saying.

Mr. Blackwelder. That may be true during temporary stages when construction occurs. No, I am talking about exactly what you are referring to, namely, the land use measures. This need not be in Federal hands. This could be in the hands of the local government. The problem has been all the money is, say, for going ahead with a large construction project that will presumably protect an area downstream. The problem is that that area does not necessarily get protected if the rain falls between where the dam is and where the development is. That happened in Rapid City, South Dakota, where a dam was only 20 miles upstream, Pactola, and it held fine, but the trouble is that 75 percent of the rainfall fell in that short stretch and Rapid City was devastated.

That is about as close as you are going to get a dam to a major area. The problem is, what do you do? Do you go into land use controls? You can go into them either by federal incentives, by encouraging locals to do it, by coming up with more Charles River projects, or Indian Bend Wash.

You have some nonstructural models before you that are being funded. The problem is, they are the exception rather than the rule.

Our opinion is, unless they become a rule, we won't be able to get flood damages to be tapering off at the turn of the century.

Mr. Bevill. Yes, I agree with what you are saying.

What you are saying is that if we had land management, then we could reduce flood damage. Isn't that a fair summary of what you are saying?

Mr. Blackwelder. That is right, and it should be the responsibility of the local communities, but in fact one of the disadvantages of the current procedure is that it serves as an incentive against them doing that in that if they can say, put a shopping center in a hazardous location, then they come here for relief, a floodwall, a levee, a dam, or whatever, a channelization project. Just take a look at Jackson, Mississippi. We found that one of the banks which was supposed to be administering the flood insurance program had actually built a new branch right in the floodway, not merely the flood plain, but right in the floodway, within the last several years, and it was one that was hard hit.

That surely is something that falls on the general taxpayers, and speaking from that standpoint, there ought to be a better way of doing things.

Mr. Myers. What would you do about the problem of agricultural flooding? Do you care about it?

Mr. BLACKWELDER. In some sense that agricultural land that floods is the richest precisely because of the flooding and in fact if you can get one crop on some land in one year out of three or four, you can make a bundle.

Mr. MYERS. Where are you from?

Mr. BLACKWELDER. I am generally from right here.

Mr. MYERS. Did you ever farm? I know you didn't.

Mr. BLACKWELDER. That is what some farmers have told me and they farm the flood plain.

Mr. MYERS. There was an old wive's tale that this idea was true, but they weren't paying $1.40 a gallon for fuel oil or what we pay for fertilizer today. So be careful about who you tell that to.

Mr. BLACKWELDER. I am telling you exactly what the farmers have said.

There are several questions. If in fact we have a price support program going, the question is, do we need to be putting more money into programs that will make flood plain farmland more free of floods, and I say, well, on the one hand if we are paying because we have too much of certain quantities produced, does it make sense also to be paying to make some farmland less flood-free?

There may be a time in the future where we might get to do that, but it certainly doesn't make sense right now.

AGRICULTURAL PRODUCTION

Mr. MYERS. Are you familiar with our imbalance of payments? I am sure that you are. The President says it is contributing to our high inflation rate that effects everyone. How are we going to solve the trade problem if we don't sell agricultural products in export markets?

Mr. BLACKWELDER. I understand, but you are assuming that the only farmland that can go into production is flood plain farmland and I think that is not the case.

Mr. MYERS. You are suggesting we have a surplus. You made the statement about the surplus.

Mr. BLACKWELDER. No, I am just saying simply if it were absolutely in the national interest to put more flood prone farmland into production, Texas protects it, but that certainly can't be the case if we have set-aside programs running.

Mr. MYERS. There are certain riparian rights of downstream users of water that upstream users cannot deny or encumber. We think those riparian rights are very important and protect them by law. Aren't there riparian responsibilities upstream? Can they just allow all the water to run off and dismiss the downstream effects? "You shouldn't have bought that land." Don't you think there is any riparian responsibility?

Mr. BLACKWELDER. Absolutely. That is one of the problems we have, urbanization.

Mr. MYERS. How are you going to provide for those if we continue industrialization?

Mr. BLACKWELDER. That is exactly my point, that we are not putting the money into the right types of programs. Instead of shopping centers going in with non-porous surface materials, why don't we

invest in porous surfacing material, gravel recharge pits, and on-site detention ponds right on those shopping centers? Then the water might not wash or run off.

Mr. MYERS. That might work in lower Texas.

Mr. BLACKWELDER. No, I think that would work all around the country.

Mr. MYERS. You can get one little crack in concrete and it won't contain the water.

Mr. BLACKWELDER. We are not talking about concrete. We are talking about porous surface material.

Mr. MYERS. With the variations in temperature during the day in the spring and fall, you have a tremendous contraction. It just won't work. I know. I wouldn't disagree if I didn't know anything about it.

Mr. BLACKWELDER. In fact you are only——

Mr. MYERS. You are the one suggesting we use porous material to stop the run-off at shopping centers.

Mr. BLACKWELDER. That is one alternative.

Mr. MYERS. What are the other alternatives?

Mr. BLACKWELDER. On-site detention ponds, gravel recharge pits.

DETENTION PONDS

Mr. MYERS. We have encephalitis in Indiana because we have so many mosquitoes. How do you control mosquitoes in the summertime? We have the highest incidence of encephalities because we have so many existing ponds now that aren't treated properly.

Mr. BLACKWELDER. In fact you are simply, it seems to me, trying to evade——

Mr. MYERS. I am being practical about your theories. What do you do about children drowning in these ponds and mosquitoes breeding in them?

Mr. BLACKWELDER. You are raising a much broader question.

Mr. MYERS. I am asking practical questions. You are dreaming. I am giving you practical questions. What is your answer?

Mr. BLACKWELDER. You have farm ponds all over the state of Indiana.

Mr. MYERS. Not in highly congested areas. Not near shopping centers.

Mr. BLACKWELDER. There are a number of ways that you could control those levels. In fact, that is one of the ways of controlling mosquitoes, is if you can maintain your certain level of water.

Mr. MYERS. Flow, not level. You have to keep water moving.

Mr. BLACKWELDER. No, no, no.

Mr. MYERS. I am sorry. I didn't know.

Mr. BLACKWELDER. It is your level that makes the difference on mosquito breeding.

Mr. MYERS. Mosquitoes don't know that.

Mr. BLACKWELDER. That is fairly effective if you can do it. That is one way of doing it. Mr. Myers, I would say also the question would be whether in fact just having a pond at a shopping center, whether in fact that would produce any significant greater population of mosquitoes than just having all the random little pools all over the shopping area. Mosquitoes don't take much to breed in.

Mr. MYERS. A tin can will do it.

Mr. BLACKWELDER. Yes, sir. I would also have to ask whether in fact——

Mr. MYERS. I don't want to enlarge the problem. We are trying to reduce it.

Mr. BLACKWELDER. The point is, you can't eliminate those breeding areas other than if you spray, for example; so I don't see that the argument tells against an on-site detention pond. In fact, I have seen them done very nicely.

AT&T's major facilities now in northern New Jersey have a big on-site detention pond because otherwise there would be extraordinary runoff from that facility.

Mr. MYERS. That is what we are talking about—detention ponds, fixed in the right location so it just doesn't take care of one shopping center, but an entire drainage area.

Mr. BLACKWELDER. There you go. For example, let's take Lafayette Lake.

Mr. MYERS. I don't think you will take it.

Mr. BLACKWELDER. You would not take it, but there the problem would be eliminating a lot of good farmland which a moment ago you were talking about the need to protect farm land. That would permanently put under water some good land.

Mr. MYERS. It would stack water 20 feet deep on a few areas to save many other acres from flooding. Doesn't that make sense to you?

Mr. BLACKWELDER. No, because you would be permanently putting those acres under water.

Mr. MYERS. We are anyway.

Mr. BLACKWELDER. No, you are not.

Mr. MYERS. When was the last time you flew the Wabash River?

Mr. BLACKWELDER. I don't know.

Mr. MYERS. I didn't think you did.

Mr. BLACKWATER. I didn't see a problem with the Wabash when I drove by it a few years ago.

Mr. BEVILL. We do have a vote in progress in the House. Would you summarize the remainder of your testimony.

Mr. BLACKWELDER. Let me turn it over to nuclear.

Mr. BEVILL. I am sorry but time is short. Mr. Myers had a number of question for you.

Mr. BLACKWELDER. It was on your time, actually, not my time.

STATEMENT OF DAVID BERICK

Mr. BERICK. Very briefly, Mr. Chairman, we would like to prevail upon you to uphold the President's proposed cuts in their advanced reactor programs, and this committee has moved in the past in favor of the uranium isotope separation projects, uranium enrichment projects. Those, through the year, 2,000 will conserve approximately 30 to 40 percent of the uranium supply by those two efforts, whereas the fuel saved ostensibly by those new advanced programs really won't be available until 20, 40, a good 40, 50 years beyond, so we think it worthwhile investment.

Mr. BEVILL. Thank you very much, gentlemen. We will put your statements in the record.

[The statement follows:]

ENVIRONMENTAL POLICY CENTER
317 Pennsylvania Ave., S.E., Washington, D.C. 20003
202/547-6500

STATEMENT OF THE ENVIRONMENTAL POLICY CENTER BEFORE THE HOUSE AND SENATE APPROPRIATIONS COMMITTEES CONCERNING THE BUDGET FOR WATER RESOURCES, MARCH 25, 1980

Introduction. The Environmental Policy Center wishes to address at the outset a number of the claims made about the water resource development program in the House Appropriations Committee report on the bill last year. Once again the erroneous argument is made that flood control projects are saving more money in terms of flood damages prevented than they cost to build. Much of the damage prevented is to buildings, structures and other investment which would never have been located in a flood hazard area were it not for the fact that a federal project has been built. Almost any project could produce damages prevented in excess of costs if enough expensive development is located right below the dam or behind the levee.

The key question to ask and the question which the Appropriations Committees have shied away from is this: are flood damages nationwide being reduced as a result of the massive expenditure on flood control projects? The answer is no. An examination of flood damages over the past several decades reveals a continuous upward trend with some all-time records being set this decade. The present program being pursued by the Appropriations Committees is underwriting development in flood-prone areas and setting the nation up for unprecedented flood damages in the years ahead. Relatively little attention is paid to nonstructural alternatives, to the flood plain management services program, or to flood warning systems which could go a long way to prevent loss of life. What conservationists want to see is a reduction in flood damages nationwide, and we are not getting it through the present program.

The House report makes the erroneous claim that barges move bulk commodities more efficiently than railroads. The Environmental Policy Center looked into the question of the energy intensity of rail vs. barge because if barges were much more energy efficient than railroads, then that fact would serve to temper our criticism of some canal projects. In fact, what we found was that unit-trains which compete with barges for the movement of bulk commodities are more energy efficient than regular mixed trains and appear to be slightly more energy efficient than barges. Furthermore, barges have to follow meandering rivers and thus have to travel more miles to reach a given destination. In many previous studies rail data for the entire country was used which included the high energy-intensive movements over the Rockies where there is no barge competition. We urge the Appropriations Committees to begin asking the question of whether more canal projects would make needed additions to the nation's transportation network. The Army Corps does not have expertise in this area, so the question should be put to the Department of Transportation. We don't want to be in the position of building canal projects that won't be used, nor do we want to be in the position of building a canal project whose subsidized shipping rates put the railroad competition out of business; otherwise, the taxpayer will have toturn around and bail-out a bankrupt railroad.

The House report asserts: "Historically, the benefits of the water resources development program have been substantially greater than the costs." The Committee then cties two harbor projects in which the tonnage is greater than had been predicted. A much more systematic analysis was done last year by Barry Allen at

Ramapo College who examined over four dozen completed Corps navigation projects and found that the majority did not develop enough traffic to justify the cost. Furthermore, on some projects practically no traffic at all has been recorded by the Corps.

Even if a waterway is heavily used, the general public may not be deriving the benefit. Ex post analysis of the heavily used Illinois Waterway over the past 30 years reveals that it has not produced benefits in excess of costs, according to Professor Haveman at the University of Wisconsin. Although the Corps claims a benefit-cost ratio of 1.26 to 1, Haveman's study shows that the return was only 44¢ on the dollar. Neither the Army Corps nor the Appropriations Committees ask the essential question about canal projects; namely, does this project produce savings in resource costs to the nation? Instead, what the Corps justification consists of is income transfers from one mode to another without reference to whether there is a savings of resources costs to the country.

The House report claims that flood control projects "generally produce actual benefits greater than estimated benefits because of (1) continued upstream development which increases water runoff and the frequency and intensity of flooding, (2) greater development in the protected area than originally estimated and (3) increases in proterty values in the protected area." What the report is indirectly recognizing here, however, is that the flood control program of the Congress has created the potential for all-time catastrophic damages. The reason is contained in the acknowledgment of greater development in "protected areas" and the concommitant "increases in property values in the protected areas." Unfortunately, the so-called "protected areas" are not really protected against the rare or unusual storm which has come along with great frequency this past decade, producing record-high damages in many of these protected areas. The short-sightedness of encouraging and underwriting more flood plain development is made apparent by the record damages from these storms and from the fact that upstream reservoirs are filling with silt and will over time lose their capacity to store flood waters.

Ex Post Analyses of Water Projects

A review of the literature which looks at the economic impact of water projects after they have been built stands in sharp contrast with the claims made by the Committee about benefits to the local economy. Bernard Shanks studied the counties surrounding the mainstem Missouri River reservoirs with control counties elsewhere in the same states. He could not find a single index of economic well-being in which the counties bordering the reservoir did better than the control counties. Researchers Campbell and Hartman at the University of Missouri compared three Missouri counties with reservoirs to the adjoining counties which had no reservoirs. The authors conclude that reservoir proponents do not have sufficient supportive evidence to claim socio-economic benefits of dam projects. They write:

> "The control counties, which did not include a lake and for the most part were a considerable distance from a lake, did just as well as (in some cases better) the lake counties in terms of increases in median family income, change in age composition, average education, etc. Nor were the lake counties able to attract industry any better or even as well as the control counties."

John Ballard looked at the Carlyle, Shelbyville, and Rend Reservoirs in Illinois and found that the counties with reservoirs did not compare favorably with control counties. The Environmental Policy Center believes that the pace of water development in the United States has been far too rapid and that much more thorough analyses should be made of the impacts of such development. The studies we have cited cast

serious doubt on the sweeping generalizations made in the House Committee report.

COMMENTS ON INDIVIDUAL WATER PROJECTS

A disproportionate part of the water development budget is taken up by a few projects which are very controversial, damaging to the environment, of questionable economic merit, and for which there are better ways of spending tax money to achieve various project goals such as water supply. These projects are as follows:

Tennessee-Tombigbee Waterway
Red River Waterway
Russell Dam
Lock and Dam 26
Cooper River Diversion
Taylorsville Dam
Central Arizona Project
Central Utah Project
Warm Springs (Dry Creek) Dam
Stonewall Jackson Dam
Dolores

The appropriation request of the President for just these eleven projects for FY 81 is over 3/4 billion-dollars. Consider the budgetary and resources savings by terminating these projects and devoting tax money to more cost-effective expenditures to solve water resources problems. For example, spending money on insulating attics in the Southeast would save 20 times as much energy as the Russell Dam would ever produce. Enlargement of Coyote Reservoir is an alternative to the Warm Springs Dam. A dual water system for the Salt Lake area would be less expensive than water diverted from the trout streams in the Uinta Mountains as planned in the Bonneville Unit of the Central Utah Project.

We are submitting for the record a detailed statement on the Tennessee-Tombigbee Waterway. The cost of the final project has skyrocketed an almost unbelievable one billion dollars since last year. The report of the Fish and Wildlife Service points up the project's severe environmental damages and shows that an extraordinary amount of land would have to be acquired to mitigate the loss of fish and wildlife habitat. As much as one million acres of land might be necessary to compensate for the losses. The Committee has allowed the Army Corps to proceed with the project despite flagrant violation of the Fish and Wildlife Coordination Act.

The Corps of Engineers has still not provided an adequate reply to the questions we raised about the Stonewall Jackson Dam in our report of last year which was made part of the hearing record. We urge no further appropriation for this project until adequate answers have been given.

Attached is a list of projects which we feel should be scrutinized by the Committee because they would have adverse environmental impacts or because they appear to lack sound economic justification.

Project	FY 81 Request	Total Project Cost
Tennessee-Tombigbee Waterway (Ala/Miss)	$209 m	$3 b
McKinney Bayou (Ark/Tx)	$9.255 m	$6.7 m
Red River Levees & Bank Stabilization below Denison Dam (Ark/La/Tx)	$3.6 m	$52.85 m
Dry Creek (Warm Springs) Dam (Cal)	$32.98 m	$232.08 m
Sacramento River Bank Protection (Cal)	$3.6 m	$112 m
Central & Southern Florida	$10.57 m	$874.36 m
Russell Dam (Ga/SC)	$60.374 m	$229 m
Savannah Harbor Extension (Ga)	$4.563 m	$9.99 m
Barbers Point Harbor (Hawaii)	$10.7 m	$52.4 m
Lewiston-Clarkston Bridge (Id/Wash)	$9.2 m	$21 m
Chicagoland Underflow Plan (Ill)	$2.5 m	n.a.
Lock & Dam 26	$43 m	$800 m
Big Blue Dam (Ind)	$0.3 m	$130 m
Mississippi River, Year-Round Naivgation	$0.4 m	n.a.
Missouri River Navigation (SD/Neb/Io/Mo)	$0.615 m	n.a.
Hillsdale Dam (Kans)	$7.17 m	$60.9 m
Camp Ground Dam (Ky)	$0.3 m	Phase I
Paintsville Dam (Ky)	$3.65 m	$48.29 m
Taylorsville Dam (Ky)	$31.62 m	$96.28 m
Atchafalaya Chene Boeuf & Black (La)	$3.4 m	$27.08 m
Red River Emergency Bank Protection (La/Ark/Tx)	$5.010 m	$50.28 m
Red River Waterway (to Index Ark)	$0.3 m	$163.2 m
Red River Waterway to Shreveport (La)	$99.1 m	$1.12 b
Vermilion Lock (La)	$4.1 m	$24.2 m
Dickey-Lincoln Project (Me)	$0.795 m	$1 b
Roseau River (Minn)	$0.5 m	$20.115 m
Yazoo River Belzoni Bridge	$1 m	n.a.
Pine Ford Dam (Mo)	$0.5 m	$100 m
Prosperity Dam (Mo)	$0.83 m	Phase I
Libby Additional Units & Reregulating Dam (Mont)	$10.1 m	$247 m
Pembina River (ND)	$0.475 m	Phase I
Arcadia Dam (Okla)	$8 m	$61.68 m
Arkansas-Red River Chloride Control (Okla)	$2.1 m	$632.8 m
Willow Creek Dam (Ore)	$7.7 m	$43 m
Cooper River (SC)	$50 m	$114 m
Arkansas-Red River Chlordie Control (Tx)	$7.4 m	$41.8 m
Millican Dam (Tx)	$0.415 m	$203 m
Taylors Bayou (Tx)	$0.1 m	$36 m
Trinity River Project (Tx)	$0.950 m	$1.132 b
Stonewall Jackson Dam (WVa)	$16 m	$131.4 m
Bushley Bayou (La)	$0.3 m	$30.5 m
West Kentucky Tributaries (Ky)	$2.2 m	$18 m
St. Francis Basin (Ark/Mo)	$8.3 m	$286.88 m
Yazoo Backwater (Miss)	$1.1 m	$171 m
	total $665.07 m	total over $11.3 billion

Bureau of Reclamation

Project	FY 81 Request	Total Project Cost
Central Arizona Project	$144 m	$1.844 b
Central Utah Project:	$74 m	$1.177 b
Bonneville Unit	$0.5 m	$125 m
Uintah Unit	$1.358 m	$60.2 m
Upalco Unit	$31.7 m	$249.2 m
Dolores (Colo)	$8.8 m	$72.2 m
Dallas Creek (Colo)	-0-	$378.4 m
Animas-La Plata (Colo)	$18.3 m	$267.9 m
San Felipe (Calif)	$2.1 m	$226 m
O'Neill Unit (Neb)	$17.49 m	$160.7 m
North Loup (Neb)		
total	$298.2 m	$4.56 b

DEPARTMENT OF ENERGY BUDGET FOR NUCLEAR PROGRAMS

On behalf of the Environmental Policy Center, I wish to thank the Committee for the opportunity to testify on two major aspects of the Department of Energy's budget for nuclear programs: the Administration's proposed cuts in the advanced reactor programs, and the Department's nuclear waste programs. We urge the Committee to support the President's cuts in the Liquid Metal Fast Breeder Reactor program($142.7 million), cancellation of the Clinch River Breeder Reactor, cuts in fuel cycle R&D($40.5 million), cuts in the High Temperature Gas Reactor($25 million), and the Gas Cooled Fast Breeder Reactor($26 million). These technologies will not materially add to the Nation's energy production capability until will into the next century, while diverting resources away from near-term development of other more cost-effective technologies.

The Department of Energy's NASAP study("Report of the Nonproliferation Alternative Systems Assessment Program", DOE/NE-0001, December 1979)found that reprocessing and breeder programs would not significantly aid the nuclear fuel supply/demand balance until 2010 or 2025, and then only if there were very high nuclear growth. If nuclear growth was low, approximately 255 GWe by the year 2000, nuclear development would "...not be constrained by uranium supply to any great extent." In either case, expected improvements, identified in the NASAP study, in uranium utilization(20% to 25% improvement by the year 2000) and in uranium enrichment(20% by the year 2000)could more than offset the 20% gain in nuclear fuel supply which could be expected from reprocessing.

The NASAP findings are rather conservative since they are based on high nuclear growth rates. NASAP used the Energy Information Agency 1978 Annual Report published in the summer of 1979. This data projected a median growth of nuclear capacity by the year 1995 of 208 GWe. However, the EIA subsequently revised its nuclear growth estimates downward in October 1979 by 15% to a median on 179 GWe. These revised estimates indicate that any anticipated benefits to nuclear fuel supply from breeder reactor and reprocessing programs will not materially affect the supply of nuclear for the U.S. until midway into the next century; a finding echoed by the NASAP report which stated that the improvements in uranium utilization and enrichment would preclude any significant supply/demand imbalances for nuclear fuel well into the 21st century even if nuclear growth were to reach the level originally projected in 1978 of a median of 325 GWe in 2000. I again urge the Committee to honor the President's recommendations to defer these advanced reactor programs.

In the area of nuclear waste management, the Environmental Policy Center is concerned over the lack of redirection of the DOE's nuclear waste program, especially its continued reliance upon salt and salt formations for future repositories. On February 12th, the President announced that the DOE would accelerate its efforts to locate, characterize, and develop a number of potential sites for geologic repositories in several different kinds of geologic media other than salt before a final site would be selected. This policy, based upon the recommendations of the Interagency Review Group on Nuclear Waste Management, reflects the advice of the U.S. Geological Survey, the NRC, the National Academy of Sciences, and many independent scientists.

The DOE has repeatedly stated that it is redirecting its research efforts toward non-salt media and sites. However, a close look at the DOE program and the waste program budget indicates that little has changed. DOE is giving serious consideration to only two non-salt sites: the Nevada Test Site and the Hanford Reservation. Activities at the Nevada Test Site have already lead to the disqualification of potential granite, argillite, and shale sites leaving only the the volcanic tuff site at Yucca Mountain still under consideration. Although DOE is exploring a number of potential sites for basalt, these are limited to the Hanford Reservation.

DOE has proposed a substantial total increase of $54,165,000 in its waste isolation program ostensibly to expand non-salt exploration activities, however, 46% of that increase or $24,876,000 is for additional work at salt sites. While DOE has developed only the two potential non-salt locations, it is currently examining multiple sites in each of the following salt geology areas: Gulf Coast Salt Domes, Salina Basin, Paradox Basin, and the Permian Region. DOE does not believe that under the current program it can identify a non-salt site, except for the Nevada Test Site, before FY 1983 or FY 1984.

Given the President's policy, and one which the Environmental Policy Center believes is sound, to chose the best site from among four or five potential sites in different geologic media, more funds should be redirected away from research and development of salt formation sites and shifted to non-salt activities. Included in these changes should be the $21 million request for the development of the Waste Isolation Pilot Plant(WIPP)near Carlsbad, New Mexico and the $6.8 million request for a salt formation test facility. DOE, in the second phase of its basalt test facility is only requesting $3,576,000, while asking for almost twice that amount for an as yet unidentified salt facility for which the design is not yet completed. This salt test facility is estimated to cost upwards of $20 million to $30 million and should be deferred until the DOE can give a better accounting of the purpose of the facility and its relationship to the proposed work at the WIPP which it would duplicate.

Funds diverted from salt formation activities should be channeled into the DOE-USGS national systems screening program to develop suitable site criteria and potentially acceptable regions without regard to whether they are "on the reservation". It should be noted that the uranium resource assessment program, although substantially reduced this year to $35.8 million, has been operating at a budget of approximately $65 million. The goals of this program, of identifying and locating selective geologic formations, are comparable to that required of a comprehensive nuclear waste site selection effort. We recommend that the systems screening program receive significantly more funding on the order of that given the uranium resource assessment program.

DOE's commercial waste programs for high-level waste and waste treatment technology parallel often identical programs under DOE's defense waste program. For example DOE has had a commercial waste program to develop disposal technology for transuranic wastes although there is not commercial reprocessing now taking place which would require this technology, nor will there be any in the near future. While DOE has requested $4,750,000 for FY 1981 for this program, the DOE defense program is spending $25 million per year under the same Albuquerque Operations Office oversight to develop the same transuranic waste disposal technology. Similar duplication occurs in the low-level waste programs and in high-level waste technology programs where both programs are aimed at developing vitrified waste forms. The Appropriations Committees should make every effort to eliminate this duplication and consolidate these programs in the commercial program where appropriate. Increased attention should be paid to airborne waste immobilization in both defense and commercial programs as evidenced by the need to handle the krypton gas at Three Mile Island .

In closing, I would like to call the Committee's attention to the magnitude of the various remedial action programs, which DOE estimates will cost approximately $50 million to $70 million per year perhaps through the year 2000. This program will obviously become quite expensive and every effort should be made to encourage recovery of these costs from parties who can be determined to be liable as allowed under the Uranium Mill Tailings Radiation Control Act of 1978. Finally, I wish to express our continued opposition to the Administration's proposal to shift the responsibility for the storage of commercial spent fuel to the public sector. The technology is commercially available, it is licenseable by the NRC, its economics are well understood. I direct the Committee's attention to DOE's recent update of utility requirements(DOE/NE-0002).

COALITION FOR WATER PROJECT REVIEW

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Defenders of Wildlife
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Environmental Policy Center
Environmentalists for
Full Employment
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National Audubon Society
National Wildlife Federation
Natural Resources Defense Council
Rachel Carson Trust*
Sierra Club
Sport Fishing Institute*
Trout Unlimited
The Wilderness Society*
Wildlife Management Institute*
The Wildlife Society*

Edward R. Osann
Coordinator

*Associated for information exchange; excluding legislative activity.

TENNESSEE-TOMBIGBEE WATERWAY

1980 FACT UPDATE

1. The ultimate project cost has skyrocketed from $1.8 billion to over $3 billion in a single year.

2. The Corps seeks to spend $246 million on the project in FY 80 which would include $58 million in the pending FY 80 Supplemental Appropriations Bill. The budget request for FY 81 is $209 million. In spite of these mammoth appropriations requests over $2 billion remains to be spent on the project.

3. The Corps continues to use the archaic interest rate of 3⅛% in calculating the benefit-cost ratio.

4. The Corps has still not obtained the required commitments from state officials to defray their share of the costs of highway bridges for the project, which rose by $28 million in one year.

5. The Corps has still not obtained the required legal commitment from the affected states to defray their share of future recreation developments whose cost is now estimated to be $145 million, an increase of $110 million.

6. The US Fish and Wildlife Service has published a report on the wildlife mitigation for the project which establishes (a) that the Corps has illegally restricted its environmental review to only half of the project area, (b) that the acquisition of between 118,000 acres and one million acres will be necessary to mitigate the loss of fish and wildlife habitat occasioned by the project, and (c) that the cost of such lands will at a minimum be $38 million.

A copy of the detailed Background Report on the Tennessee-Tombigbee Waterway, prepared by the Coalition last year , is attached. For more information contact Edward Osann at 797-6865 or Pete Carlson at 547-6500.

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TENNESSEE-TOMBIGBEE WATERWAY

BACKGROUND REPORT

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2. Map and Graphs of Costs and Benefit/Cost Ratio
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4. Fictitious Economic Benefits
5. Corps Proceeding Without Required Local Commitments
6. Economic Analysis Shows It Better to Stop Project Now
7. Coverup of Project Costs

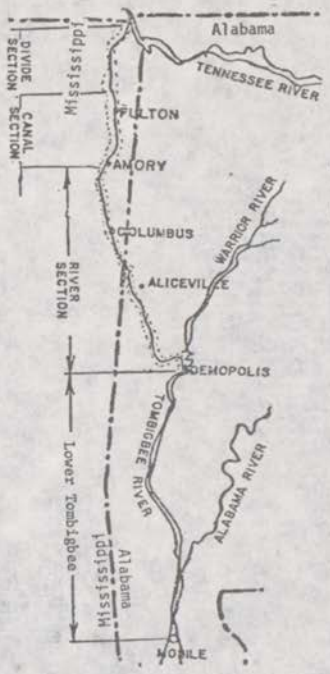
Appendix

1. New York Times article, Nov. 11, 1978
2. Washington Post article, Feb. 5, 1979
3. New York Times editorial, Dec. 4, 1978
4. Washington Star editorial, Nov. 28, 1978
5. Coal Week special report, Feb. 12, 1979
6. Engineering News Record article, Feb. 8, 1979
7. Birmingham (Ala.) Post-Herald editorial, Apr. 13, 1977

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March, 1979

TENNESSEE-TOMBIGBEE WATERWAY



Project Description. The Tennessee-Tombigbee Waterway, known as Tenn-Tom, is the biggest ongoing water project in the nation's history. The project is designed to cut through a mountain ridge to link the Tennessee River with the Tombigbee River in order to provide a shorter route for barges to the Gulf of Mexico. The project is justified primarily on the basis of navigation benefits and provides no flood control and no hydropower benefits.

Corps Building Project Without Authorization. The waterway as it is being built today is not what Congress authorized. The Corps has changed the width of the waterway from 170 to 300 feet which dramatically increases the carrying capacity of the canal and causes a significant increase in project cost. The Corps has added an additional 35,000 acres of land to the project, increased the proposed depth from the authorized 9 feet to 12 feet in major portions of the river section, and changed the design of the waterway in the canal section by adding 5 new dams which will inundate an additional 5,000 acres of land. These major changes significantly increase the impact of the project on railroads and on the environment. None of these changes has been authorized by Congress.

Corps Promised Congress It Would Seek New Authorization If It Doubled Waterway Width. In 1950 the Investigative Staff of the House Appropriations Committee examined the Tenn-Tom and found that the Corps was planning on building a 300-foot wide canal, not the authorized 170-foot wide project. In response to the Appropriations Committee report, the Corps stated that it did not plan to build the project 300 feet wide and that if it ever did, it would inform Congress and seek explicit authorization. The Corps to this date has never sought such authorization and has never formally advised the public works committees of the change in waterway width.

Fictitious Economic Data Used by the Corps. The economic justification of the project rests primarily on the navigation benefits resulting from savings to shippers who would use the canal. An examination of these transportation benefits shows that the Corps has included in the benefits barge movements of goods from companies which stated categorically that they would not use the waterway and from companies or plants no longer in existence. The Corps, for example, claimed benefits from moving coal to a power plant in amounts the plant could not burn from mines that the plant was not legally free to deal with. Were it not for the inclusion of these fictional benefits, the benefit-cost ratio would have dropped well below 1 to 1.

Corps Claiming Benefits from Unauthorized Expansion on Lower Tombigbee. Documents filed with the Court show that the Corps bases the economic justification of the project on the assumption of a 300-foot waterway all the way to Mobile, even though it acknowledges that it needs authorization for expanding lock facilities and straightening the river below Demopolis. This expansion would add another $300 million to the

cost of the project. Without such enlargement on the Lower Tombigbee, which the Corps itself described as "more crooked than a barrel of snakes," the situation is equivalent to a superhighway feeding into a two-lane road. This situation will create severe pressure to widen the navigation channel on the Lower Tombigbee. The Corps has thus illegally segmented the waterway into two sections by unilaterally claiming authority to construct a 300-foot wide waterway between Pickwick and Demopolis and by designating the Demopolis-to-Mobile section as a different project.

Corps Has Failed to Obtain Required Local Assurances. Section 221 of the Rivers and Harbors Act of 1970 states that after January 1, 1972, the Corps shall not begin construction on any water project until the appropriate non-federal interests have entered into legally binding contracts to furnish the required local cooperation. The Corps has never executed the Section 221 agreements with the non-federal interests on the Tenn-Tom. Yet the Corps began construction of the project in September, 1972, according to its own testimony to Congress and its own Annual Report of 1975. The local assurances are still lacking and the Corps is thus illegally proceeding on a multi-billion dollar project without having proper assurances from the non-federal interests.

In addition, the Corps has failed to comply with Section 80 of the Water Resources Development Act of 1974, which allows the Corps to grandfather a project at a low interest rate (3-1/4%) if, prior to 1970, "satisfactory local assurances" have been obtained and the project has been authorized. As of 1970 the State of Alabama had not given proper local assurances under Section 80. In fact, a Federal District Court in Alabama has already held that the document by which the Alabama sponsor attempted to give local assurances to both the Tenn-Tom and the Tombigbee River Tributaries flood control project does not provide the legally required assurances for the latter project. The identical reasoning applies to the assurances offered for the Tenn-Tom. Ironically, it was the State of Alabama itself that brought the suit on the Tombigbee Tributaries project that resulted in the ruling that the local assurances were not satisfactory. Because these local assurances are not satisfactory, the Corps is legally required to use the current interest rate, which drives the benefit-cost ratio for the project far below 1 to 1.

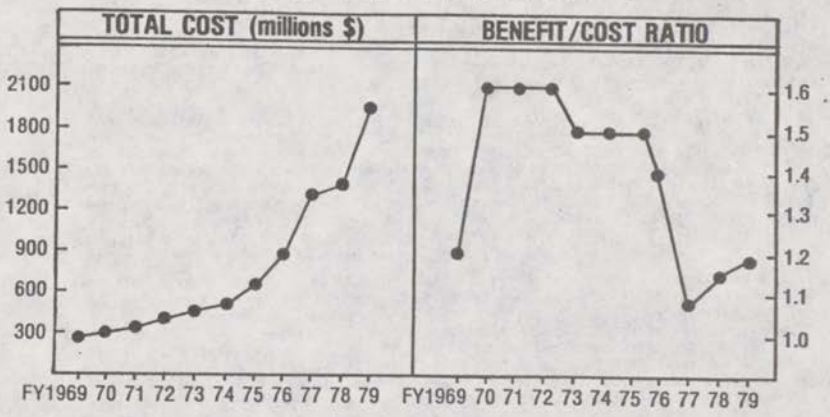
Escalating Costs. Project costs have skyrocketed from $300 million for the project in 1969 to between $1.5 and $2 billion in 1979. The Corps still uses the obsolete 3-1/4% interest rate in its justification. Documents filed with the Federal District Court in Mississippi show that in 1975 the Corps chose to withhold the true cost estimate for the project because it would have too great an "emotional impact" on Congress.

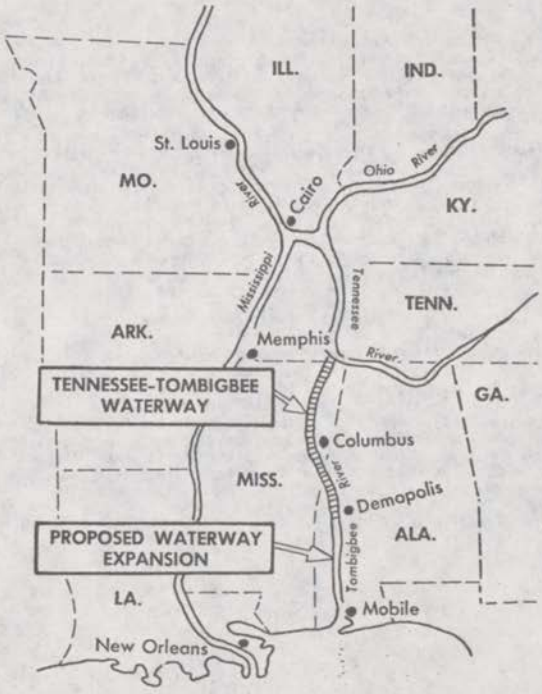
Lawsuit Filed. The Louisville and Nashville Railroad and conservation groups have filed a three-part lawsuit against the Tenn-Tom alleging: 1) lack of proper Congressional authorization for the numerous changes in project scope. 2) violation of laws governing local assurances and the calculation of benefits and costs, and 3) violation of various environmental statutes. The L & N Railroad believes that the project as now being constructed will bankrupt the railroad if the Corps traffic projections and claims are accurate. In March the U.S. District Court ruled on the first part of the suit. The Court noted that Congress had never expressly approved the increase in channel width but said that plaintiffs were barred by the passage of time from litigating this issue. The Court's ruling is being appealed.

Conclusions. The Tenn-Tom will cost far more to complete today than it did when construction began in 1972. This multi-billion-dollar undertaking is justified on the basis of fictitious movements of cargo from companies and plants that don't exist. There is no point in sinking more money into a canal project for which beneficiaries cannot be found. The Corps is building a project that won't carry enough cargo to pay even 30% of its costs. Furthermore, the Corps is proceeding without having obtained the legally required local assurances. Without an additional $300 million expansion on the Lower Tombigbee, a project which is not authorized, the Corps cannot physically move the traffic it is using to justify the project. An accurate up-to-date economic analysis shows that the Federal Government would lose less money by stopping the project than by carrying it through to completion.

FOR MORE INFORMATION CONTACT: Ed Osann 797-6816 or Pete Carlson 547-6500

TENN—TOM ECONOMICS





HISTORY OF THE TENNESSEE-TOMBIGBEE WATERWAY

Authorized in 1946, the Tenn-Tom was investigated in 1950 and 1951 by the Investigative Staff of the House Appropriations Committee which found that the economic justification of the project was based on tonnage estimates which were "worthless". The report concluded that the benefit-cost ratio would not be 1.13 to 1, but rather only 0.27 to 1. The Committee found that the Corps had laid plans to almost double the width: "the proposed ultimate width was not 170 feet but, instead, 300 feet." In response to the Committee's demand for an explanation, the Corps replied:

> "The Tennessee-Tombigbee Waterway is authorized for a width of 170 feet. To increase this width to 300 feet would require additional authorizing legislation by the Congress...The authority delegated to the Chief of Engineers by Congress to make necessary modification of authorized projects does not extend to major increases in project scope, such as that which would be involved in widening the Tennessee-Tombigbee Waterway."

As a result of its 1950-1951 investigation, the House Appropriations Committee placed the project in the "deferred for restudy" category, where it remained for roughly 15 years. In 1966 the Corps resumed study of the project and found it to be economically justified on the basis of a channel wider than 170 feet. In 1967, the Secretary of the Army responded to the Corps' request for authority to expand the project width by approving a 300-foot channel for purposes of future planning. The Corps never requested construction authorization for the 300-foot channel from the Secretary of the Army or from the Congress. Nevertheless, construction funds were first appropriated in 1971.

The Corps was halted before construction could begin by a lawsuit filed by the Environmental Defense Fund and the Committee for Leaving the Environment of America Natural (CLEAN) which resulted in an injunction of September, 1971. The injunction was lifted the following year when the Federal District Court ruled that the environmental impact statement on the then proposed project was adequate. The Corps initiated construction in 1972, at the Gainesville Lock and Dam, and began building the waterway with a 300-foot width. The Congress was not informed at this time of the Corps' decision to build the canal 300 feet wide and to this date the public works committees of the Congress have never been apprised of this major change.

In the fall of 1974, the Corps learned that project costs had risen to over one billion dollars. Although key Corps officials in the South Atlantic Division recommended that this dramatic cost increase be reported to Congress, the Chief of Engineers decided to hold off on such a report pending the outcome of a planned benefit study by the A.T. Kearney Company. In the fall of 1975, as a result of the Kearney benefit study, high-level Corps officials learned for the first time that the traffic necessary to support a positive benefit/cost ratio for the project could not move on the Lower Tombigbee, south of Demopolis. This finding triggered an internal investigation of the Corps' authority to construct both the needed improvements south of Demopolis and the 300-foot channel north of Demopolis.

In the meantime, the Corps continued to claim benefits in its economic analysis for a 300-foot channel south of Demopolis all the way to Mobile. The Corps ordered a new economic study of the project because it saw that escalating costs would outstrip its falsely claimed benefits. This new analysis, carried out by A.T. Kearney, Inc., continued to assume the 300-foot waterway all the way to Mobile, even though the Corps had already acknowledged to Congress the need to authorize major improvements in the Lower Tombigbee between Demopolis and Mobile.

With the Kearney report completed, the Corps completely abandoned its earlier economic justification which had 85% of the traffic going up-river. Now, the Corps said, 86% would be downbound. The Corps then calculated transportation benefits by including barge movements of goods from companies which explicitly indicated they would not use the waterway and from companies no longer in existence. Were it not for the inclusion of these fabricated benefits, the benefit-cost ratio would be below unity. Thus, the Corps is justifying to Congress a multi-billion-dollar investment on the basis of fictitious benefits.

Because the Corps dramatically changed the scope of the project and the nature of the traffic benefits, the Louisville and Nashville Railroad and several conservation groups filed suit to halt the project in 1976. The L & N Railroad believes that the project will cause the railroad to go bankrupt if the Corps traffic figures are correct. The Corps has admitted that it has never examined the impact of the expanded waterway and its traffic on other transportation modes such as rail. The lawsuit is in three parts charging:

1) lack of Congressional authorization for the 300-foot channel and other changes in project scope
2) violation of laws governing calculation of benefits and costs and local cooperation assurances
3) violation of various environmental statutes concerning water quality, fish and wildlife mitigation and environmental impact statements.

On March 12, 1979, the United States District Court for the Northern District of Mississippi refused to resolve the question of the authority of the Corps to construct a 300-foot wide channel for the waterway, ruling instead that the plaintiffs were barred by the passage of time from litigating that question. In its opinion, however, the Court noted that the width increase from 170 to 300 feet had never been expressly approved by the Congress and conceded that the authority question would merit careful scrutiny if plaintiffs were not barred from such litigation. The plaintiffs are now asking the Fifth Circuit Court of Appeals to review the decision of the District Court.

When the lawsuit was filed, the Corps moved into a 24-hour-a-day work schedule to try to sink as much money as it could before the Court could act. Still, there remains to be spent over twice as much money now as when the project construction began in 1972. As accurate up-to-date economic analysis would show that the Federal Government would lose far less money by stopping the project than by carrying it through to completion.

FICTITIOUS ECONOMIC BENEFITS

The Corps' economic justification for the Tenn-Tom rests primarily on the navigation benefits resulting from savings to shippers who would use the canal; however, an examination of the projected use of the waterway reveals serious fabrications of these transportation benefits. The Corps has included in the benefits barge movements of goods from a) companies no longer in existence or b) companies which stated categorically that they would not use the waterway. Were it not for the inclusion of these fictional benefits, the benefit-cost ratio would have dropped below 1 to 1. The Corps continues to justify this multi-billion dollar public investment on the basis of benefits that have literally been made up out of thin air as the following examples show.

Claiming Benefits for Companies Which Will Not Use Waterway

The Corps claims transportation benefits for four major companies which have emphatically stated that they have no plans to use the Tenn-Tom. These companies are: Southern Services (coal shippers on the Mississippi), the Aluminum Company of America, the Hammermill Paper Company and the Weyerhauser Corporation. The Corps claimed that 600,000 tons of paper board would be shipped annually on the waterway by Weyerhauser even though Weyerhauser had explicitly advised Corps personnel that the plant which would produce the paper board would not rely upon the canal.

Fabrication of Coal Shipments

In the first year of operation the Corps claims that 65% of the traffic on the waterway will be downbound coal: 18.4 million tons of coal out of a total tonnage of 28 million tons. This movement, however, is largely composed of fictitious shipments. The New York Times, for example, pointed out that one Alabama power company plant is to get coal in amounts it could not burn from mines it was not legally free to deal with.

Approximately 10 tons of the 18.4 million tons of coal would originate from Northern Alabama and Southeastern Tennessee. In its February 12, 1979 issue, Coal Week reports that the Corps' projection "would require nearly a 500% increase in export production from the Chattanooga area in a 7-year span." Coal Week asked the major coal companies and shippers about the Corps' claims. Bill Allison, President of Tennessee Consolidated (a subsidiary of A.T. Massey), one of the largest producers of export metallurgical coal in the Southeast, said the Corps is "pipe dreaming" if it anticipates 7 to 8 million tons of coal moving out of the Chattanooga area. Peter Serodino, the largest marine contractor on the Tennessee River, commented to Coal Week that the Corps' claims "would mean every ton produced in this area would have to go to Mobile and I just don't see that happening."

According to Coal Week if coal leaves Southern Tennessee at the rate the Corps claims, "all of southern Tennessee's current recoverable reserves would be depleted in 15 years or around the year 2000--well before the end of the 50-year economic life of the canal."

Corps Violates the Law and Its Own Regulations by Including Fictitious Movements of Cargo

The 1966 Department of Transportation Act provides specific directions in Section 7 (a) as to how the Corps is to compute navigation benefits to shippers. The Corps has promulgated regulation ER 1120-2-114 "Navigation Benefits" to implement this statute. This law and the Corps' regulation require that navigation benefit studies be based on freight movements existing at the time of the study and that the rates used be the actual total charges paid by shippers on those existing movements. The corps' inclusion of fictitious movements of cargo or savings violated both its own regulation and the law. The Corps even includes as a benefit the movement of cargo which its own data sheets show to be moving more cheaply by rail.

Complete Reversal of Traffic Projections

When project construction began in 1972, the Corps claimed in its economic justification that 85% of the waterway traffic would be upbound. In 1979, however, the Corps has done a complete reversal and asserts that 86% of the traffic will be downbound.

CORPS PROCEEDING WITHOUT REQUIRED LOCAL COMMITMENTS

1. Corps Fails to Comply with Section 80 of the Water Resources Development Act of 1974

Section 80 grandfathers at a low interest rate (3-1/4%) water projects authorized before 1970 where satisfactory assurances have been given prior to December 31, 1969, to pay the non-federal share of the project cost. In the absence of the required local assurances the Corps is mandated to use a higher interest rate in project evaluation. (The Corps does not want to use a rate higher than 3-1/4% on the Tenn-Tom because the benefit-cost ratio is already marginal and use of a higher rate would drop the ratio below 1 to 1). The b/c ratio for the TTWW is marginal even when the 3-1/4% interest rate is used. Use of a higher rate would drive the b/c ratio below 1 to 1.

The assurances given by the State of Alabama for the Tenn-Tom do not satisfy the Section 80 requirements because they were not satisfactory prior to 1970. The Alabama Legislature cerated the Tombigbee Valley Development Authority (TVDA) in 1967 to act as the local sponsor. The Alabama Legislature empowered TVDA to issue $10 million in bonds but prohibited it from making financial commitments unless unencumbered funds were available from the bonds or from the Legislature. TVDA had only one meeting prior to the Section 80 cutoff date of December 31, 1969. At that meeting, held on April 18, 1968, the TVDA attempted to give local assurances in one document for both the Tenn-Tom and the Tombigbee River tributaries flood control project.

The State of Alabama subsequently filed suit against the Corps on a particular Tombigbee River tributaries project (Luxapalila Creek channelization) on the ground that the Corps could not use the 3-1/4% interest rate for that project because TVDA's local assurances were not "satisfactory" under Section 80 since no unencumbered funds existed on which TVDA could give assurances. The Court agreed and issued a preliminary injunction and required the Corps to compute the benefit-cost ratio at the then current interest rate, not at the 3-1/4% rate.

The same reasoning applies to the local assurances for the Tenn-Tom. TVDA did not have unencumbered funds as required by Alabama law and thus could not legally have given "satisfactory" local assurances to pay the Alabama share of the Tenn-Tom costs. Furthermore, until 1976 TVDA was only empowered to issue $10 million in bonds; yet the Corps knew back in 1968 that Alabama's local share was in excess of $10 million. Thus, even if TVDA had the unencumbered funds, it could not have provided the required assurances.

The Governor of Mississippi recognized this fact when on March 14, 1977, he wrote the Governor of Alabama concerning the Luxapalila case and stated:

> "This same attack is being made in the Tennessee-Tombigbee Waterway litigation, and the identical state and federal statutes and their interpretation will be involved. Here again the lower interest rate under the grandfather clause is absolutely essential to the benefit-cost ratio for the project. It does appear entirely inconsistent for the Attorney General, speaking for the State of Alabama, to maintain that the TVDA is not a qualified local sponsor and could not give the required "satisfactory assurances" for the Luxapalila project, and then argue in the Tennessee-Tombigbee Waterway suit that it was a qualified local sponsor and could give "satisfactory assurances" for the Tennessee-Tombigbee project.
>
> Since there is one state agency, one resolution of sponsorship, and the identical federal statutes involved, it seems obvious that the assurances given by the TVDA as the local sponsor were either satisfactory in both cases or satisfactory in neither."

2. Corps Violated Its Own Regulations in Failing to Defer Tenn-Tom

Since at least 1974 the Corps has experienced major problems in securing the required local cooperation. With respect to the State of Alabama, the Corps does not have the assurances required under Section 80. The Corps wrote Alabama Governor Wallace on September 12, 1975, advising him of the problems with Alabama's delay in providing the requisite cooperation. In the case of Mississippi, the local sponsoring entity, the Tombigbee River Valley Water Management District (TRVWMD), told the Corps it didn't have the required money to satisfy its obligation and that it would not be politically advisable to seek such funds from the legislature until 1976. To this day the TRVWMD lacks the actual ability to meet the Mississippi share of the project costs. In January, 1979, the Mississippi Highway Commission informed the State Legislature that even under the best possible circumstances the State still lacks at least $15 million in funds to meet the local share of the costs.

Given the difficulties in obtaining the proper local cooperation the Corps is required under its regulation, ER 11-2-240, to place the project in the "deferred" rather than "active" category. A project belongs in the deferred category according to the Corps when local interests "are currently unable to furnish the required cooperation, but it is expected that local cooperation difficulties will be removed in the reasonably near future." This description fits the Tenn-Tom situation. Thus, the Corps should have placed the Tenn-Tom in the dererred category since late 1974; however, the Corps has steadfastly refused to do so and has even chosen to disregard the recommendation of the Army Audit Agency which told the Corps in 1976 that:

> "Projected non-federal participation may not materialize. Based on the latest data available, states' (Mississippi and Alabama) participation may fall short by as much as

$170 million."

3. Corps is Violating Section 221 of the Rivers & Harbors Act of 1970

Section 221 provides that after January 1, 1972, the Secretary of the Army shall not begin construction on any water project unless "Each non-Federal interest has entered into a written agreement with the Secretary of the Army to furnish its required cooperation for the project." Congress required that these local assurances be more than mere promises of support, explicitly stated in House Report No. 95-1655 that:

> "The non-Federal interests entering into these agreements must be legally constituted public bodies with full authority and capability to perform the terms of the agreement and to pay damages, if necessary, in the event of failure to perform. The agreements will be enforceable in the appropriate district courts of the United States."

The Corps acknowledges that Section 221 agreements have never been obtained for the Tenn-Tom. Instead the Corps now maintains that no Section 221 agreements are needed because the project was grandfathered by being under construction of the Tenn-Tom started in December, 1972, with the beginning of work on the Gainesville Lock and Dam. Indeed, in January of 1972 the Corps told the Congress that the litigation and subsequent injunction in 1971 had prevented initiation of construction. In the 1975 Annual Report of the Chief of Engineers, the Corps states that the Construction of the Waterway began in 1972 at the Gainesville Lock and Dam.

To try to escape the provisions of Section 221 the Corps says that land acquisition began prior to 1972 and that land acquisition counts as construction. Notwithstanding the fact that land acquisition is not construction, even the Corps' attempt to extricate itself in this fashion contradicts its own regulation EC 1180-2-12. This regulation requires the Chief of Engineers to decide whether land acquisition rather than the letting of the first construction in fact constitutes commencement of construction. The regulation requires the Corps to make this determination on a case-by-case basis, but the Chief of Engineers made no such determination during the period of discussion and in fact proceeded in 1972 to tell Congress that construction had not started. Furthermore, on March 12, 1973, the Corps explicitly stated that the Alabama sponsor needed to execute a 221 agreement. By continuing on with construction, the Corps directly violated Section 221 of the Rivers and Harbors Act of 1970. The violation continues to this day.

ECONOMIC ANALYSIS SHOWS IT BETTER TO STOP WATERWAY NOW

A detailed economic analysis of the project has been performed by Professor Robert Haveman of the Economic Department at the University of Wisconsin and former Senior Economist with the Subcommittee on Economy in Government of the Joint Economic Committee and by Professor Joseph Carroll who is Director of the Transportation Systems Program, Pennsylvania Transportation Institute, Penn State University. The conclusion of the analysis performed by these two distinguished economists is that the Federal Government would lose far less money now by stopping the project than by carrying it through to completion. Below is a summary of some of the findings.

Annual Benefits Claimed by the Corps

Navigation	$86,587,335
Area Redevelopment	7,476,000
Recreation	5,152,000
Fish & Wildlife	197,000
	$99,412,335 total

Average Annual Costs $84,517,000

Benefit-Cost Ratio According to Corps: $\frac{99,412,335}{84,517,000} = 1.18$

When the navigation benefits are properly figured to exclude the fictitious shipments of cargo (see earlier data sheet) and to follow the legally prescribed rules, then Professor Haveman notes that "the best benefits the Corps could hope to claim" are:

Navigation--less than	$27,000,000
Area Redevelopment	1,000,000
Recreation	5,152,000
Fish & Wildlife	197,000
	$33,349,000 total

Corrected Benefit-Cost Ratio: $\frac{33,349,000}{84,517,000} = 0.39$

This benefit-cost ratio is still figured at the obsolete interest rate of 3-1/4%. If the current interest rate of 6-7/8% is just applied to the costs and the 3-1/4% still used on the benefits, then the benefit-cost ratio drops still further to 0.23.

Area redevelopment benefits are calculated on the basis of hiring unemployed workers. The theory is that the hiring of unemployed workers does not sacrifice productivity elsewhere in the nation and thus the wages paid to the unemployed workers are not chargeable as project costs. In figuring these area redevelopment benefits, the Corps has failed to follow the prescribed regulations (ER 1165-2-6)

and has made a number of unsupported assumptions and definitions such as:

1) defining 'local' labor to mean any person who is in the area for more than a day
2) assuming that 80% of the total work force is 'local'
3) assuming that 100% of the locals hired are unemployed
4) counting 45 counties as eligible when only 2 of the 45 are in areas designated by the Economic Development Administration as having "substantial and persistent unemployment."

If area redevelopment benefits were calculated according to the Corps' specified procedures, Professor Havemen asserts that they would not exceed $1,000,000 annually.

Conclusion. Professor Havemen concludes that "under every conceivable set of circumstances the economic benefits of the TTW are less than the costs." Even considering the costs already incurred, there remains approximately $1.2 billion to be spent. The annual charge on this remaining amount, Haveman points out, "would far exceed the benefits." The project is so economically unsound that the Federal Government would lose less money by stopping the project now and taking the loss on money already spent, than by continuing the project further. Furthermore, a substantial part of the money already spent has gone into purchase of land and other recoverable costs and thus could be retrieved if the project is halted.

COVERUP OF PROJECT COSTS

In budget testimony during the spring of 1974, the Corps of Engineers advised Congress that the Tennessee-Tombigbee Waterway would cost $600 million. In October of that year, the Office of the Chief of Engineers was advised by its South Atlantic Division that the project cost estimate had risen sharply, to over one billion dollars. In reporting this drastic increase, a Corps official in Atlanta recommended that the new cost be reported to Congress, even though such action might mean that "the project could well have some problems in Congress this year."

In December, 1974, an official in the Washington office of the Corps suggested that an estimate of somewhat less than one billion dollars be presented to Congress, since such an estimate "has less emotional impact."

The question of whether to report this big increase in the upcoming testimony before the Congressional Appropriations Committees was then discussed with General Morris, who was Deputy Chief of Engineers and is now Chief of Engineers. The Corps' Atlanta Office reported: "It was decided that, since we were doing a new economic analysis, we should hold off on the big cost increase until an integrated economic report is completed and submitted. The estimate to be used is $815 million." Thus, the Corps went before the Appropriations Committee and did not disclose the huge cost increase which had necessitated a complete reexamination of the economic justification by the Corps.Congress still thought the cost was $815 million.

As a result of this tremendous project cost increase, the Assistant Secretary of the Army for Civil Works subsequently ordered an audit by the Army Audit Agency. The Army Audit Agency uncovered pervasive errors in the project cost estimating procedure, all of which tended to underestimate the true cost. With respect to the 1974 cost increase, the Army Audit Agency concluded:

> According to available records, about $344 million in known cost increases were not reported in the fiscal year 1975 PB-3 estimate. The records show increased costs were not reported in order to reduce the "emotional impact" of any big cost increase and to negate the effect that the increase would have on the project's benefit/cost ratio.

Documents Indicate Corps Misled Congress on Major Southern Canal

New York Times
November 11, 1978

By WAYNE KING
Special to The New York Times

ATLANTA, Nov. 25 — Thousands of confidential memorandums and other internal documents of the Army Corps of Engineers indicate a continuing practice of accounting manipulation, guesswork and misleading statements to Congress to justify construction of the $2 billion Tennessee-Tombigbee Waterway through Mississippi and Alabama.

The Government documents, which have come to public view as a result of a lawsuit to block the barge canal, show underestimates of costs and overestimates of benefits calculated to win approval for the most extensive project in the history of the Corps of Engineers.

The corps declines to discuss the matter, saying that it will not comment on a case pending in court.

Profile of Corps at Work

An examination of the documents, which allow a rare glimpse of the inner workings of the corps, shows the following:

¶The economic justification for the waterway, the ratio of benefit to cost, was based on data derived from barge traffic projections that ranged from unlikely to physically impossible.

¶The cost-benefit ratio was also based on a channel width nearly twice as large as Congress authorized and included locks not in the approved design.

¶Benefit figures used at various times to legally justify the project were based on the inclusion of hundreds of millions of dollars in improvements to 217 miles of the Tombigbee River that were not included in the project and have never been authorized by Congress.

¶For more than a year, from December 1974 to January 1976, the corps reported to Congress and the public a cost figure of $815 million for the project. Internal communications show that the corps was aware then that the true cost would exceed $1 billion, based on actual bids, and could go as high as $1.4 billion.

¶According to an auditor's memorandum, a report by the General Accounting Office questioning the corps's methods of accounting was shelved after aides to Senator John Stennis of Mississippi, one of the strongest proponents of the waterway, "expressed their concern about the possible negative effect which our report may have on the Tennessee-Tombigbee project and indicated that they would rather see reports which are strongly supportive of the project."

¶A United States Army Audit Agency report on the project, also never made public, noted extensive irregularities in accounting and observed that corps records showed "increased costs were not reported in order to reduce the 'emotional impact' of any big cost increases and to negate the effect . . . on the project's benefit/cost ratio."

The controversial 232-mile waterway, which has been debated for almost 200 years, will link the Tennessee and Tombigbee rivers in a barge route from the mid-Ohio River states to the Gulf of Mexico.

Its advocates, including Senator Stennis and many powerful Southern politicians, contend it will create an economic revolution in a depressed region of Mississippi and Alabama, shorten shipping routes and create thousands of jobs.

Opponents of the waterway include environmentalists, some politicians, Mississippi River interests and railroads. The suit for which the Corps of Engineers documents were made available was brought by the Louisville & Nashville Railroad and the Environmental Defense Fund, and is expected to be heard in Federal court in Mississippi, possibly in January.

No Comment From Corps

An aide said that Gen. John W. Morris, chief of engineers for the corps, was "too busy" to discuss the documents and referred questions to the corps's public affairs office. Locke Mouton, deputy chief of public affairs, said the corps would not discuss the matter while it was in the courts.

Included in the 200,000 pages of documents are excerpts from the Army's audit, which noted that "procedures used by the Corps of Engineers in preparing cost estimates during the early stages of large civil works projects do not provide for the reporting of realistic costs" and said that "project cost estimates were understated because costs were either not adjusted for price level increases or the adjustments made did not reflect actual market conditions."

"About $344 million in known cost increases," the summary noted, "were not reported in the fiscal year 1975 estimate."

Additional Work at $215 Million

The summary also noted that the waterway's success would depend on additional locks and the widening of the Tombigbee River, "although not presently authorized or included in cost estimates." The additional work, the summary observed, "could increase the Federal cost of the waterway by at least $215 million."

A General Accounting Office report was shelved after Senator Stennis talked with Comptroller General Elmer B. Staats. A handwritten, initialled note on a memorandum that was written by a General Accounting Office supervisor said, "It seems this decision was made solely to keep from offending Stennis."

The memorandum noted that before the G.A.O. study was stopped enough data were gathered to indicate that the corps had failed to determine the possibly negative economic impact the Tennessee-Tombigbee would have on three adjacent waterways, the Lower Ohio, the Black Warrior and the Lower Tombigbee.

The handwritten note on the memorandum said, "The report message and our



recommendations and conclusions were not questioned," and it asked, "Where is G.A.O.'s impartiality and moral obligation to the U.S. public?"

An aide to Senator Stennis acknowledged that the Senator had called Mr. Staats when the Senator heard the agency might study the Tennessee-Tombigbee but contended the Senator only pointed out to Mr. Staats that the project was in litigation. "So far as I am aware," the Senator said through his spokesman, "no study had been made, and I have certainly not held up any study or report."

G.A.O. Denies Influence Charge

Roland Sawyer, a spokesman for the General Accounting Office, the investigative arm of Congress, said the auditor "does not speak for the G.A.O., and we deny there was political influence."

Reams of other documents delineate the the corps's efforts to justify the project economically since, by law, public works projects like the Tennessee-Tombigbee must return a dollar in benefits for every dollar invested in construction.

For example, although Congress authorized a channel of 170 feet in width, the corps, without authorization and apparently illegally, based its projections on a channel 300 feet in width, the width necessary to accommodate the kind and amount of traffic necessary to achieve the desired cost-benefit ratio.

Moreover, from 1967 through 1975, the corps based its projections on the assumption that all barge traffic would be of the same configuration — eight-barge tows — and would travel twice the length of the authorized project.

However, the memorandums indicate that it was only in 1975, some 30 years after the project had been authorized, that the corps took cognizance of a stun-

NEW YORK TIMES, November 11, 1978 (cont'd.)



The New York Times / Nov. 28, 1978

A view of Tombigbee waterway construction near Gainesville, Ala. Above, route of the completed waterway through several states.

ning fact: a 300-foot channel ending at Demopolis, Ala., would feed into a river that for all practical purposes was only 200 feet wide, which would be roughly equivalent to running a superhighway into a two-lane blacktop.

'Another $60 Million Required'

In a memorandum dated Sept. 22, 1975, C. G. White, the Planning Division Chief noted the discrepancy and wrote, "Now in 1975" — he underlined the year — "we are told that another $60 million is required to permit use of eight-barge tows below Demopolis."

Although the Corps had planned on "tows," or units, of eight barges lashed together to make the waterway pay, the river below Demopolis could accept tows of no more than six barges, if that, he said, adding, "In 1975, we are also told that three bridges below Demopolis will become constrained and require placement as traffic builds up. This is another $40 million."

His memorandum also reported that two unauthorized locks, costing an estimated $107 million, had been hidden from Congress. "These costs were buried and unidentified in the project's annual charges," he said. "It is a compounding of the problem to note that the locks were considered required for the 300-foot channel and also for the 200-foot channel."

Legal Responses From Corps

In its legal responses so far to the allegations, the corps has insisted that it had no intention of building a waterway south of Demopolis, where the Tennessee-Tombigbee project was to end. It said that, when it was discovered in 1975 that there would be problems south of Demopolis, Congress was notified that authorization would be needed for the additional work.

However, the internal documents show that the corps, as late as May 1976, regarded the 217 miles of the channel below Demopolis as part of the Tennessee-Tombigbee project, despite the fact that it has never been authorized by Congress.

A series of chart maps, developed to show what work had to be done below Demopolis and dated May 1976, is entitled, "Tennessee Tombigbee Waterway, Mobile to Demopolis, cutoffs, bend widenings, channel widenings and bridge modifications," indicating that the corps clearly regarded the section as part of the project. A September 1975 corps document says that "the project extends from Mobile, Ala., to the Tennessee River," again including the huge, unauthorized section.

However, after the suit was filed in November 1976, the corps appeared to change its nomenclature. A December 1976 document talks only of a "navigation study" below Demopolis and calls the additional stretch the "Black Warrior-Tombigbee Waterway," indicating a totally different project.

Corps Claims Discretionary Power

The corps has also contended in its responses to the suit that, since a 1972 suit brought by environmentalists was decided in the corps' favor, its actions since then are not legally reviewable and, in any case, are within the discretionary power granted by Congress.

As for the authority to construct a 300-foot channel, rather than the 170-foot, the corps contends that a memorandum from Secretary of the Army Stanley Resor that authorized consideration of a 300-foot channel for the purposes of study gave the corps authority to actually build it.

However, a December 1976 memorandum, to Brig. Gen. E.R. Heiberg 3d, a division engineer, from Col. Henry J. Hatch, a district engineer, says, "During our 7 December discussion, General Morris advised us that ... Manny Seltzer told him that Counsel had advised ...nthat authority for the 300-foot waterway was not clear, or not existent."

The memorandum continues: "General Morris said that we should have obtained clear Congressional authority in the 1976 bill for the current configuration."

Corps Says Bids Inflated

As for the use of the cost estimate of $815 million at a time when estimates based on actual bids suggested a cost of more than $1 billion, General Morris said in a deposition that the corps felt the bids were inflated and that, moreover, the corps believed it could reduce costs below some of the estimates.

On those grounds, General Morris said, the corps believed the lower estimate was more realistic. However, in the succeeding three years, costs have doubled.

In 1946, when Congress first authorized its construction, the corps cost estimate was $120 million. That estimate has already reached $1.8 billion, and before the waterway can be completed, probably in 1986, it seems certain to deplete public coffers by more than $2 billion.

$1.8 Billion Tennessee-Tombigbee Canal

Spurious Analysis Aids Water Project

This article was written by Washington Post staff writer Ward Sinclair from reporting by him and special correspondents Bob Ratner and Jeffrey Rothfeder.

The costliest water project in American history, a barge canal through the mid-South, has been pushed toward completion with a spurious economic analysis by the Army Corps of Engineers.

Behind the issue of dubious economics to justify the project is a cast of southern political figures, with names such as Carter, Stennis and Eastland, adding their considerable influence over the project's fate.

The project is the $1.8 billion Tennessee-Tombigbee Waterway, a canal linking the Tennessee River with the Gulf of Mexico and shortening the commercial barge route for most inland shippers of coal, chemicals and other bulk commodities.

Environmentalists and the Louisville & Nashville Railroad are challenging the legality of the project in federal court in Mississippi arguing that the corps is building it wider than authorized by Congress.

But a new look at the controversial Tenn-Tom, as the canal is called, raises points beyond those being argued in the court case — questions about the justification for the project and the involvement of powerful southern political and corporate figures.

Among the points:

• A "confidential" study commissioned by the corps in 1975 to justify huge new cost overruns was based on shipping data shippers say is inaccurate. One company projected as a major canal user has gone out of business. Others say they do not intend to use the Tenn-Tom.

• Sen. John C. Stennis (D-Miss.), a leading congressional supporter of the Tenn-Tom, owns about $65,000 in stock in two chemical firms that stand to profit from the waterway—Mississippi Chemical Corp. and First Mississippi Corp. Stennis has not been available for comment on his interests.

• Former senator James O. Eastland (D-Miss.), who retired this year, owns about $100,000 in stock in Mississippi Chemical Corp. Pressure from Eastland led to a special $4 million federal low-interest loan to a small Mississippi railroad that is to hook up with the Tenn-Tom.

The Columbus & Greenville Railroad, a 167-mile line operated by political associates of Eastland, carries all the cottonseed oil from the Greenwood, Miss., farm cooperative in which Eastland has a $15,000 interest. He said he was unaware of that point, and contended that there is no connection between the canal and his interest in Mississippi Chemical Corp.

• Owen Cooper of Yazoo City, Miss., a founder and former president of Mississippi Chemical, is a close personal friend of President Carter. The company plans to use the Tenn-Tom, and has readied a loading-dock site along the canal at Aberdeen, Miss.

Although there is no evidence that the Carter-Cooper friendship affected his decision, the president in 1977 chose not to oppose funding for the Tenn-Tom, despite long-standing opposition to, and controversy over, the canal.

Carter's decision, made when he moved against 18 federal water projects he regarded as economically unsound, was based on the same key economic benefits study produced by the corps.

The corps insists that shipping data in its study, prepared by A. T. Kearney Management Consultants of Chicago, is confidential and cannot be made public. But portions of the data have become available through other sources, allowing closer examination of the findings. Corps officials have declined to make further comment on the Tenn-Tom because of the litigation in Mississippi.

According to Kathy Fletcher, a White House staff assistant, the only economic-benefit data available to Carter was that provided by the engineers. That same corps data, buttressed by the Kearney report, underwent prior review by the Office of Management and Budget, which did no independent investigation

Paul Crabtree, an OMB official, explained, "You have to trust (that) an agency you're working with doesn't lie."

Without the favorable findings of the Kearney team, however, the Tennessee-Tombigbee project would not provide the favorable benefit-to-cost ratio that Congress requires before proceeding with a waterways development scheme.

The waterway's economic benefits, it appears, were vastly overrated to cover up a major cost miscalculation that became apparent to the corps in mid-1974, when it discovered the Tenn-Tom would cost almost $500 million more than expected.

Instead of reporting the overrun to Congress, the corps hired Kearney to restudy traffic projections and recalculate the potential benefits that would come from the Tenn-Tom. Kearney's favorable report and word of the higher new costs were then passed on to Capitol Hill.

But the rush of barge traffic envisioned by the engineers to win support for the Tenn-Tom will not materialize, according to interviews with potential shippers.

Kearney said that 70 percent of tonnage on the waterway in its first year of operation, expected to be 1986, would be coal from the Ohio and Tennessee Valleys.

But the recent interviews disclose that at least two-thirds of the projected volume of 18.5 million tons would not move on the Tenn-Tom. Thus, two-thirds of the anticipated economic benefits would not materialize.

One major shipper was to have been the Kentucky Energy Development Co. which, Kearney said, would be shipping 2.4 million tons on the Tenn-Tom instead of the Mississippi River because it would save $2.35 a ton.

Kearney reported that the firm was shipping its coal from Graysville, Tenn., to New Orleans and Mobile, the Gulf port where the Tenn-Tom will end.

But there is no multimillion-ton mine in Graysville, and the Kentucky Energy Development Co. is out of business. William Willard, a former partner in the company, said KEDC never had produced 2.4 million tons in Graysville or anywhere else. It never got beyond small trucking status.

Kearney also spotlighted the Alabama Power Co. and a sister corporation, Gulf Power Co., as potentially major users of the Tennessee-Tombigbee—more than 8 million tons of coal to move from Shawneetown, Ill., to power-generating plants in Alabama and Florida.

Not so, said Jim Small, fuel supply manager for the power companies. "It's hard to beat the Mississippi's rates on 30- and 40-barge tows," he said. "At this point we have nothing that looks very logical that would come down that direction [on the Tenn-Tom], nor do the barge lines serving us indicate they're interested in making a change."

WASHINGTON POST

FEBRUARY 5, 1979

Washington Post, February 5, 1979 (cont'd)

Another company cited in the Kearney study was the Hawley Fuel Co. of New York, listed as a future shipper of 1.5 million tons of coal from Guntersville, Ala., and Chattanooga, Tenn., to Mobile.

Hawley today owns no mines in those areas, and Frank Nappi, a company vice president, said, "Our situation has changed quite a bit—we were trying to work into the purchase of an operation in Alabama which never materialized."

Kearney's miscalculations did not involve coal alone. The firm said that Hammermill Paper Co. would abandon the railroads and switch to the Tenn-Tom to save $1.09 on every ton of wood pulp shipped between Selma, Ala., and Erie, Pa.

H. LeRoy Weidner, Hammermill's transportation manager, said that will not occur. The projected savings, he said, would not cover additional charges that would come up in trucking pulp to a barge dock.

He added, "I want to make a point here: nobody has ever come to us and really asked us, 'Would you use the Tenn-Tom?' "

In the view of Kearney, however, the report is valid. Victor Churchward, an official of the firm, said a "sort of a dynamic process" is involved in the development of any waterway project, and that specific company-by-company data were not that essential.

"Now," he continued, "the specific companies that are involved may or may not actually be the specific companies that are involved once the waterway is completed. In other words, some companies would drop out and others would drop in."

Kearney found enough potential shippers to provide the Tenn-Tom with a benefit of $1.10 for every $1 spent in construction and operation of the canal.

Not coincidentally, perhaps, a corps worksheet prepared in June 1975 specifically listed the amount by which benefits would have to be raised to bring the Tenn-Tom back to a favorable benefit-cost ratio.

William Hearrean of the corps' district office at Mobile said in an interview that he had never encountered such a situation—the corps would not rejigger its calculations. But under oath during a pretrial deposition for the federal suit, Hearrean testified that the worksheet was his, although he couldn't remember preparing it.

In the interview, however, Hearrean said it wouldn't really matter if the Kearney findings did not hold up. "Every time we reanalyze a project, we find an entirely different mix, but we have never, to my knowledge, found a project that wasn't feasible," he said.

Since it was approved by Congress in 1946 and given its first funding in 1971, when then-president Richard M. Nixon was openly courting the southern electorate, the Tenn-Tom has been controversial.

The idea behind it is to link the Tombigbee River in Alabama and Mississippi with the Tennessee by a deep canal in northwest Mississippi and a series of 17 locks and dams along the new 260-mile route that would be created.

Great Lakes ports, major shipping points along the upper Mississippi, the Ohio, the Illinois, the Tennessee and the Cumberland Rivers all would have a shorter route to and from the Gulf than via the Mississippi.

Stennis, Eastland and other southern politicians in important congressional committee positions long pushed for completion of the canal, but could not win presidential support for funding until Nixon gave in.

In 1977, when Stennis still chaired the appropriations subcommittee that provided money for the Tenn-Tom, he prevailed upon the General Accounting Office to withhold publication of a report that was critical of the corps' benefit-cost calculations.

Stennis insisted that his only comment to the GAO was that the Tenn-Tom was involved in litigation. GAO then agreed not to issue the report on the same grounds.

A GAO auditor's comments at the bottom of a memo on the matter said, "It seems this decision was made solely to keep from offending Stennis. Where is GAO's impartiality and moral obligation to the American public?"



By Richard Furno—The Washington Post

The New York Times

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The Engineering of Deceit

If the Army Corps of Engineers tries to sell you a new Brooklyn Bridge, better swim. F.D.R.'s former Secretary of the Interior, Harold Ickes, used to rage against the trickery by which the Corps justified its projects. "No more lawless or irresponsible Federal group," he fumed, "has ever attempted to operate in the United States, either outside of or within the law." We raise that unpleasant memory because the Corps again stands accused of deception, this time in the promotion of the most extensive project it has ever devised — the Tennessee-Tombigbee Waterway through Alabama and Mississippi.

The waterway, in construction since 1972, will connect the Tennessee and Tombigbee Rivers with a canal and widen them to allow barges to pass 450 miles from the Tennessee to the Gulf of Mexico at Mobile. Its champions say it will save shippers money, create jobs and revive a depressed region. But documents dug up in a lawsuit to block the project reveal that the benefits, as so often before, have been greatly exaggerated and the costs deliberately understated. The case is illuminating; it shows the finaglers at work.

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The suit charges that in calculating the cost of the project, the Corps used an absurdly low interest rate on borrowed money. If correct rates had been used, the costs of the waterway would have plainly exceeded the benefits and required that the project be shelved. The Corps also failed to note the economic damage its project would do to other forms of transportation. By one estimate railroads stand to lose $70 million a year.

Even more alarming than such dubious accounting, however, is the evidence from the Corps' own files of deliberate deception. Cost increases were not reported to Congress lest they provoke an "emotional" reaction against the project. Two unauthorized canal locks, costing $107 million, were "buried and unidentified" in the project's budget. The width of the Waterway channel was nearly doubled without explicit authorization. According to one expert, the project's benefits were inflated by $60 million a year through "wholly fictitious" calculations of traffic volume and transportation rates. (A power plant was to get coal deliveries in amounts it could never burn from mines it was not free to deal with.)

The courts will have to resolve the legal controversies. But the project appears to be pork barrel politics at its worst. Thanks to an alliance of the Corps and powerful members of Congress, internal audits were ignored, legislative review was frustrated, one unfavorable report (from the General Accounting Office) was suppressed, and President Carter was forced to retreat when he tried to stop the project last year.

The best way, probably the only way, to end such chicanery on behalf of unneeded projects is to remove the incentive to build them. The alleged "benefits" are often only the profits that shippers would realize by using barges instead of railroads; and they owe those savings to the fact that the taxpayer subsidizes the waterways. Unfortunately, Congress refused this year to impose substantial charges on waterway users. Now it should at least reconsider the Tennessee-Tombigbee project to see if it can survive an honest reckoning. As for the Corps of Engineers, the time seems right for one last grand demolition.

WASHINGTON STAR November 28, 1978

Tenn-Tom and the Corps of Engineers

President Carter said during the 1976 primary campaign that "we ought to get the Army Corps of Engineers out of the dam-building business." There's fresh evidence to support the position that the Corps' bulldozers and dredges are cutting too wide a swath in the water projects field.

The *New York Times* recently reported that the Corps misled Congress to justify construction of the Tennessee-Tombigbee Waterway, a project that may cost the taxpayers $2 billion if it's completed.

The Tenn-Tom project, as it's sometimes called, would link the Tennessee and Tombigbee Rivers by means of a canal through Mississippi and Alabama. It was on President Carter's 1977 public works "hit list" but the White House backed off in the face of strong support for the project by two powerful senators — Mississippi's John Stennis and James Eastland — as well as other members of Congress from the area.

The *Times* article was based on documents made public in a lawsuit filed by environmentalists and competing business interests. The documents suggest that the benefit/cost ratio used by the Corps of Engineers to justify the project was based on misleading barge traffic and construction cost projections.

A U.S. Army Audit Agency report noted extensive irregularities in Corps of Engineers accounting and Corps records showed "increased costs were not reported in order to reduce the 'emotional impact' of any big cost increases and to negate the effect . . . on the benefit/cost ratio."

The Tenn-Tom canal, which would allow barge traffic to move between the central U.S. and the Gulf of Mexico at Mobile, Ala, was talked about as far back as the Jefferson administration. It was first authorized by Congress in 1946, when the Corps of Engineers estimated its cost at $120 million. When ground finally was broken in December 1972, the estimated cost was $465 million. In 1975, the Corps of Engineers told Congress the cost would be $815 million but, according to the *Times* article, the Corps was already aware that the cost would exceed $1 billion and might go to $1.4 billion. Some published estimates now put the ultimate cost, by 1986, at more than $2 billion.

The Tenn-Tom Waterway, among the biggest public works projects ever undertaken by the U.S., has porkbarrel written all over it. Even the Corps of Engineers acknowledged to Senator Stennis in 1977, during the congressional furor over President Carter's "hit list," that costs of the Tenn-Tom project would exceed its benefits if current interest rates on borrowed money were used in calculating the cost/benefit ratio.

The *Times* disclosures argue for a reassessment of the role of the Corps of Engineers in water projects in general and for a new look at the Tenn-Tom project in particular.

The Corps of Engineers ought to be an impartial, disinterested party on public works projects. But the Corps too often becomes a lobbyist for projects or a shill for powerful members of Congress interested in porkbarrel projects.

Is the Tenn-Tom project so far along that it wouldn't make economic sense to stop it? Congress ought to find out. And while it's doing that, it ought to find out exactly what happened to the General Accounting Office report on the Tenn-Tom project. If a single member of Congress can stop a study of a project involving the use of taxpayers' money, the GAO's usefulness to the Congress would seem to be seriously impaired.

SPECIAL REPORT

Tombigbee's goal for coal movements: a "pipe dream"

The $1.600-million Tennessee-Tombigbee Waterway is pegged in large part on coal shipments, deriving a full 70% of its cost-benefit justification from its ability to link the Tennessee River to the port of Mobile.

A federal judge is expected to rule in a few months on a lawsuit filed by the Louisville & Nashville Railroad, challenging the authority of the Corps of Engineers to widen the 235-mile waterway.

One unexamined issue in the years of litigation and controversy over this largest public works project in US history is whether or not coal operators and shippers will use it. Coal Week correspondent James Branscome sheds some light on that question.

In 1974, in response to a dramatic $500-million increase in the cost of the Tennessee-Tombigbee Waterway (TTW), the Mobile District of the Army Corps of Engineers commissioned Kearney Management Associates of Chicago to conduct a new study of the canal's potential navigation benefits. In its "Evaluation of the Transportation Economics of the TTW," published in early 1976, Kearney estimated that 28-million tons of commerce would move over the TTW in its first year of operation, 1986. Sixty-five percent of the total commerce — 18.4-million tons — would be a down-bound coal.

More than half of the coal tonnage, 9.9-millions tons, would originate in northern Alabama and southeastern Tennessee and find its way to the export (presumably metallurgical) market through McDuffie Island Terminal at Mobile. Kearney's coal traffic estimate became the major factor in keeping the TTW's benefit-cost ratio above unity.

Every ton of coal to Mobile?

While opinions vary widely on the extent to which the TTW will induce new coal development in southeastern Kentucky and eastern Tennessee, most coal operators, sales agents and industry observers in recent interviews say Kearney overestimated the production potential for southern Tennessee. Kearney estimated that the Chattanooga Bureau of Economic Analysis (BEA) economic area (northwestern Georgia, northeastern Alabama and southern Tennessee) would produce 7.2-million tons of export met coal that would move over the canal in 1986.

The Corps is "pipe dreaming" if it anticipates 7- to 8-million tons of export met coal moving on the TTW out of southern Tennessee's Sequatchie and Walden's Ridge areas, according to Bill Allison, president of Tennessee Consolidated, a subsidiary of A.T. Massey and one of the largest export met coal producers in the southern mountains.

Pete Serodino, the largest marine contractor on the Tennessee River, says the Kearney figures "would mean every ton produced in this area would have to go to Mobile, and I just don't see that happening." Serodino, who builds barge terminals as well as barges and tugboats, says the $3.5-million figure for Graysville is "entirely out of reason" and declares that there is "no hope" for 3-million tons moving through Chattanooga. Among the factors cited by Allison, Serodino and others are the current condition of the export market, TVA purchasing practices, extraction problems, limited reserves, lack of adequate preparation plants and terminal facilities, and the quantum leap in production that would be required.

In 1977, Tennessee produced just over 10-million tons of coal, most of it in the northeastern area. Southern Tennessee (primarily Tennessee Consolidated) exported about 1-million tons of coal. John K. Irish Coal Sales and Smith Coal Sales accounted for another 500,000 tons in northwestern Georgia, northeastern Alabama, and southern Tennessee. The Kearney scenario, then, would require nearly a 500% increase in export production from the Chattanooga area in a 7-year span.

"Seven million tons of coal seems to me to be a considerable amount of coal to be coming out of the southern Cumberlands," observes Dale Studer, president of Sequatchie Valley Coal, which mined 300,000 tons of steam coal in southern Tennessee in 1977. "I doubt very much that there could be that much coal produced by 1986. There certainly would have to be a doubling or tripling of coal production in the state, because not all of it is going down that canal."

An October 1978 "Coal Resources" study by 3R Corp. for the Corps Mobile District shows that Tennessee's annual production will actually decline from 10.3-million tons in 1977 to 10-million tons in 1986.

Rudy Lane, president of Arrow Transportation, one of the largest commercial barge lines operating on the Tennessee River, says that the Corps' tonnage figures for southern Tennessee "are not that fantastic. There are enough reserves in those fields to last practically indefinitely." This is, of course, true for southeastern Kentucky. But 3R's study shows this isn't the case for southern Tennessee.

Tennessee's reserves would be depleted

The Bureau of Mines (BOM) demonstrated reserve base (January 1976) in the 10 coal-bearing counties of southern Tennessee totals 257-million tons. In its coal resources study for the Corps, 3R "refined" BOM's estimates of "coal reserves" to calculate the "recoverable or mineable reserves" that could potentially move on the TTW. The 3R study shows that these same 10 counties have 109-million tons of recoverable coal. If coal leaves southern Tennessee at the rate Kearney estimates, all of southern Tennessee's current recoverable reserves would be depleted in 15 years or around the year 2000 — well before the end of the 50-year economic life of the canal. (Kearney's studies are based on that 50 year reference.)

When Kearney was conducting its survey in 1975, many coal companies were mapping plans for southern Tennessee which since have been shelved. The most significant of these shelvings occurred at Amax, which had expected to export 1-million t/y from reserves it owns in Sequatchie, Bledsoe and Van Buren counties. The state's Water Quality Control Board, however, denied Amax a permit in January 1977. Some observers feel Amax is "licking its wounds, waiting for the opportunity to come back." But Studer feels the board's decision "has quite a severe impact on the way that major producers look at southeastern Tennessee." In any case, there hasn't been any change in the law or regulations that led to the Amax decision.

TVA navigation department officials say that if all proposed terminals are approved and built, there will be adequate facilities to handle TTW tonnage. Best estimates by TVA and private operators for flow-through capacity for all existing and proposed terminals from Harriman TN to Stevenson AL fall short of 7.2-million tons, however. (This excludes two facilities which are running TVA steam coal at capacity.) Moreover, a proposed terminal facility at Bridgeport AL received so much local opposition that the Corps denied the permit. Opposition also has been raised to proposed terminals at Soddy-Daisy, Dayton and Oak Ridge.

Currently there is only one preparation plant operating in southern Tennessee (owned by Tennessee Consolidated). Allison feels there are not enough continuous blocks of mineable coal in the region to justify increasing capacity to 7-million tons. The Goldfields subsidiary and Dayton Mining each have plans for a preparation plant, but the total throughput capacity for both plants is less than 1-million tons.

Whether or not the Corps might voluntarily (or as a result of force) take another in-depth look at the economics of the TTW isn't clear. But, the agency does report to Congress each year on the cost-benefit ratio as it seeks authorization to spend funds on the project.

ENR McGRAW-HILL'S CONSTRUCTION WEEKLY February 8, 1979

Tenn-Tom traps Corps in political web

For 30 years the Corps of Engineers has been tangled in a web of political and economic problems associated with its Tennessee-Tombigbee Waterway, now under construction in Alabama and Mississippi. So long, in fact, has the Tenn-Tom been both a regional boon and an administrative headache that history has begun to repeat itself.

Authorized by Congress in 1946, Tenn-Tom was investigated in 1950 by a House appropriations subcommittee whose 1951 report found the project lacking in economic justification, with a benefit-cost ratio of 0.28 to 1.

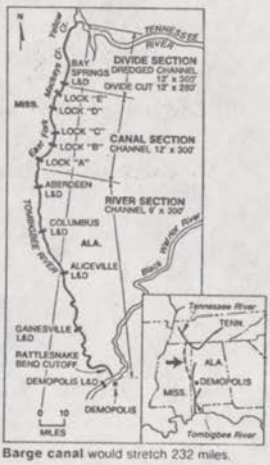
The subcommittee uncovered material "which clearly indicated that the [Corps'] proposed ultimate width for two-way navigation of the project was not 170 ft [as authorized] but, instead, 300 ft."

The subcommittee demanded an explanation, and the chief of engineers at that time acknowledged that the Tenn-Tom "is authorized for a width of 170 ft. To increase this width to 300 ft would require additional authorizing legislation by the Congress."

The Corps finally began building the project in 1972 at a width of 300 ft. The only authority it cited for not building the authorized 170-ft channel was a 1967 memo by then Secretary of the Army, Stanley R. Resor, allowing the change "so that further planning may proceed on the basis of a 300-ft-wide waterway."

The ambiguity of the memo and the Corps' failure to return to Congress landed them in federal court, challenged by a lawsuit filed two years ago by the Louisville and Nashville Railroad and the Environmental Defense Fund (EDF). An eight-day hearing on the legality of the Tenn-Tom concluded in Greenville, Miss., last week.

The plaintiffs have asked Federal District Judge William C. Keady to enjoin further construction of the $1.67-billion project until the Corps asks Congress for its formal approval of the 300-ft width and other changes. A ruling could come within a few weeks.



Barge canal would stretch 232 miles.

Big construction. About 25% complete now, the Tenn-Tom is the largest waterway project in the history of the Corps, linking the Tennessee and Tombigbee watersheds by a 27-mile cut through a divide in the hills of northeast Mississippi. The 232-mile waterway would extend from Pickwick Lake south to Demopolis, Ala., where it would meet the existing Black Warrior-Tombigbee Waterway, some 217 miles above Mobile.

The project consists of three segments: the divide cut, a canal section that will parallel the east fork of the Tombigbee for about 45 miles, and a 160-mile river section. A system of 10 locks and dams, requiring 2.2 million cu yd of concrete, will impound a chain of long, shallow lakes with a navigation channel 9 to 12 ft deep and 300 ft wide. Scheduled for completion in 1986, the job requires excavation of 308 million cu yd of material, about half of it from the divide cut.

Political support for the project in the South and in Congress has been strong. "I don't remember a single member of Congress who opposed this project," said Sen. John C. Stennis (D-Miss.) during Appropriations Committee hearings on Tenn-Tom last year. One reason may be his active support, which last year included a call to the General Accounting

Office (GAO) that resulted in the termination of that agency's investigation of Tenn-Tom (ENR 5/11/78 p. 9).

The GAO investigation followed an earlier report by the Army Audit Agency claiming the Corps had failed to include $344 million in the Tenn-Tom estimate when it started construction in 1972. The agency claimed only work in approved design memorandums was included in the Corps' cost figure and, therefore, called the cost-benefit ratio for the project suspect (ENR 4/27/78 p. 11).

Long court fight. Attorneys for the railroad and EDF, led by Joseph V. Karaganis, plan to address cost-benefit and environmental issues in subsequent suits if they lose on the authority question. Judge Keady elected to hear the authority issue first, since the other questions will be moot if the finds the canal is illegal.

Keady, 65, is particularly qualified to try the case. He was a nationally known maritime lawyer for some 32 years, representing both railroad and towboat interests during the post-war expansion of the barge industry.

At issue is whether the Corps overstepped its bounds and violated its "discretionary" authority to make the following physical changes in the Tenn-Tom between 1946 and today:

- Expansion from a 170 to a 300-ft-wide waterway.
- Increase in depth from 9 to 12 ft in portions of the river section.
- Addition of five dams to create a chain of lakes, as opposed to a diked waterway, in the canal section.
- Addition of 19 river bend cutoffs to the 22 authorized for the river section, resulting in an overland canal that dissects rather than follows the Tombigbee between Columbus and Amory.
- Increase in depth of five of the 10 locks in the system.

Corps' defense. Lt. Gen. John W. Morris, Chief of Engineers, testified last week that these alterations were "minor modifications" within the discretionary authority granted in the 1946 Tenn-Tom legislation. "I'm not sure that every time we think there's the least question of authority that we have to run back to Congress asking what does this mean or what does that mean," he stated.

Morris held that the increase in channel width to 300 ft was permissible partly because of what he termed the "generous" language in the 1946 act calling for a Tenn-Tom channel depth of "not less than 9 ft" and a bottom width of "not less than 170 ft in the river and canal section and 150 ft in the divide cut."

However, the chief of the Corps' engineering division in Washington, D.C., said in a deposition taken last December that the terms "minimum bottom width" and "and not less than 170 ft" were engineering nomenclature for providing minimum navigational clearances.

Planning memos. Internal Corps' memorandums introduced into the trial record, over the objections of Justice Department attorneys representing the Corps, suggest some of the reasons for the construction changes. For example, in 1975, according to one memo, the Corps noted that the Tombigbee River south of Demopolis is "more crooked than a barrel of snakes." The average tow on that section of the river is four barges, due to channel restrictions and frequent high water. Since 1966, however, the Corps had figured on a 300-ft-wide waterway carrying two-way, eight-barge tows from Pickwick pool in Tennessee close to 450 miles south to Mobile. This 300-ft assumption formed the basis for the navigation benefits and benefit-cost ratios reported to Congress through the spring of 1975.

Maintaining the benefits reported to Congress, the Corps realized, would require bend widening cutoffs, bridge relocations, and the addition of duplicate locks at Demopolis and Coffeyville to handle the combined tonnage from the Tenn-Tom and the Upper Black Warrior. None of these improvements were authorized by Congress, however.

By November, 1975, top Corps officials had decided the 300-ft waterway was authorized as far south as Demopolis, but that the Corps would have to return to Congress for an okay on the lower Tombigbee improvements. Nevertheless, the memos indicate that the benefits for the project continued to be predicated on the assumption of an eventual 300-ft channel to Mobile. "If we do assume the cutoffs will be provided" a Corps planner wrote in a November, 1975, memo, "We are . . . adopting the camel's nose or incremental approach to project construction."

Birmingham Post-Herald

A Scripps-Howard Newspaper

Duard Le Grand, Editor — W. H. Metz, Vice President

"Give light and the people will find their own way"

PAGE A6 — Wednesday, April 13, 1977

Let's stop Tenn-Tom

Within the next 10 days President Carter will decide whether to fund a number of federal water resource projects in his fiscal 1978 budget. The largest project under review is the Tennessee-Tombigbee Waterway in Mississippi and Alabama, a $1.6 billion barge canal that enjoys the determined support of a phalanx of powerful Southern members of Congress.

Given that Congressional support, it would be easier for a new president with ambitious legislative plans to continue to fund the project. In the long-term interest of both the nation and the region, we urge the President to take the more difficult course of action.

When one looks beyond the reams of misinformation that have been disseminated at taxpayer expense by the Tennessee-Tombigbee Waterway Development Authority, the project falls short of the national interest in at least three categories: economics, energy conservation and environmental protection.

Tenn-Tom is a boondoggle of epic proportions. Since construction funding first was authorized in 1971, the projected cost of completing the waterway has increased more than tenfold. It is sure to go higher, with $4 billion probably a conservative final price tag if the project is completed in 1986 as planned.

In return taxpayers will get a short-cut water route linking the Tennessee Valley with the Port of Mobile. Unless the taxpayer happens to own a barge line or coal mine, the long-range economic benefits of this linkup are minimal.

The waterway has been highly touted as a source of new industry and jobs in the area through which it passes. Yet industry that would locate on the waterway is by the very nature of the type of transportation a waterway affords capital, not labor intensive. Barges transport bulk commodities, not manufactured goods, and the number of jobs available in a cement factory or chemical plant is limited.

Supporters of the waterway have repeatedly cited a government study that projects an increase of 135,000 jobs in the area by the year 2000 as a direct result of the waterway. But a more recent study commissioned by the same agency found the figure to be only 20,000.

Supporters rarely mention the jobs that would be lost if the waterway is built. Because waterway users pay nothing toward the construction of the routes they use, nothing for their operation and maintenance and no taxes on the waterway right of way, money spent on a project like Tenn-Tom is a direct federal subsidy of barge lines which compete with the nation's troubled railroads.

Although railroads in the South are among the few solvent lines in the nation, they would be hard pressed to compete with subsidized barges moving along their bread and butter routes. Established jobs would be lost if Tenn-Tom is completed, and with them an established tax base.

Using a projected cost of $1.6 billion computed on an archaic interest rate of 2 ⅞ per cent, U.S. Army Corps of Engineers economists have calculated the return on each dollar spent on Tenn-Tom at $1.05. Using a more realistic interest rate of 6 ⅝ per cent, a presidential task force has found the return on each Tenn-Tom dollar to be only 87 cents. As waterway construction costs rise that figure will drop even lower, leading to the inescapable conclusion that the waterway simply isn't worth the money.

Some public works projects are worthwhile even if they are not cost effective. Not Tenn-Tom. More than 65 per cent of the traffic on the waterway is expected to be coal bound for the Gulf of Mexico and export to foreign countries. As energy reserves dwindle, the last thing the nation needs is a conduit to ease shipment of a valuable energy resource overseas where, in some cases, it is simply stockpiled for future use. If Tenn-Tom is completed, it is not inconceivable that before the end of its 50-year span of usefulness that coal will return by the same route it departed, but at vastly higher prices.

One resource that will be lost forever if Tenn-Tom is completed is the Tombigbee River, the last natural river in the Mobile basin. Businessmen and boosters traditionally become livid at the mere suggestion that environmental concerns should stand in the way of progress, but the time has come to redefine progress.

In the South since World War II progress has meant increased industrialization, and vast sums of both money and human energy have been spent to attract industry. Tenn-Tom is perhaps the most spectacular result of this effort, but it bore fruit too late. The question in the South today is not how to attract industry, since industry really has no place else to go, but rather how to deal with it once it arrives.

Scenic beauty is an integral element of the quality of life, and the South is blessed with an abundance of it. The goal of progress should be to improve the quality of life, but all too often in our region industrial and commercial growth has been purchased with polluted rivers and air and once-lovely valleys spoiled by sprawling, poorly-planned cities.

Tenn-Tom will transform one of the few unspoiled sections of our region into a chain of canals, flat water lakes and mud flats. It will not be beautiful, particularly when its banks become lined with shotgun boomtowns crammed with familiar commercial landmarks that could be found in any region of the nation.

The vast sums the waterway will require would be better spent on planning for controlled growth, education for the region's children and improved housing for less affluent residents. The South does not have to make the mistakes that have been made in other regions. It could be an example of the right way to grow, of growth without loss of regional character and environmental quality.

The Tennessee-Tombigbee Waterway is only slightly more than 11 per cent complete. It is not too late to stop it, and there is no point in throwing good money after bad.

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WATER CONSERVATION POTENTIAL FOR THE NATION

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Director
Water Conservation Project

December 1978

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Introduction

The water conservation potential for our nation is so great that there is no need to build more water supply reservoirs for the rest of the century. Using figures developed by the Water Resources Council, the Commerce Department, the General Accounting Office, and the Congressional Research Service, this claim can be substantiated by a careful examination of the predicted requirements and the water conservation potential in the residential, industrial, and agricultural sectors.

For many reasons it is desirable to minimize the number of dams and reservoirs that are built. Reservoirs often inundate scenic valleys and canyons and flood out valuable forests, farmland, and wildlife habitat. They can displace rural residents from their ancestral lands and can cause serious social hardships as the rural tax base is reduced and established communication routes are disrupted. Areas of scientific, educational, and historic importance can be lost when reservoirs are built. Finally, over 50,000 dams have been constructed in the United States within the last 100 years and there is insufficient knowledge of their long-term cumulative impact. It is only prudent to proceed cautiously with additional dam building.

Water conservation can help postpone the need to construct new water supply reservoirs and can save consumers on both their water and sewer bills since they won't have to pay for costly new supplies or for expanded sewage treatment plants. Indeed, water conservation rather than being a hardship is the most attractive option from a consumer, economic,

environmental, and social standpoint.

Water Conservation in the Residential Sector

The residential sector accounts for only six percent of the total withdrawals of water nationwide, but in certain urban areas it is a major use. Eighty percent of the U.S. population receives its water from municipal supply systems. Some urban areas may face serious water supply problems if past trends continue with no effort at conservation. It is important to note, however, that water supplies in the residential sector can be stretched enormously by: 1) installation of water saving devices, 2) metering unmetered areas, 3) reform of antiquated pricing structures, 4) leak repair, 5) alteration of personal habits, and 6) drought contingency plans.

1) Water Saving Devices

There is ample evidence that installing water conserving devices on toilets, showers, and faucets is cost effective and saves a lot of water.[1/] About 70% of the interior residential use of water is for toilet flushing and bathing. Water saving devices can cut this use in half. Furthermore, insullating hot water pipes, installing pressure reducing valves, and use of low-water using dishwashers and washing machines can add to the water savings in the home. The total savings can range from 25% to 55% depending upon whether some or all of these techniques are used.

1/ See for example, "Water Supply and Demands: Economics Applied to Water Conservation", Richard K. Schaefer, Office of Research and Development, Environmental Protection Agency. See also "Water Conservation", Bulletin No. 198, California Department of Water Resources, State of California, May 1976.

Furthermore, use of these devices does not require any real change in personal habits. When the claim is made that these devices are cost-effective, what is meant is that the value of the water saved exceeds the cost of the devices plus interest. If energy savings are figured into the calculation, then water saving devices can pay for themselves in a year. Material included in Appendix I shows that a $100 investment in various water saving devices for a family of four saves enough water to repay itself in water costs alone within a decade plus substantial interest. Effectiveness of water conserving devices is amply demonstrated in the six pilot water conservation projects initiated by the State of California during the drought of 1977. The state reports, "Use of water saving devices in the home - particularly in bathrooms - is a direct and effective way to achieve significant urban water conseration."[2/] If everyone in California used shower and toilet devices in their homes, Californians would save enough water to meet the needs of 4,300,000 people in one year. In the process, Californians would save energy equivalent to 11 million barrels of oil a year. Furthermore, the cost of a statewide program (about $15 million) would be repaid in less than a year in benefits from water and energy saved.

2) Metering of Water

Some major urban areas of our nation are not metered. New York City, for example, is largely unmetered. The Department of Interior's task force on water conservation found last year that a $150 million investment

2/ State of California, The Resources Agency, Department of Water Resources, "A Pilot Water Conservation Program", Bulletin 191, October 1978.

in water meters for the City would save 50 million gallons of water a day.[3] Sacramento, California's state capitol, is unmetered. In Denver, Colorado, 89,000 homes are unmetered even though a pioneering water metering study in Boulder over a decade ago showed that a 30% reduction in per capita use could be achieved through metering.[4]

3) Pricing

Many municipalities have declining block rate pricing structures. These are regressive in the sense that they reward and encourage wasteful use. Increasing block rate structures are desirable from a water conservation standpoint. A "lifeline" rate can be provided so that the charge for the initial block of water is kept low to help the poor and elderly, but such a method of helping the poor and elderly is inefficient since it subsidizes everyone. The declining block rate redistributes income from the poor (who use less water per capita) to the rich. It is contrary to the nation's basic social philosophy for municipal water suppliers to be in the business of redistributing income from the poor to the rich.

There is a significant difference in some areas between summer and winter use. A summer-winter rate structure or surcharge for summer use can cut down on excessive use. Some desert areas of the country make little attempt at water conservation. Salt Lake City, for example, has a declining block rate structure starting a $3.50 per 1000 cubic feet and declining to $2.10 after the first 2000 cubic feet. Youngstown, Ohio,

3/ National Water Policy Study, Water Conservation Task Force, draft report, November, 1977. Available from the Interior Department.

4/ S.H. Hanke, "The Demand for Water Under Dynamic Conditions", Water Resources Research, Vol. 6, No. 5, October, 1970.

residents pay $5.44 for the same amount, while people in Philadelphia pay over $13.00. The federal government is now building the billion-dollar Central Utah Project one of whose major purposes is water supply for the Salt Lake metropolitan area.

4) Leak Repair

Estimates of water loss from leaks run about 11% to 12%.[5/] In the Boston metropolitan area the water supply system is estimated to be leaking 76 million gallons a day. Instead of repairing these leaks, Boston has been seeking to transfer about the same amount of water out of the Connecticut River in Western Massachusetts into the Quabbin Reservoir which it built several decades ago. The construction of Quabbin Reservoir necessitated the moving of 2500 people, the inundation of four towns, and the relocation of 7500 bodies from 34 cemeteries. The people of Western Massachusetts are naturally eager to see leak repair carried out in the Boston area instead of a major diversion of Connecticut River Basin water.

5) Alteration of Personal Habits

Significant water savings are available if people change their personal habits. The following table prepared from figures of the American Waterworks Association gives an idea of the magnitude of these savings.

5/ The American Waterworks Association estimates 11% loss of water from municipal systems nationwide. The Pitometer Associates of New York, a firm specializing in leak detection and repair, estimates in its continuing survey of communities throughout the nation that the loss is 12%

	Normal Use	Conservation Use
shower	water running 25 gal	wet down, soap up, rinse 4 gal
toothbrushing	tap running 10 gal	wet brush, rinse briefly 0.5 gal
tub bath	full 36 gal	minimum water level 10-12 gal
shaving	tap running 20 gal	fill basin 1 gal
dishwashing	tap running 30 gal	wash & rinse in sink or pan 5 gal
automatic dishwasher	full cycle 16 gal	short cycle 7 gal

6) Drought Contingency Plans

In the early seventies there was considerable pressure for the Washington, D.C., metropolitan area to build upstream reservoirs to avoid shortages should another dry period occur as in the middle sixties. Professors Davis and Hanke showed, however, that simply accepting an occasional drought and making appropriate adjustments was cheaper than constructing expensive upstream dams.[6/] Thus it is far more attractive from an economic standpoint to curtail lawn watering and car washing during an exceptionally dry summer while simultaneously avoiding the adverse effects of disrupting rural residents from their homes and farms and sacrificing wildlife habitat and farmland to build a new reservoir.

6/ Robert K. Davis and S.H. Hanke, "Conventional and Unconventional alternatives for Water Supply", Water Resources Research, Vol. 9, August, 1973.

Conclusion

The Water Resources Council's second national assessment, soon to be published, predicts an increase in residential water withdrawals from 28.8 billion gallons a day to 37 billion gallons a day by the year 2000. By implementing the wide range of water conservation measures outlined above, it will be easy to conserve this much water.

Water Conservation in the Industrial Sector

The surprising figures from the Department of Commerce and the Water Resources Council's second national assessment show that industrial withdrawals of water are expected to plunge precipitously by the year 2000. The reason is that industries will be recycling more and more in order to meet the effluent limitations of the water pollution laws. Withdrawals from all industry will drop from 50.8 billion gallons a day (bdg) to 19.4 bgd by the year 2000 according to the assessment. This decline in withdrawals is projected despite the assumption of continued vigorous growth in the manufacturing sector. According to the Office of Business Research and Analysis in the Department of Commerce, in all but a few aggregated subareas of the country (ASAs) "the total withdrawal and consumptive water requirements projected to year 2000 under both sets of future conditions appear to be manageable demands when compared to the supply of water available in the large land areas of the ASAs."[7/] (The Water Resources Council divides the country up into various river basins and sub-basins (ASAs) for

7/ U.S. Department of Commerce, Bureau of Domestic Commerce, Office of Business Research and Analysis, National Water Assessment, "Manufacturing Requirements and Resource Considerations", August 1977 draft.

purposes of analysis.) Although consumption of water will increase slightly in the manufacturing sector as more recycling occurs, the amount of water required still remains far below present levels of withdrawals.

Thermoelectric Power

As in the manufacturing sector, withdrawals of water by electric power companies will, according to the Water Resources Council, drop 10% by the year 2000 despite a 400% increase in the generation of electricity. Again the reason for the reduction is that utilities will recycle more cooling water in order to comply with water pollution regulations.

Conclusion

We are accustomed to seeing graphs depicting future demands going right off the top of the chart. In the industrial sector the new forecasts of future water withdrawals go in the opposite direction. Thus, the claim that new water supplies are needed for industry flies in the face of the latest official statistics.

Water Conservation in the Agricultural Sector

Irrigation is the largest user of water for all functional water uses. Over 80% of the total consumptive use of water comes from irrigation. Irrigation withdrawals totaled 159 billion gallons a day in 1975. Ninety-three of all irrigation withdrawals occur in the West. About one tenth of

the U.S. cropland base of 460 million acres is irrigated.

The opportunities for water conservation in the agricultural sector are abundant. The Congressional Research Service of the Library of Congress reports that the estimated water savings obtainable through improved efficiencies in irrigation water management range between 20% and 50%.[8/] If we take a conservative estimate of a 10% reduction, this would mean that 20 million acre-feet of water withdrawals would be saved. The magnitude of such savings becomes clear when one considers that the average annual flow of the Colorado River is less than 15 million acre-feet. Also note that the Central Arizona Project, biggest Bureau of Reclamation project of them all, would develop only 1.2 million acre-feet.

The General Accounting Office (GAO) reported in 1976 that over half of irrigation water in the West is wasted through overwatering which can actually limit crop production and increase farming costs.[9/] The low price of water in combination with the Western water rights doctrine of "use-it-or-lose-it" helps to promote wasteful use. The "use-it-or-lose-it" doctrine means that if a person is not putting all of the water to which he lays claim to beneficial use, then he loses the claim to that unused portion. The Bureau of Reclamation has provided water to the Wellton-Mohawk Irrigation District near the Mexican Border at Yuma, Arizona, at the incredibly cheap price of $25 per eight acre-feet. This means that a farmer can get eight football fields of water one-foot deep for just $25. Thus, farmers in

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8/ Warren Viessman, Jr., "Conservation of Water and Energy in Irrigated Agriculture", Congressional Research Service, Library of Congress, June 3, 1977, updated December 9, 1977.

9/ "Better Federal Coordination Needed to Promote More Efficient Farm Irrigation", General Accounting Office, RED-76-116, June 22, 1976.

this area use eight acre-feet of water per acre. In Central Arizona, farmers use about five acre-feet of water per acre because the price is higher.

Two adjacent irrigation districts in Idaho afford another illustration of the waste caused by price discrepancies. In the Minidoka District irrigators apply 10 to 12 acre-feet of water on crops which need less than three acre-feet annually, according to the GAO.[10/] Farmers are assessed a one-time yearly fee which amounts to less than one dollar per acre-foot. Ironically, in an adjacent district farmers use an average of three to four acre-feet on their crops, yet get better yields. This district has a progressive rate structure in effect for quantities of water over three acre-feet. The Bureau of Reclamation itself notes that the excess watering in the Minidoka District has raised the water table and brought a reduction in yields. About one half of the district's land has been made saline and production has been reduced by about 25%. The average yearly per acre return in the Minidoka District is $249 whereas in the adjacent district the average is $314.

Reform in pricing policy is desperately needed. Subsidies provided by the Bureau of Reclamation are important because Bureau of Reclamation projects account for about 20% of the irrigated land in the West and 40% of the surface water deliveries. The contrast between the price of water for Bureau of Reclamation projects in California and state water projects is dramatic with water from the Bureau's Central Valley Project averaging $7.50 in the Westlands District whereas the state's project water

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10/ Ibid.

sells for $30 per acre-foot. The State of California notes that a 10% increase in the price of agricultural water statewide would reduce use by 6 to 7%, thereby making available up to 3.5 billion gallons of water a day. In Phoenix, Arizona, the price of irrigation water at a penny a ton means that water is cheaper than dirt.

Howe and Linaweaver in their report to the National Water Comission on agricultural water usage conclude that the quantity of water consumed in irrigation is more sensitive to price and farm support policies than to technological fixes.[11/] By making water available at too low a cost, there is an expansion of crop production per acre, they note, and this translates into added problems for farmers nationwide who face low prices as a result of oversupply.

While price changes can yield dramatic savings in irrigation water usage, there are ways to improve efficiency in irrigation practices thereby producing significant water savings. The California Department of Water Resources has evaluated a wide range of methods of improving irrigation efficiency on a region by region basis throughout the state and estimates that 1.2 million acre-feet of water could be saved annually.[12/] The Department's recommended steps include: 1) proper scheduling of irrigation, 2) preparation of good drainage, 3) utilization of natural rainfall, 4) on-farm reuse of water, 5) more custom designing and fine tuning of systems, 6) use of additional sprinkler and drip irrigation, and 7) appropriate land use so that the wrong crops are not planted on unsuitable

11/ Charles W. Howe, et al, "Future Water Demands—The Impacts of Technological Change, Public Policies, and Changing Marekt Conditions on the Water Use Patterns of Selected Sectors of the United States Economy: 1970-1990", March, 1971, prepared for National Water Commission.

12/ "Water Conservation", op. cit., pp. 42-56.

soil. Sprinkler irrigation is 18% more efficient than gravity methods in California, and drip irrigation is even more efficient than sprinkler. Drip irrigation is reported to increase yields using less than half the normal amount of water; however, some questions remain about the investment life of the necessary equipment and the feasibility of using the method on mature trees and vines which have extensive root systems.

Conclusion

It is appropriate to question the continued federal promotion of irrigated agriculture in the West through Bureau of Reclamation projects. About 20% of the land irrigated by Bureau projects is growing surplus crops according to the Bureau's annual 1976 report of accomplishments. At a time when the oversupply problem is having such a detrimental effect on our nation's farmers, it does not make sense to have the taxpayer subsidizing these water projects and then being asked to provide price supports for the surplus crops. Advocates of water projects claim that these projects pay for themselves. Recently completed audits by the Interior Department show this claim to be unsupported. The audit of the Central Valley Project in California, for example, showed the project to be $8.8 billion in the red. The audit of the Missouri Basin Account revealed that repayment would not be complete until the 22nd century.

The Nation's agricultural policies have produced a situation where much of the water used in the West goes for irrigating low value crops like alfalfa and pasture land. Still other water is used for growing highly water intensive crops like rice. In California 33.6% of the

irrigated cropland is used for rice, alfalfa, and pasture.[13/] Changing crop patterns could produce extraordinary water savings. If California's rice-growing lands were planted with other crops which require only about half as much water, then over 1.2 million acre-feet of water could be saved. This is equivalent to half the storage capacity of the Trinity Reservoir, second largest in the state. The conclusion to which many examples like this point is that the nation should not be stampeded into more reservoir construction for the purposes of agricultural water supply.

Water Supply Planning of the Corps of Engineers

Considerable evidence can be produced to show that the Corps of Engineers and other federal agencies like the Soil Conservation Service which carry out water supply planning, have in a good number of cases not produced plans for water supply at the lowest cost to the consumer. Indeed, the plans prepared by these agencies have sometimes involved the most socially disruptive and environmentally damaging proposals that can be imagined. The Bureau of Reclamation went ahead with the Palmetto Bend Project in East Texas even though there was not a single contracting body which expressed any desire to use the water to be provided by the reservoir.

One obvious water supply alternative in many parts of the country is the use of ground water. The U.S. Geological Survey report Cost Analysis of Groundwater Supplies shows that water well development generally costs

13/ "Waste in the West", Natural Resources Defense Council Newsletter, Part I November-December 1977, Part II January-February 1978.

one tenth the cost of surface reservoirs.[14/] The Corps wanted to build one water supply reservoir for Indianapolis (the Highland Dam) when the cost of water from this reservoir would have been two to four times as expensive as groundwater. In Columbus, Ohio, city fathers wanted to build a water supply reservoir which would have destroyed Big Darby Creek, one of the most biologically diverse streams in the Ohio Basin, even though groundwater was available at only one-seventeenth the cost.

The Corps' justification for the proposed Trexler Dam for water supply near Allentown, Pennsylvania, illustrates the failure of the Corps to analyze alternatives. The Corps claimed that Trexler Dam was the least costly alternative water supply for the area without bothering to calculate the cost of taking water directly from the Lehigh River which flows right past Allentown. This situation is tantamount to having Lake Superior at one's doorstep and never calculating what it would cost to take water from it. The Philadelphia District Office made the following admission in reply to an inquiry about its economic justification:

> "The statement in the General Design Memorandum that water supply from the Lehigh River is available at a greater cost than from Trexler Lake is based on the best information available at that time. Details on how the water would be taken from the Lehigh River had not been developed." 15/

The Corps thus claims on the one hand that Trexler is the least costly alternative and on the other openly acknowledges that it has never even looked at the cost of such an obvious alternative.

In the draft Northeast Water Supply Study (NEWS) the Corps asserted:

14/ U.S. Geological Survey, Department of the Interior, Cost Analysis of Groundwater Supplies, Water Supply Paper No. 2034.

15/ Letter to Brent Blackwelder from Worth D. Phillips, Chief of the Engineering Division, Philadelphia District, U.S.Army Corps of Engineers, October 3, 1977.

> "Manipulating the price of water could be effective in reducing overall demand. However, to have a significant effect the price would have to be increased not by 100% but by multiples of 100%. At such price levels, the question of equity would have to be considered. Why should water use by manipulated by this technique when other basic commodities or services for the most part are not? It has broad implications concerning windfall profits, tax structure, the possibility of discriminating against less affluent segments of the population, or certain geographic areas. The ability to implement a demand reduction oriented pricing policy covering both public and private utilities as well as diverse political jurisdictions remains a problem. Whether this technique can be fairly and justly applied to water supply is a question that will have to be answered in investigations beyond the scope of this study. And until it is, pricing as a means of reducing or limiting use on a permanent basis will remain an unproved and highly questionable technique." 16/

This quotation illustrates the built-in bias of the Corps against looking at water conservation solutions to water supply problems. The Corps' contention about increasing the price of water is the reverse of the truth. The present declining block rate policies actually represent discrimination against the less well-to-do and result in a redistribution of income from poor to rich. From a standpoint of social justice, reform of pricing structures is long overdue.

These examples suggest that federal agencies could be doing a much better job of looking to the water conservation alternative before claiming that a new dam is needed. Unfortunately, there is little reward in the present political system for an agency to tell a locality that there is really no need for a federal project because local water conservation initiatives will do the job.

16/ Northeastern United States Water Supply Study, Interim Report, U.S. Army Corps of Engineers, November, 1975, p. 9.

Carter's New National Water Policy

President Carter announced his new national water policy on June 6, 1978, making water conservation its cornerstone. The President's directives in the area of municipal and industrial water conservation are very strong. Carter made the following directives: 1) EPA and the Agriculture and Commerce Departments are to modify their financial assistance programs for water supply projects and sewer systems to require community water conservation programs as a condition of loans and grants. 2) The Veterans Administration and the Departments of Agriculture and Housing and Urban Development (HUD) must modify housing assistance programs to require water reducing technologies in new buildings as a condition of receiving assistance. 3) The General Services Administration (GSA) must take action to produce water conservation at federal facilities. 4) HUD is to give more technical assistance to urban dwellers on water conservation. 5) All federal agencies must require development of water conservation programs as a condition of contracts for storing or delivering municipal and industrial water from federal reservoirs. 6) Every federal agency must make its programs and policies consistent with the water conservation principles of the new national water policy.

In contrast to the excellent directives for municipal and industrail water, the President's policy recommendations for water conservation in the agricultural sector are very weak. The President directed Agriculture and Interior "through a variety of approaches (unspecified) to encourage conservation and discourage overextension and groundwater depletion in their agricultural assistance programs." Carter has directed the Secretary

of Interior to calculate more rigorously the irrigators' "ability to pay" and to end the practice of giving 40-year contracts to irrigators which have no provision for updating costs and providing for inflation. Unfortunately, far too many 40-year long contracts are already in effect and irrigators will be receiving water at very, very low prices for many years to come.

The President will also be submitting legislation to allow states to charge higher prices for water out of federal reservoirs provided the excess revenues are then devoted to water conservation measures or rehabilitation of existing water supply systems.

Citizens can play an important role in helping to implement the President's program for water conservation. Every community receiving any federal money for sewers, water supply or housing should now be implementing a community water conservation program. Citizens can monitor grants and loans from EPA, HUD, the Veterans Administration and the Farmers Home Administration to make sure that an effective water conservation plan is being required.

Water Conserving Devices Costs and Relative Savings

DEVICE	COST	WATER USE	POTENTIAL SAVINGS
METER			
WITH FLAT RATE TO AVERAGE COST PRICING	$150-500 + O & M		20-30%
TOILET			
—REGULAR	$60+	5-6 GAL/FLUSH	——
—WATER SAVER	$60+	3-5 GAL/FLUSH	30-40%
—VARIABLE FLUSH	$5-15	[5-6 GAL/FLUSH 2.5-3 GAL/FLUSH]	10-25%
—DISPLACEMENT			
PLASTIC BOTTLES etc.	$.50-$10	4.5-5.5 GAL/FLUSH	8-10%
"DAMS"		3.5 GAL/FLUSH	30-40%
SHOWER HEADS			
REGULAR	$5-25	3-8 (15) g.p.m.	——
LOW FLOW	$5-25	2.3 g.p.m.	30-75%
INSERTS	$.50-$1.50	2.3 g.p.m.	
WASHING MACHINES	$250 TO $370 MEAN $300	53 TO 38 GAL. PER LOAD NOT COST DEPENDENT	20% (50 TO 40 GAL REDUCTION)
FAUCET			
REGULAR	$5-25	2-12 g.p.m.	50% MIN.
AERATOR	$1-5	¼ g.p.m.	
SPRAY TAP	$5-25	1-2 g.p.m.	
IRRIGATION			
HAND HELD	——		50-90% (OF PLANT NEED) NO WASTE
AUTO-SPRINKLER	$70-150		20-50% OF OTHER WATERING OR SPRINKLING
DRIP IRRIGATION	$30/120 ft.²		

APPENDIX I Material Prepared by Dr. Richard Schaefer of the Environmental Protection Agency

The Importance of Scale

EXAMPLE: ASSUME
(1) A ONE QUART PLASTIC BOTTLE IN TOILET TANK
(2) FOUR FLUSHES PER DAY PER PERSON
(3) WATER COST: 50¢ SUPPLY + 50¢ WASTE WATER TREATMENT PER 1000 GAL.

SAVINGS

	GAL.	$
PER PERSON		
DAILY	1	$0.001
ANNUAL	365	$0.365
PER 100,000 PERSONS		
DAILY	100,000	$100
ANNUAL	36,500,000	$36,500
PER 500,000 PERSONS		
DAILY	500,000	$500
ANNUAL	182,500,000 (560AF)	$182,500
PER 1,500,000 PERSONS		
DAILY	1,500,000	$1,500
ANNUAL	547,500,000 (1680 AF)	$547,000

AT TOTAL PER CAPITA DEMAND OF 100 GALLONS PER DAY, A 1% INCREASE IN POPULATION COULD OCCUR WITHOUT ADDITIONAL WATER SUPPLY OR WASTE WATER TREATMENT CAPACITY INVESTMENT BY USING THIS CONSERVATION TECHNIQUE.

1,000's of Gallons of Water To Be Saved By Device Per Year To Justify Investment

INTEREST RATE AND YEARS	WATER COST $/1000 GAL.	INVESTMENT $10	$25	$60
6% 10 YR	1	1.359	3.397	8.152
	2	0.699	1.698	4.076
	3	0.453	1.132	2.717
6% 20 YR	1	0.872	2.180	5.231
	2	0.436	1.090	2.616
	3	0.291	0.727	1.744
12% 10 YR	1	1.770	4.425	10.619
	2	0.885	2.212	5.310
	3	0.590	1.475	3.540
12% 20 YR	1	1.339	3.347	8.033
	2	0.669	1.673	4.016
	3	0.446	1.116	2.678

$$\left\{r(1+r)^n \left[(1+r)^n-1\right]^{-1}\right\} \left\{I\right\} \left\{C\ \text{WATER}\right\}^{-1} = Q\ \text{SAVED 1000 GALS.}$$

Examples of Device Savings

FUNCTION	ASSUME % TOTAL USE	ASSUME SAVINGS	45 GPCD WITH-OUT	WITH	Δ (ANNUAL)	70 GPCD WITH-OUT	WITH	Δ (ANNUAL)
TOILETS	40%	30%	18	12.6	5.4 (1971)	28	19.6	8.4 (3066)
BATHING (½ BATH TUB ½ SHOWER)	30%	0 30%	13	6.5 4.55 11.05	1.95 (712)	21	10.5 7.35 17.85	3.15 (1150)
LAUNDRY	15%	20%	7	5.6	1.4 (511)	11	8.8	2.2 (803)
CULINARY AND MISC. (½ COOKING, etc. ½ WASHING)	15%	0 50%	7 7	3.5 1.75 5.25	1.75 (639)	10	5. 2.5 7.5	2.5 (912)
TOTALS		23%	45	34.5	10.5 (3832)	70	53.75	16.25 (5931)

CAN DO FOR ABOUT $10.00.

Congressional Testimony - Fred Reinherr
Utah Council Chairman, Trout Unlimited
March 25, 1980

I would like to thank you for this opportunity to talk with you regarding the Central Utah Water Project. It is difficult for someone who has not lived in the west to understand western water projects. For the use of water determines the quality of life in western communities and whether or not those communities exist.

Wallace Stegner, in his book Beyond the Hundredth Meridian, discussed Major Powell's ideas regarding western development. In the third chapter titled, "Blueprint for a dryland democracy", he noted, "Water is the true wealth in a dry land; without it, land is worthless or nearly so. And if you control the water, you control the land that depends on it. In that fact alone was the ominous threat of land and water monopolies." Stegner goes on to outline Powell's ideas on the need for small scale democratic ownership of water.

Many local Utah leaders have appeared before you, making extraordinary claims regarding the soundness of the Central Utah Project. These have been grand but hollow claims for as presently constituted the CUP will contribute little to the constructive use of Utah's limited water supplies. Utah's leaders have claimed that this project is needed for energy development. As presently planned the CUP has nothing to do with energy development. The project will be built at tremendous economic and environmental costs. The major result of the project is the creation of a powerful federally sponsored artificial agency controling water in a huge multicounty area. Thus, it is a misconception to consider the CUP a water development project, it is more correctly a water power development project, transferring and insuring water ownership, but doing little to aid water development.

The most disturbing elements of the Central Utah Project are the following:

(1) The Central Utah Project promotes poor water use in the state's highly populated Wasatch Front area.

(2) The Project's federal subsidy and political might blocks the development of locally sponsored smaller more efficient projects.

(3) Thus far the Central Utah Project's major construction endeavor is the transfer of water into one of the few areas of the state which has a water surplus.

I would like to deal with these points individually.

Point Number One - Poor Water Use in the Wasatch Front Area
Utah faces her most serious water problems along the rapidly growing Wasatch Front Region. Water problems in the area include water quality deterioration, flood control, the preservation of Utah's best farmlands, recreational water use, coordinating the use of multiple water sources, protection of ground water resources, and the political diversification of Utah's water control agencies. However, the CUP, purported to be the master agency in dealing with Wasatch Front water has not even shown the ability to deal with water supply problems, let alone any of these other concerns.

The Salt Lake Valley has an annual groundwater recharge of 347,000 acre feet of water. Approximately 125,000 AF are being used. The remaining 242,000 AF are lost each year via spills into the Great Salt Lake or dissipation into the atmosphere by economically useless phreatophtys. Little Dell Dam, proposed U.S. Army Corps of Engineers project several miles east of the Salt Lake City limits would produce 11,000 AF of water each year, as well as flood control and recreational benefits with little environmental costs. This project has been ignored because of the CUP. Around 40,000 AF of high quality Wasatch Front stream water is still being diverted for irrigation use in the midst of Salt Lake City. It is doubtful that this water is being actually used for irrigation. It is probably being diverted through irrigation company canals merely to maintain ownership. Of the 56,000 AF of water owned by Salt Lake City in the Bureau of Reclamation's 1990 Deer Creek Project, only 20,000 to 25,000 AF are being used each year.

Until recent years the 100,000 acre "Utah Lake" has been the major storage reservoir supplying the desert's of Salt Lake County for irrigation water. 150,000 up to perhaps 200,000 AF of Utah Lake water formerly used on farms in Salt Lake County is now being diverted down the Jordan River and through irrigation canals and is dumped unused into the Great Salt Lake again to maintain water ownership. Finally, the annual 100,000 AF outflow from Salt Lake County's nine sewage treatment is suitable for variety of industrial uses and irrigation uses but is presently not being used.

Thus, at the present time the Salt Lake Valley is wasting 573,000 AF of water a year. No plan exists to put this water to use. Instead it is considered more important to add the CUP's 70,000 AF to Salt Lake's water supplies. Politically, it is important to plan the use of this 570,000 AF now, because the use of this water must be integrated with growth in the Salt Lake Valley or else it might be impossible to use. The implication for future "Central Utah Projects" is obvious.

Point Number Two - Federal Subsidy and CUP Political Might Blocking Other Water Development Projects

After reviewing Salt Lake's water supply situation, it is natural to ask why hasn't this water been utilized better? Two answers stand out. First, effective utilization of this water would curtail need for the Central Utah Project. Second, many of these alternative water developments would be built without federal subsidies.

The Uintah Unit of the CUP will cost 127 million dollars. Utah residents will pay back only 12 percent of the cost much of it with no interest. The Upalco Unit will cost 64 million dollars with a 14 percent payback. The Central Utah Project's Jonneville Unit will cost one billion 225 million dollars. Of this amount approximately a third will be paid back by local citizens and only a smaller portion will be repaid with even a small interest charge. Obviously, paying back 1970 costs with 1990 dollars with little interest and only 30 cents on the dollar can make almost any project seem attractive.

Many alternative projects have been lost to this type of economic competition but some have survived only to fall in front of CUP political power.

The Salt Lake County Dual Water System proposed last year in congressional testimony by Mr. Gerald Kinghorn, Director of the Salt Lake County Division of Water Quality, seem destined to meet such a fate. Further studies during this past year have showed that such a system would be economically viable if not superior to the CUP. Environmentally, this plan is extremely attractive. It diminishes the need for transbasin diversion water and allows that water to be used elsewhere in the state. It allows water to flow through a greater length of the Provo-Jordan River System prior to leaving the system for consumptive use. While in the river system it improves water quality and instream flow values. Finally, the development of such a system would lay the ground work for the productive use of a large portion of the 570,000 AF of water now being wasted in Salt Lake County. The development of the Dual Water System also demands that the CUP's Bonneville Unit be halted and replanned.

As I noted earlier the development of the Army Corps of Engineer's Little Dell Project has been blocked.

In 1970 the City of Provo requested that they be allowed to purchase storage space in the CUP's proposed Jordanelle Reservoir without purchasing CUP water. Ellis Armstrong, then Commissioner of the U.S. Bureau of Reclamation blocked this request. In a letter dated March 12, 1970, to Senator Wallace F. Bennett he stated, "if space were sold in Jordanelle to the Provo Metropolitan Water Board, then Metropolitan District of Salt Lake, Salt Lake County, Community of Orem, and others would unquestionably seek the same right." Commissioner Armstrong failed to mention that if Provo's request had been accepted the costs of the CUP would have been decreased and it would have allowed for the increased use of water already in Utah's Bonneville Basin. Such a plan could still be instituted today but it would demand replanning the Bonneville Unit.

Next, Salt Lake needs coordinated water supply planning and use, and in particular needs a ground water management plan. Without such planning Salt Lake's present excess supply of 570,000 AF and her 60 million AF ground water reservoir will not be adequately used and might be endangered. Either event would be a catastrophe for Salt Lake and the State of Utah.

Point Number Three - The Central Utah Project's Major Achievement or Bringing Coal to New Castle

At this point the CUP has spent in excess of 200 million dollars. Most of this money has gone into the Strawberry Collection System which will drain almost the total flow of 10 Uintah Mountain streams across the Wasatch Mountains and into Utah Lake. After entering Utah Lake the water will pass into the ownership of a group of Salt Lake canal companies which will then divert the water unused into the Great Salt Lake.

This situation has result because the CUP and the then U.S. Bureau of Reclamation in the early 1970's felt it was more important to build CUP than to thoughly consider what they were building. In fact, they built the [illegible] part of the Central Project.

I would like to propose that now is the time to temporily halt construction of the Central Utah Project and redesign the project. During the summer of 1979 the Denver Office of the Environmental Protection Agency

with support of a number of Utah groups decided that this was the best course of action. They were not interested in killing the project, but they were interested in carefully evaluating Utah's water problems in cooperation with other federal and state agencies and producing a better Central Utah Project. Such a plan promised to benefit the State of Utah greatly.

This suggestion was rejected by the local office of the then Bureau of Reclamation and by the Central Utah Water Conservancy District. The Denver Office of the EPA then prepared to refer the Central Utah Project to the Council on Environmental Quality. Unfortunately, in the late fall of 1979 their protests were dropped. At this time discussion was beginning regarding placing the MX missle in Utah. However, as I have indicated today there are still abundant reasons to question continued construction funding for the Central Utah Project. The resolution of these problems would produce a better project at lower economic and environmental cost.

Mr. Bevill. The committee will stand adjourned until ten o'clock in the morning.

WEDNESDAY, MARCH 26, 1980.

PACIFIC NORTHWEST WATER RESOURCE PROJECTS

WITNESSES

HON. NORMAN D. DICKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON
STEPHEN R. LINDSTROM, EXECUTIVE VICE PRESIDENT, PACIFIC NORTHWEST WATERWAYS ASSOCIATION

Mr. BEVILL. The committee will come to order.

I notice our distinguished colleague and fellow member of the House Appropriations Committee, Congressman Norman Dicks, is with us.

Congressman Dicks, we will be glad to have you sit with us this morning and we will be glad to hear from you.

Mr. DICKS. I wanted to be here for a few minutes and introduce our first witnesses today.

Mr. BEVILL. The Chair recognizes you at this time.

STATEMENT OF CONGRESSMAN DICKS OF WASHINGTON

Mr. DICKS. Chairman and distinguished colleagues, I very much appreciate the opportunity to speak on behalf of continuing rational levels of funding for certain public works projects in the Pacific Northwest and Alaska.

We are all painfully aware of the inflationary spiral and the other pressures on the budget deliberations this year. However, it is of significant importance that we not lose sight of long-range requirements in the federal-local partnership that provides economic opportunities for future generations.

In order that we prevent economic crunches of the nature we are now experiencing, it is essential that we look ahead and make the necessary provisions for inflation-proof energy transportation systems, export opportunities, and local economic systems which stimulate enterprise activities and strengthen the business base in our communities, providing returns far exceeding the original investment.

In that light, I am pleased to introduce Stephen R. Lindstrom, Executive Vice President of the Pacific Northwest Waterways Association, who will provide specific information on the nature and magnitude of the projects of grave importance to the Pacific Northwest and Alaska.

Mr. LINDSTROM. Mr. Chairman?

Mr. BEVILL. We are pleased to have you with us. You may proceed as you wish.

Mr. LINDSTROM. Thank you, Mr. Chairman.

Thank you, Mr. Dicks, I appreciate that introduction.

Mr. BEVILL. You are the Executive Vice President of the Pacific Northwest Water Resource Association?

Mr. LINDSTROM. Yes, Pacific Northwest Waterways Association.

Mr. BEVILL. We are pleased to have you with us. We are especially pleased to have our friend and colleague who served with us for many years. Then he moved on up to the Defense Appropriations Subcommittee.

Mr. MYERS. Up? Over, not up.

Mr. DICKS. I would like, first of all, to thank both the chairman and ranking member who I had the great honor of serving with. They do a great job on this particular subcommittee and have been exceedingly helpful to our area of the country. I appreciate the kindness, as a member of the full committee, of being allowed to come back here where I did serve for a term and be with you today because I know the fine work you do and the thoughtful consideration, not only for these kinds of projects but, importantly, the energy area which is vital to the entire country.

Mr. BEVILL. We appreciate you so much. You did a great job with this subcommittee and you are doing a great job with the Defense Appropriations Subcommittee. We appreciate the good support you give us when we bring our bill to the full Committee.

He is right there supporting us.

Mr. DICKS. And on the floor where we have had a few battles.

Mr. BEVILL. And on the floor by all means. That is most important as well.

Mr. MYERS. We are likely to have some more battles.

Mr. DICKS. I understand. You can count on me.

Mr. BEVILL. We appreciate Congressman Dicks and I know you good people appreciate him.

Mr. LINDSTROM. Indeed we do.

Mr. BEVILL. We will hear from you now.

STATEMENT OF STEPHEN LINDSTROM

Mr. LINDSTROM. I have provided your staff, Mr. Chairman, with a copy of written remarks and also with some supporting materials that are available for your perusal.

Mr. BEVILL. Your remarks will be made a part of the record.

[The information follows:]

U.S. ARMY CORPS OF ENGINEERS

The Corps of Engineers' North Pacific Division budget request to Congress for FY 81 totals $307,560,000, a redcction of $88,668,000 from FY 80. The amounts budgeted are adequate to maintain power-on-line schedules at on-going power-producing projects. This is extremely important because the Pacific Northwest faces forecasted shortages of electricity every year throughout the decade of the 1980s.

PNWA strongly supports the proposed budget amounts for the North Pacific Division. However, PNWA is gravely concerned by the low level of proposed funding for certain other categories.

PNWA believes that nine additional capabilities expressed by the North Pacific Division must be funded this year. We feel it is imperative that continuity be maintained in the region, otherwise drastic problems will arise in the immediate future, even though a few dollars might be saved in one budget year.

After screening many worthwhile projects, including some not authorized or not meeting Section 404 requirements, PNWA is recommending the following capabilities be added to the FY 81 funding:

Type	Amount	Project
GI	$550,000	Continue the Ben Franklin study.
GI	800,000	Complete the Seattle/Duwamish Waterway study.
GI	300,000	Continue the Columbia River and tributaries study.
AE & D	200,000	Rivergate flood control, Portland.
AE & D	400,000	Continue the planning at Bradley Lake, Alaska.
AE & D	2,900,000	2d powerhouse at McNary lock and dam.
AE & D	3,300,000	Replacement lock at Bonneville lock and dam.
Construction	4,200,000	Strube Lake and Cougar additional unit.
Construction	10,000,000	Libby additional unit and reregulating dam.
Total	22,650,000	Recommended increase to fiscal year 1981 budget.

We also support strengthening the Section 107 Small Projects program, especially to the benefit of the Cordova Harbor project in Alaska and East Bay Marina in Olympia, Washington.

Bonneville Power Administration

The Fiscal Year 1981 federal budget request to Congress by the Bonneville Power Administration totals $706,000,000. Though the BPA Fund is self-financing under provisions of the Federal Columbia River Transmission System Act of 1974 (P.L. 93–454), Congressional review and approval is necessary.

The FY 81 budget includes continuation of several energy conservation pilot programs; several major construction elements, including one—the Southwest Oregon Service plan—which requires specific Congressional approval; provisions for the purchase of firm replacement power (again, an indication of the forecast shortfalls of generating capacity for the region); and sufficient resources to operate and maintain the other facets of the BPA program.

Specifically, the BPA budget request incorporates funds for the following areas: Operation and Maintenance, $91,600,000, or 13%; Purchase power and Wheeling, $270,000,000, or 38%; Construction, $193,500,000, or 27%; Associated Project Costs, $68,400,000, or 9%; Reimbursable Programs, $46,000,000, or 7%; and, Interest Expense on Borrowing, $36,500,000, or 6%.

PNWA urges immediate approval of the BPA proposed budget for FY 81, including the necessary approval of the Southwest Oregon Service plan.

Water and Power Resources Service

The President's Fiscal Year 1981 budget request for the Pacific Northwest Region of the Water and Power Resources Service (formerly the Bureau of Reclamation) totals $70,999,000, of which $1,258,000 will be received from area water users.

The request includes $43,504,000 for 15 projects to be financed from the construction appropriation; $21,114,000 under the operation and maintenance category; $2,285,000 for general investigations; $2,384,000 for general administration expenses; $1,685,000 for the Lewiston Orchards Irrigation District Small Projects Loan; and, $27,000 for administration of the Loan program.

The construction appropriation fund includes four major construction projects; seven drainage and minor construction projects; three safety of dams projects; and, one rehabilitation and betterment project.

The Pacific Northwest Waterways Association strongly supports these elements of the President's budget.

In addition, we support and ask the inclusion of additional WPRS capabilities totaling $1,925,000. Fish screen replacement at Savage Rapids Dam (Rougue River Basin Project) would utilize $300,000. $1,500,000 would initiate construction on the Salmon Falls Division (Upper Snake River Project). $115,000 would continue the fishery study on the Hungry Horse Powerplant Enlargement and Reregulating Reservoir Project in Montana. $10,000 would initiate study of the Yakima River Basin Water Enhancement Project in Washington.

Summary

PNWA would appreciate your attention to these endorsements and requests. Thank you very much for the opportunity to testify.

Mr. Bevill. The other material you have we will certainly make it available to the committee.

Mr. LINDSTROM. Should you choose to look it over.

Mr. BEVILL. Yes, thank you.

Mr. LINDSTROM. I would like to summarize the written testimony as well.

Mr. Chairman and distinguished members, it is an honor and a pleasure to sit before you today in testimony.

The Pacific Northwest Waterways Association is grateful for this opportunity. As I said, we will capsulize our remarks in the interest of time, moving right along. Our organization has visited Congress since 1934 on behalf of many valuable and productive federal public works projects and related legislation in the region comprised of Alaska, Montana, Idaho, Oregon, and Washington.

Our first efforts back when we were named the Inland Empire Waterways Association and before we merged with the Northwest Rivers and Harbors Congress, were directed toward the inclusion of a navigation lock in Bonneville Dam. Needless to say, that lock was built, and we are returning this year to ask, among other things, for continued funding of the new lock at Bonneville Dam, a high-priority regional need half a century later.

Federal investments in water resource development projects in our region have totaled over $6 billion. Benefits derived directly from that investment have totaled over $6 billion. Benefits derived directly from that investment have totaled over $21 billion. A ratio of 3.4-to-1. What a tremendous return on federal dollars judged to be spent in the national interest—first during the recovery from the depression, and subsequently, until today, as part of a calculated program to nurture and develop our water and related land resources to the best possible degree through a federal, state and private partnership. This program must continue in order that our region not suffer unduly in the future.

PNWA is fully aware of and sympathetic to the financial distress of our nation and our federal budgetary crisis. However, we feel very strongly that we cannot in good conscience abrogate long-standing efforts to provide energy, navigation, flood control, fish and wildlife enhancement, conservation, recreation and other facilities in the Pacific Northwest and Alaska.

ENERGY

We must look at the whole picture, not losing sight of the needs to prepare for a future assured of sufficient transportation in energy facilities, among others.

Our reasons are three:

First, our region will suffer shortages of electrical generating capacity in every forecast year of the 1980s.

I might digress for a moment to state that even after adjusting for conservation, other belt-tightening and option development, there are still on a very conservative basis projected shortages of one nature or another for at least the next ten years. Timely construction and completion of new generating capacity is essential if we are to avoid economic and social chaos.

Hydroelectric opportunities must be utilized to their fullest because they have comparatively short lead times; they are inflation-

proof sources of renewable energy, and they have undisputed positive multiple use aspects to their installation and operation.

Second, in order that we continue to reduce the flow of American dollars overseas, counterbalance some of the negative trade situation we foresee, we must continue to strengthen our ability to move goods efficiently and through domestic channels.

Third, failure to provide the necessary dollars to these projects, by their very nature links in the same chain, would do irreparable damage to the entire series. Certain budget cuts or delays amount to a proportionate or percentage decrease in that year's activities or capital value placed in some areas of federal financing. However, in the projects about which we show the most concern, a highly negative and highly disproportionate impact occurs if orderly funding is not provided, with three major areas of concern, as far as line item projects are spoken to.

Iwill not read the specifics except to say on behalf of the Bonneville Power Administration we strongly support congressional approval of their budget, which is a self-financing activity since 1974 and we would specifically ask that the Southwest Oregon service plan be endorsed and approved by the Congress.

Secondly, we support the President's requests on behalf of the Water and Power Resources Service in the Pacific Northwest region. We would ask, further, that $1.9 million be included for capability that they have expressed as existing but what is not provided for in the President's budget. That would provide for some modest activities in the Savage Rapids Dam, on the Salmon Falls division of the Upper Snake River project, fishery study at Hungry Horse in Montana and some seed money for a study on the Yakima River Basin in Washington State.

Our last area of specific concern is United States Army Corps of Engineers budget request, totals $307.5 million, a reduction this year from last year—a reduction in 1981 from 1980 of almost $89 million.

We would ask that amount of reduction be reduced somewhat to include an additional $22.6 million for nine specific projects.

Very briefly, they are a continuing GI at the Ben Franklin, continuing GI at the Seattle/Duwamish Waterway, the same on the Columbia River and Tributaries study, advanced engineering and design on the Rivergate Flood Control project in Portland, Oregon; extremely essential project because it is a keystone to much greater investments by the Port of Portland and other entities to provide us an economic opportunity in that area; continuing AE&D at Bradley Lake, Alaska; A&E on the second powerhouse at McNary Lock and Dam, the same on the Bonneville Lock; construction funds for the Strube Lake and Cougar additional unit is Oregon and construction funds in the amount of $10 million for an additional unit regulating the dam at Libby, Montana, totals $22.6 million.

I would hasten to add that I am well aware a couple of these projects have not gotten full authorization required from this Congress but I would emphasis that only by pulling together various elements of the Congress and various elements of interests in the Pacific Northwest will we see these come to fruition in a timely and cost-effective manner.

As an aside, note we strongly support a decent level of funding for

the section 107 small projects which in many cases, such as in Cordova Harbor in Alaska, and the East Bay Marina in Olympia, Washington, are bootstrap projects which Corps money provides the necessary amounts to get over the top, matching local funds in many cases and providing specific opportunities of a productive nature.

That concludes my summary of our remarks. I appreciate the opportunity to testify. We will be delighted to entertain any questions you might have.

Mr. BEVILL. Thank you, Mr. Lindstrom, for a very fine presentation. We will give you every consideration.

Mr. Dicks, did you have any further remarks?

FUTURE ENERGY SHORTAGES

Mr. DICKS. Just briefly. What do you think the consequences would be if this funding was not added?

Mr. LINDSTROM. If we do not see continuation of this orderly and progressive funding for these public works projects, there are a couple of alternatives that could occur.

First, we would see what amounted to a national sanction of brownouts, rolling blackouts in the energy field; certain deterioration of the social and environmental and economic facets of life in the Northwest.

CONSTRUCTION BY NONFEDERAL ENTITIES

The other alternative, and perhaps one that is a bit more positive would be, if funding does not come forward, if the federal opportunity were provided in the way of authorizing legislation for nonfederal entities to construct, rehabilitate, add to, or use in diverse fashions these structures.

For example, there has been a long and arduous contest if you would between various federal entities and a couple of local entities in Central Idaho talking about putting power generating capacity on the Lucky Peak Dam. There has not been federal interest to construct that. On the other hand, a couple of federal agencies have been very reluctant to allow the Boise project border control, a nonfederal entity, to put the power into that federal structure. So we end up between a rock and a hard place. The Federal Government maintains it is within the national interest to supervise and in many respects participate in these activities but then, in a year where fundings are in a drought situation or when other crises seem to take precedence, then the local needs tending to be answered by that federal-local partnership seem to get shoved aside and we end up between a rock and a hard place.

If some authorization were to come forward for nonfederal entities to build a cost-effective project, that would be an alternative to energy needs and also to a large extent in water-related transportation activities.

Mr. DICKS. Of course that is something that the Public Works Committee would have to authorize, Congressman McCormack.

Mr. LINDSTROM. I understand that. We have been plowing those fields as well. It is something of consequence to the degree I feel it is worth your time as well.

Mr. DICKS. Thank you. Very good statement.

Mr. BEVILL. Yes, we will certainly work with Congressman Dicks on this matter.

I see the wife of our good friend and distinguished chairman of the House Agriculture Committee, Mrs. Tom Foley, is with us this morning. Congressman Foley and Congressman Dicks, and you mentioned Congressman McCormack—the entire delegation—are very, very important to the work of this Subcommittee.

Mr. LINDSTROM. Very good, sir. Appreciate it very much. Thank you.

Mr. MYERS. Good to see you again.

Mr. LINDSTROM. Thank you.

COLUMBIA BASIN PROJECTS

WITNESSES

HON. NORMAN D. DICKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON
MAX J. WEBB, PRESIDENT, COLUMBIA BASIN DEVELOPMENT LEAGUE
TOM LYDA, EXECUTIVE DIRECTOR, COLUMBIA BASIN DEVELOPMENT LEAGUE
RUSSELL WENTWORTH, DIRECTOR, QUINCY COLUMBIA BASIN IRRIGATION DISTRICT

Mr. BEVILL. Next we have the Columbia Basin Development League.

Mr. DICKS. I would like to comment that the Columbia Basin Development League I think again is going to provide this committee with some excellent testimony.

I want to point out in advance that they have come in with a potential reduction in the budget which, along with their support of other budgeted items, I think is very useful on their part to try to point out, in a year of budget constraint as we are all facing——

Mr. BEVILL. Rather historic, too.

Mr. DICKS. Yes, I must say. They have been doing a great job in our state in developing the Columbia Basin project. This committee and the Senate committee over the years have done an incredibly important thing for the Pacific Northwest in this whole project. I am just delighted that Max Webb and Tom Lyda and Russell Wentworth are all here today to present their testimony.

Mr. BEVILL. Very good. We are pleased to have each of you here and Mr. Lyda, I believe you are the spokesman.

The Chair recognizes you and you may proceed as you wish.

Mr. LYDA. Thank you, Mr. Chairman, Mr. Myers, Mr. Dicks.

My name is Thomas Lyda, Executive Director, Columbia Basin Development League.

We certainly have appreciated the support you have given us in other years. We are pleased to be here to work with you.

Iwould like to have League President Max Webb proceed at this time with his comments.

Mr. BEVILL. All right, Mr. Webb.

STATEMENT OF MAX WEBB

Mr. WEBB. We thank you for the opportunity to come before you today and provide testimony on the fiscal year 1981 budget. We are particularly appreciative and wish to thank you for allowing our distinguished congressman from Washington State to sit in on the committee today. We are proud to have him here and representing our interests and the nation's interest in general.

The basic context of our testimony today is that we support the budget for fiscal year 1981 as presented by the President with one notable exception.

That exception has to do with an acquisition in the irrigation facilities portion of the budget. There is a line item for fish and wildlife facilities to be purchased and this purchase is being made or is slated to be made not in mitigation, it is not being made for mitigation purposes for the project. From that then we have determined for ourselves in scrutinizing the budget that this could be construed, given the present economic condition as being a luxury item for the present. We would ask that it be deferred.

That item amounts to $4.420 million out of the total irrigation facilities budget for $19.850 million, reducing them the level of funding for fiscal 1981 budget for irrigation facilities to $16.430 million.

We do not wish to be, nor do we wish to make a presentation that could be construed as being anti-fish and wildlife.

In the Columbia Basin project there are some 539,000 acres receiving project waters.

From the impact of the basin or because the Columbia Basin was started there, there also have been lands that have been designated for other uses, primarily fish and wildlife and recreational facilities. Those lands now total 321,000 acres. Since the additional fish and wildlife facility being purchased, notably the Eagle Lakes acquisition not for mitigating purposes, we have drawn z. conclusion that it is a luxury at the present time and should be deferred. That deferment would reduce the budget for irrigation facilities by 21.2 percent and we feel that that is something that is notable, that size reduction and we wish to demonstrate that we are willing to participate in the cuts that come along.

Mr. BEVILL. Very good.

Mr. WEBB. There is one other thing that I would like to say and it has to do with the third power plant at Grand Coulee Dam. Quite critical, the funding level contained within this budget. The dollars expended in the fiscal year 1981 budget are directly proportional to bringing the third powerhouse at Grand Coulee Dam into full production and any cuts in that area would have the effect of reducing, for a time, the potential for bringing that powerhouse into full production.

We would ask that that be given careful consideration as the budget receives scrutiny over time.

The stabilization program for the river bank below the dam also is included in that particular comment because until that program is completed, the powerhouse cannot be operated at full capacity because of the wash condition that exists from the water passed through the pen-stocks.

With us here today also is Mr. Russ Wentworth from the Quincy Columbia Basin Irrigation District, representing the Irrigation District interests as we do and I would also like to point out that we have a considerable delegation from our state here with us today.

Mr. BEVILL. Would you like for them to stand?

Mr. WEBB. Yes, that would be nice.

Would all of the people from Washington State stand up?

Mr. BEVILL. As I said earlier, Mrs. Tom Foley in here. Congressman Foley is the chairman of the House Democratic Caucus and chairman of the House Agriculture Committee. Mrs. Foley is just a leader herself. So we appreciate both of them.

Mr. WEBB. Thank you.

Mr. Wentworth?

Mr. WENTWORTH. I do not have a great deal to add. I think Max covered it fairly well.

In addition to his comments on the fish and wildlife facilities, not only do we have a good number of acreage that has been taken care of this way, 321,000-plus; also the irrigable acreage contributes greatly to that total. In fact, there would not be that number otherwise. So this really would not hurt the project in the way of development at this particular time for this to be delayed.

Mr. BEVILL. Thank you very much.

Those who stood and those who are with you, do you have their names so we can put them in the record?

Mr. WEBB. Certainly.

Mr. BEVILL. We will make your statements a part of the record.

[The information follows:]

Columbia Basin Development League

REGIONAL TRUSTEES
P. RICH BAKER, *Washington Water Power Company, Spokane*
BERT L. COLE, *Commissioner of Public Land, Olympia*
WILLIAM P. HAGER, *Peoples National Bank, Seattle*
JOSEPH A. HORRELL, *Burlington Northern Railroad, Seattle*
HERBERT LUNDY, *Editor, The Oregonian, Portland*
JOHN W. MURPHY, *President, Central Pre-Mix Concrete Co., Spokane*
PHILLIP A. NOTTON, *Regional Manager, Port of Seattle, Spokane*

EX-OFFICIO TRUSTEES
HON. OTTO AMEN, *Representative, State Legislature, Ritzville*
CHAN BAILEY, *Manager, East Columbia Basin Irrigation District, Othello*
JAMES V. COLE, *Manager, Columbia Basin Project-U.S.B.R., Ephrata*
HON. HUBERT DONOHOE, *Senator, State Legislature, Dugton*
TOM COTTON, *Manager, Quincy Columbia Basin Irrigation District, Quincy*
HON. S.E. FLANAGAN, *Representative, State Legislature, Quincy*
WILBUR G. HALLAUER, *Director, Department of Ecology, Olympia*
HON. FRANK (DOE) HANSEN, *Senator, State Legislature, Moses Lake*
HON. CURT SMITH, *Representative, State Legislature, Ephrata*
RUSSELL SMITH, *Manager, South Columbia Basin Irrigation District, Pasco*

AREA TRUSTEES

Connell
JAMES CARWAY

Ellensburg
CHARLES HAIGHT

Ephrata
*JOHN LEDGERWOOD
BILL MENDENHALL
HUGH MONCRIEF
BILL ROBINSON
NAT WASHINGTON

Lind
ALBERT J. GROSS
BILL LOOMIS
HAROLD SIMONSEN

Moses Lake
JOHN KATT
PAUL KRAI
*FRANK KENO
GEORGE MASSART
JERRY RADACH
DUANE RAGSDALE
*RUBEN SCHMIDT
BOB SHAFFO
*FRANK SHINN
H. E. MODE SNEAD
GEORGE WHITE

Odessa
ROBERT KISSLER

Othello
*RAY ANDERSON
DEAN JUDD
FRED KLIPHARDT
HARRY SARGENT
ROGER THIEME

Quincy
JOHN BOHNET
BILL HAUBER
*HERB SMITH
RICHARD TOEVS

Pasco
*WISTAR BURGESS
LARRY EBNER
*SAL T. HANSEN
*SANDRA KULICK
JAMES O'CONNOR
CHARLES POWERS

Ritzville
REX LYLE

Warden
*STEVE CONNORS

Wenatchee
*HU BLONK
ALBERT KISSLER

* EXECUTIVE COMMITTEE

TELEPHONE 509/488-5797
551 SOUTH 8TH, OTHELLO, WASHINGTON 99344 / MAX WEBB, *President* / THOMAS B. LYDA, *Executive Director*

COLUMBIA BASIN DEVELOPMENT LEAGUE

TESTIMONY TO

ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE OF APPROPRIATIONS
UNITED STATES SENATE

MR. TOM BEVILL, CHAIRMAN

SCOPE OF THE TESTIMONY

I. Support for the Presidential Fiscal Year 1981 Budget, Department of Interior for the Water and Power Resource Service, Columbia Basin Project, Washington. $27,637,000.

II. Request Deletion of $4,420,000 for Fish and Wildlife Acquisitions and Study.

ORAL WITNESSES

Mr. Max J. Webb, President
Columbia Basin Development League

Mr. Tom Lyda, Executive Director
Columbia Basin Development League

Mr. Russell Wentworth, Director
Quincy Columbia Basin Irrigation District

March 26, 1980

Supportive Statements Attached

East Columbia Basin Irrigation District
Quincy Columbia Basin Irrigation District
South Columbia Basin Irrigation District
Department of Natural Resources

WATER
CROPS

THE PRESIDENT'S FY 1981 BUDGET

I. DEPARTMENT OF THE INTERIOR PROGRAM FOR THE WATER AND POWER RESOURCES SERVICE.

WASHINGTON

Columbia Basin Project

Major Items	FY 1981 Appropriation	
Irrigation Facilities		
Grand Coulee Pumping/Generating Plant Units P/G 9, 10, 11 and 12	$ 7,500,000	
Block 26 Laterals	400,000	
Fish and Wildlife Facilities	(4,420,000)	deletion asked
Drainage Construction	3,202,000	
Deferred and Supplemental Construction	4,248,000	
Deferred and Bypassed Lands	580,000	
East High Canal Irrigation System	500,000	
Total - Irrigation Facilities	(20,850,000)	
	$16,430,000	New Total
Third Powerplant		
Third Powerplant (Riverbank Stabilization Program and Clean-up Activities)	$10,957,000	
Third Powerplant Switchyard (Electrical Modifications)	250,000	
Total - Third Powerplant	$11,207,000	
Grand Total - Columbia Basin Project	($32,057,000)	
New Grand Total	$27,637,000	

This is a Direct Program Cost Budget and we support the items except the one deletion request which is spoken to in Item II of this testimony. FY 1980 appropriation was $32,586,000.

II. DELETION OF $4,420,000 FOR FISH AND WILDLIFE FACILITIES.

We testify that this line item should be deleted in this budget.

This money is for acquisition of approximately 20,000 acres of land from private ownership in the Basin areas of Eagle Lakes, Desert Wildlife Recreation and Esquatzel Coulee. Funds are also for use in improving the areas and continuing a study at Roosevelt Lake. These lands are not part of mitigation requirements.

We believe that such expenditures further fuel inflation and would be non-productive in goods or services in future years.

We further ask the Committee to consider the fact that some 321,000 acres of the developed Columbia Basin Project is now held and used as Fish and Wildlife habitat and there are many additional wildlife sheltering areas within the approximately 539,000 acres of land served by irrigation waters through district operations.

Acquisitions for Fish and Wildlife facilities are non-reimbursable expenditures and continuous operational expenses for the Department of Interior. We testify that it is not in the best interests of the project to remove more lands from private ownership, to create more extensive areas which will draw public from various parts of the state using energy from fossil fuels and to go against the wishes of the vast majority of people in the local areas.

We respectfully submit that more energetic efforts by the Department of Interior to resolve the Lower Crab Creek management problems claimed by the U. S. Fish and Wildlife Service, The Washington State Game Department and the Water and Power Resource Service could be productive and more beneficial to the Columbia Basin Project in management of the resources and in handling excessive amounts of run-off flood waters than the proposed acquisitions to be financed by this line item. The floods of the 1980 season provide proof of need of a comprehensive plan for Lower Crab Creek.

We ask that all other line items be retained in the FY 81 Budget. Help is needed to move along the Environmental Assessment and Impact Studies on Block 26, Lower Crab Creek and The East High Canal Irrigation System even though funding has been included in the budgets.

Thank you for this opportunity to testify. We appreciate your considerations.

End of Testimony.

Additional documents attached for your convenience.

EAST COLUMBIA BASIN IRRIGATION DISTRICT

P.O. Box E OTHELLO, WASHINGTON 99344 Phone 488-9671

March 20, 1980

Energy and Water Development
Subcommittee on Appropriations
House of Representatives
Congress of the United States
Washington D.C. 20510

Gentlemen:

The East Columbia Basin Irrigation District supports the President's Budget for the Columbia Basin Project for F. Y. 1981. With the energy shortage, we strongly support the appropriations for the Grand Coulee Pumping/Generating plant. Also, to maintain continuity, the funds for Block 26, Drainage, Deferred and Supplemental Construction and the East High Canal System are most important.

The efforts being made to balance the budget are most commendable and we support these efforts. With that in mind, we feel that the $4,420,000.00 recommended for appropriation for Fish and Wildlife facilities could be deferred for the present time. It is our understanding that most of this appropriation would be used for acquisition of land for recreational purposes and, under the present financial climate, those uses appear to be on the decline. Deferment for a year or two may be of benefit.

We appreciate the Committee's past support and the opportunity given us to present this testimony.

Very truly yours,

C. D. Bailey
Secretary - Manager

CDB:bp

QUINCY-COLUMBIA BASIN IRRIGATION DISTRICT
TELEPHONE 787-2316 • POST OFFICE BOX 188
QUINCY, WASHINGTON 98848

March 19, 1980

Chairman and Members of the House
Subcommittee on Energy and Water
Development
Room 2362, House Office Building
Washington, D.C. 20500

Gentlemen:

In re: Fiscal Year 1981 Appropriations
Proposed for the Columbia Basin
Project

This testimony is presented on behalf of the Quincy-Columbia Basin Irrigation District, one of the three irrigation districts comprising the Columbia Basin Project in the State of Washington. Presently, approximately 550,000 acres of irrigable lands within the Project are receiving federal reclamation water.

President Carter has just recently announced his stringent requirements and plans for a balanced federal budget. It is therefore to be assumed that members of this Subcommittee will be scrutinizing very closely the funds proposed for the Columbia Basin Project for the purpose of determining that the funds requested are essential and necessary and in line with the President's mandate of balancing the budget.

In reviewing the funds requested for the Columbia Basin Project for the year 1981, it appears that the total requested amounts to $20,850,000. An analysis of the various line items indicates that, with one notable exception which will be hereafter noted, the funds requested are essential to continue construction of Project facilities designed to produce electrical power and to protect the investment of the United States in irrigation works and facilities heretofore constructed or now under construction.

The one exception which the Quincy District would like to call to your attention is the proposed expenditure of $4,420,000 for fish and wildlife facilities. We fully realize that fish and wildlife and recreational endeavors are an integral part of reclamation development and that for some time Congress has evidenced an ever-increasing awareness of the benefits to the general public which can be attributed to the joint development of land and water resources both for reclamation and recreational purposes.

President Carter stated recently in his address to the nation concerning the need of balancing the federal budget that even worthwhile projects may have to be postponed until such time as the present rate of inflation has been brought under control. Representatives of the Water and Power Resources Service (formerly the Bureau of Reclamation) have recently advised us that the United States presently owns 321,100 acres of land in or related to the Project which are managed and utilized for land and water recreational purposes. A general breakdown of these lands owned by the United States and managed for fish, wildlife and recreational purposes by State or Federal agencies is as follows:

(1) Washington State Game Department and Parks Service - 132,000 acres;
(2) Lands below O'Sullivan Dam managed by the Federal Fish & Wildlife Service - 1,400 acres;
(3) Franklin County lands - 1,500 acres;
(4) Franklin Delano Roosevelt National Park - 70,400 acres;
(5) Department of Energy Control Zone managed by Washington State Game Department - 59,000 acres;

(6) U. S. lands managed by Federal Fish & Wildlife Service - 28,000 acres;
(7) Columbia Wildlife Refuge owned by the Federal Fish & Wildlife Service - 28,800 acres.

Total - 321,100 acres

It would therefore appear that federal agencies having the responsibility to assure that reclamation projects are developed jointly and in conjunction with Congressional intent to incorporate fish, wildlife and recreational opportunities have performed their duty in a most admirable fashion insofar as the Columbia Basin Project is concerned. However, in view of President Carter's forceful mandate to reduce the federal budget by $18,000,000,000, and in view of the vast amount of land owned by the United States and devoted to recreational purposes within the Project, the Quincy District recommends that the proposed expenditure of $4,420,000 for the acquisition of additional fish and wildlife facilities could well be postponed. With farm operating loans from commercial banks bearing interest of 18 to 21%, it can truly be said that the farmers of the Project are in complete agreement that inflation must be controlled and reduced to a financially bearable rate consistent with the growth of our gross national product of goods and services.

As to the other expenditures in the President's proposed Fiscal Year 1981 Budget, the funds requested are vital to the continued sound development of the Project and protection of the present investment of the federal government in the Columbia Basin Project. Said expenditures will contribute directly to

to the production of goods and services, thus enhancing the efforts of everyone to bring inflation under control.

Respectfully submitted,

QUINCY-COLUMBIA BASIN IRRIGATION DISTRICT

By: _____
Vice President of the Board of
Directors of the Quincy-Columbia
Basin Irrigation District

South Columbia Basin Irrigation District
OFFICE 402 WEST LEWIS STREET
TELEPHONE 547-1735 • P. O. BOX 1006 • PASCO, WASHINGTON 99301

March 21, 1980

Chairman Tom Bevill
Energy and Water Development Subcommittee
on Appropriations
House of Representatives
Washington, D. C. 20515

Dear Chairman Bevill:

We are pleased to support the President's Budget as it relates to energy and irrigation development on the Columbia Basin Project for F. Y. 1981. We particularly support those appropriations for Third Powerplant and those items of the Irrigation Facilities including the Grand Coulee Pumping/Generating Plant Units PG 9, 10, 11 and 12, the Block 26 Lateral Distribution System, the Drainage Construction, Deferred and Supplemental Construction, Deferred and Bypassed Lands, and the East High Canal Irrigation System.

In accordance with Congressional goals and the President's efforts to balance the budget and conserve and/or reduce the petroleum imports, we recommend the deletion of all, or a large portion of, the line item for Fish and Wildlife Facilities which represents 21% of the program request for irrigation facilities or 14% of the program request for the whole of the Columbia Basin Project.

On behalf of the Board of Directors and the landowners of this District, I thank you for your past cooperation and courtesies and look forward to the ultimate completion of the Columbia Basin Project as originally conceived and authorized and reauthorized by Congress almost forty-five years ago.

Very truly yours,

Russell D. Smith
Secretary-Manager

RDS:ma

SECOND BACON SIPHON AND TUNNEL

Mr. DICKS. Could you give us a status update for the committee on the second Bacon siphon?

Mr. WEBB. Very good point, thank you.

The second Bacon siphon and tunnel was completed during the last calendar year and last week the first waters were passed through the second Bacon siphon and tunnel as the irrigation system begins to fill for the irrigating in 1980. It is working well and the bureau is quite happy.

We got a very good contractor in there. They came in on schedule, got the job done in quick time. We are very pleased with the progress that took place there.

Mr. DICKS. This was a project where the State of Washington also made a contribution.

Mr. WEBB. $15 million for the second Bacon siphon and tunnel was contributed to the total of $32 million project. We are quite proud of that also.

Mr. DICKS. They are thinking about naming it the Magnuson Tunnel, which would not be a bad idea.

Mr. WEBB. That would be a good idea.

Mr. BEVILL. Very good. You people do a good job supporting your water projects up there. I guess we have to have these folks down here tell us about the pork barrel. We hear that term "pork barrel." Of course without exception, we have never found anybody writing an article like that that knew anything about water projects.

Mr. DICKS. One point you have just touched on is so important, Mr. Chairman. You look at the farsightedness; starting back in the Thirties, of developing not only the hydro-electric base which today gives the Pacific Northwest energy capability, though we are short and we will have some problems in the next decade, but, also the tremendous agricultural potential at a time when we need exports and we need to offset the price of importing expensive foreign oil.

And a lot of the agricultural production in this area is used for export purposes which helps us in that respect.

Mr. BEVILL. That is a good point.

Mr. DICKS. But this whole thing, between energy development and agricultural development, the same people were around 30 years ago, 40 years ago, saying oh, this is foolish, we do not need to have it.

Where are you going to sell all this electricity? Here we are today with a shortage just 50 years later.

Mr. BEVILL. If you go back and look at the old magazines and old newspapers, they were writing about pork barrel projects then. It is fortunate for the country that the Congress did not pay them any attention. Most of the Congress is not paying them any attention now.

Mr. WEBB. We hope to be able to fund further from the state level, although I cannot offer a commitment for that, but there is certainly a precedent set for us to continue that, and we hope to continue that, as the second half of the Columbia Basin project comes into production. There is one point I would like to make as far as energy is concerned. We do try to be good custodians of the land and we try to use it to the best extent that we can. We also try to use our project

to the best extent that we can. Toward that end the irrigation districts, primarily the South Columbia Irrigation District, has taken the lead to develop low-head hydro-electric facilities in project canals, where there is sufficient waterhead available to do so.

We have identified six separate sites in the Columbia Basin project for power generation. That project is well on its feet at the present time and within the next five years we hope to have those six power plants generating electricity.

EAST HIGH AREA

Mr. DICKS. If the chairman would indulge one final question. We are also having some problems, as I understand; I think it is in the east high area with wells that have been drawn on heavily.

Could you brief the committee a little bit on that, what the implications are for the people, the farmers in that area?

Mr. WEBB. The east high area is the developed second half of the Columbia Basin project, some 500,000 acres. At the present time there are some 50,000 acres irrigated from deep wells. Many of those wells came into water at 5, 6, 700-foot levels some years ago, as long ago as 15, 20 years ago. As that expansion into well-drilling has taken place, naturally the nonchargeable ground waters, the level there has suffered.

There is moratoria existing in the areas where conditions are extremely poor. That is an extensive user of power because, as we lift each gallon of water, approximately 8 to 9 pounds, from the declining level in the well, some of them are pouring water from the 7, 8, and 900-foot level; we are using too much power toward that end.

We are hoping as we get the contracts signed totally for the second half and get on line with delivering ground waters to those particular water users, that we will be able to contribute back, by nonuse, toward the electrical problem.

Mr. BEVILL. Very good.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. BEVILL. Thank you for a very fine presentation.

ROGUE BASIN PROJECTS

WITNESSES

MARTIN G. BAUER, DIRECTOR, ROGUE BASIN FLOOD CONTROL AND WATER RESOURCES ASSOCIATION, GRANTS PASS, OREGON

ANNE BASKER, DIRECTOR, ROGUE BASIN FLOOD CONTROL AND WATER RESOURCES ASSOCIATION DIRECTOR, GRANTS PASS, OREGON

DENNIS N. HOFFBUHR, DIRECTOR, ROGUE BASIN FLOOD CONTROL AND WATER RESOURCES ASSOCIATION, MEDFORD, OREGON

T. T. (TOM) SIMMONS, PRESIDENT, OREGON COUNCIL OF THE FEDERATION OF FLY FISHERMEN, MEDFORD, OREGON

MR. BEVILL. The Chair recognizes the Rogue Basin Flood Control and Water Resources Association. Mr. Bauer, you may proceed as you wish.

Mr. BAUER. Thank you, Mr. Chairman.

Members of the subcommittee, my name is Martin Bauer. I am appearing before you today as a director of the Rogue Basin Flood Control and Water Resource Association. I am happy to have with me Mrs. Anne Basker, Mr. Dennis Hoffbuhr, both of whom are also directors of the Association. We are particularly pleased today to have appearing with us and in support of our particular requests Mr. Tom Simmons, who is the president of the Oregon Council of the Federation of Fly Fishermen, who represents his group who are very supportive of the activities being conducted in the Rogue Basin.

We speak in support of funds for Rogue Basin projects in Fiscal Year 1981:

	Fiscal year 1981
Budgeted:	
Corps of Engineers: Applegate	$8,663,000
Water and Power Resources Service:	
Grants Pass Irrigation District study	190,000
Medford Division study	100,000
Unbudgeted:	
Corps of Engineers: Elk Creek	4,000,000
Water and Power Resources Service: Savage Rapids Fish Screens	400,000

Elk Creek: The Corps of Engineers' Rogue Basin Project consists of three dams: Lost Creek, Applegate and Elk Creek. Lost Creek is completed. Applegate is under construction and scheduled for flood control storage October, 1980.

Mr. BEVILL. How do you spell that Creek L-o-s-t or L-o-s-s? We have one down in Alabama and some people say it is a loss.

Mr. BAUER. L-o-s-t.

Mr. BEVILL. The one in Alabama has been mixed up. I think we will use that as a precedent.

Mr. BAUER. Very good. Elk Creek was under construction in 1975 when the Oregon Water Policy Review Board withdrew the State's endorsement of the Elk Creek Project. Basically, the State's action came about because of concern that operation of Elk Creek *and* Lost Creek would adversely affect the clarity of the Rogue River. Since Lost Creek was nearing completion at that time, it was felt prudent by the Board that further construction of Elk Creek be deferred until Lost Creek had an operating record. During its thirty-seven months of operation, Lost Creek has had an excellent record in all aspects, including water quality. During the past five years, the Corps of Engineers has conducted water quality studies on Elk Creek and the results do not suggest adverse water quality effects on the Rogue as the result of future operation of Elk Creek.

The Governor of the State of Oregon has recently expressed his support for the continued construction of Elk Creek and urged the Corps of Engineers "to see the project through to fruition."

SAVAGE RAPIDS FISH SCREENS

The Water and Power Resources Service and the U.S. Fish and Wildlife Service have improved the fishways at Savage Rapids Dam on the Rogue River. Overlooked during project planning was the

need to replace the fish screens which were used when installed twenty-two years ago. When we appeared before this Committee one year ago, the then Bureau of Reclamation had assured us that we had enough funds to replace the screens since they were abandoning plans to replace the north ladder, a major part of the rehabilitation work. Subsequently, they advised us that they needed authorization from Congress to do the work. Later, they advised us that they had received authorization, but that the funds were no longer available, and that it would be necessary for Congress to appropriate funds in F.Y. 81.

Mr. BEVILL. We will insert the remainder of the material in the record.

[The information follows:]

SOUTHERN OREGON RESOURCES ALLIANCE
P.O. Box 1273
Grants Pass, Oregon 97526
479-4803 or 476-7415

March 26, 1980

To the Honorable Members of the
Subcommittee on Appropriations
of the House Committee on Energy and
Water Development

I have been instructed by the members of the Board of Directors of Southern Oregon Resources Alliance to convey their message of continuing support for the funding of the Elk Creek Dam in southern Oregon.

Speaking for the 6000-7000 members of our organization, the Board has reaffirmed that support at every opportunity since 1977 and urges a resolution of the problem - a basin wide project comprised of three dams only two of which are underway after twenty-four years of planning and cooperative effort with many agencies of federal, state and local government. We respectfully urge action without further delay.

Thank you for the opportunity to speak in favor of the Rogue Basin projects.

Anne G. Basker
Director

AGB:cae



FRIDAY, MARCH 7, 1980 DAILY COURIER, Grants Pass, Oregon —

Dam Would Have Helped

By PAUL FATTIG
Of the Courier Staff

Elk Creek Dam would have reduced the damage caused by the 1964 flood by some $3 million, according to an engineering study by the Army Corps of Engineers.

Colonel Terrance Connell told the Rogue Flood Control and Water Resources Association during its annual meeting Thursday that both the Lost Creek and the Elk Creek Dams would have reduced the flood level drastically.

"Our engineering studies show that with both Elk Creek and Lost Creek Dams we would have shaved about seven feet off this flood," he said. "And that seven feet comes off the bottom."

According to the study, Lost Creek Dam would have reduced the flood by five feet while Elk Creek Dam would have added another two feet to that reduction.

The 1964 flood, the most severe to hit the area since 1861, destroyed an estimated $13 million in property downstream from Elk Creek and Lost Creek.

"Lost Creek does not have the capacity to provide the benefits of both of these projects — to seek to do so would have major adverse impacts," said Connell, the district engineer for the Portland District Corps of Engineers.

"These dams were authorized to serve as a system — and that's the charter the Army Corps of Engineers is following," Connell said.

In other business, the association, with 42 members represented, re-elected board members Anne Basker of Grants Pass, Francis Krouse of Applegate, Tam Moore and Franklin Gebhard of Medford and Don Faber of Central Point.

Connell, who presented a slide show of the three projects, said that flood control is a major reason for the three dams in the Rogue Basin Project.

"It is a fundamental purpose for the construction of the dams," he said.

Of the three dams, the Lost Creek Dam is the only one constructed. The Applegate Dam is expected to be completed by October. The future of the congressionally authorized Elk Creek Dam is in doubt.

However, Connell told the association that the Corps has spent $9 million on the estimated $97 million Elk Creek Dam and is assuming that it will be built.

Connell said that the Elk Creek Dam, like its counterparts, would provide storage for irrigation, ensure water quality for fish and wildlife, recreation and water supplies as well as flood control.

An draft environmental impact statement released by the Corps this week states that the dam would have "little or no effect" on fish in the Rogue River.

Moreover, the study shows that an annual timber yield reduction of some 373,000 board feet would be affected in the 135 square mile of Elk Creek watershed. The timber, on 6,500 acres of Forest Service and Bureau of Land Management, is valued at about $130,000.

But the study also shows that the loss of jobs would be balanced against the gains from the project's construction.

Connell said that, although Elk Creek and Applegate Dams would have no power generating capabilities, that possibility is being left open. The Lost Creek Dam does have a hydroelectric plant, providing 282 million kilowatt hours of electricity a year.

"That's equivalent to almost a half million barrels of oil," Connell said. "That's enough power to power the city of Grants Pass. It is an important contribution."

The Elk Creek Dam would be constructed so that water turbidity and temperatures could be controlled, Connell said.

Connell said the Cole Rivers Fish Hatchery, constructed to offset the loss of fish habitat above the three dams, produced 2 million fish in 1979, including 1.5 million salmon and steelhead and 500,000 rainbow trout.

The water allocation for Lost Creek Dam should be determined soon, the Colonel said, adding that a meeting has been scheduled between the Army Corps of Engineering and the state Water Policy Review Board next week.

He said Lost Creek Dam could not provide all the water supplies that would be available from both Rogue River dams.

"I am prepared to go both forward either on an interim basis or a permanent allocation of waters providing that I do not infringe on the authorized legislation for 80,000 acre feet for irrigation and 20,000 acre feet for municipal water supply," he said.

Bob Barbo, chief of the Water and Power Resources Service's Pacific Northwest Region office in Salem, told the association that his department was studying the Grants Pass irrigation system.

HOUSE OF REPRESENTATIVES
SALEM, OREGON
97310

March 12, 1980

The Honorable Gov. Vic Atiyeh
Governors Office
State Capitol
Salem, Oregon 97310

Dear Vic:

The Rogue Basin Project consisting of Lost Creek, Elk Creek and Applegate Dams was designed to satisfy the various water needs of the Rogue Basin. All water interests were considered in the planning of the project. All water interests have cooperated over a nineteen year period to bring the project to its present state of completion. The project was designed with most of the fishery benefits to come from Lost Creek and significant fishery benefits to come from the Applegate Dam. Elk Creek was planned to primarily serve the needs of flood control, municipal and industrial water and irrigation. The dams were planned as three elements of one project.

The hold-up of Elk Creek Dam in 1975 was because of the concern of turbidity, now with the E.I.S. report and the excellent preformance of Lost Creek with no turbidity problems, I would urge you to take a strong position with our Congressional Delegation, Water Policy Review Board and Game Commission for completion of this over-all project.

Of immediate concern to the City of Grants Pass is a recently completed sewage treatment plant. The site was prepared under EPA requirements, at an elevation thought to be protected from flooding of the Rogue River, which would have some measure of flood control provided by Lost Creek and Elk Creek dams. The removal of Elk Creek from the flood control system of the Rogue would certainly jeopardize the integrity of the completed treatment plant which has met requirements to protect the clarity of the Rogue River.

In these hard economic times, it is necessary to consider the fiscal impact on the Southern Oregon communities if the Elk Creek Dam project is not given the green light as soon as possible.

The obvious effect is the loss of revenue in the Rogue Valley

in relation to the loss of jobs. The project itself is expected to provide as many as 300 jobs over a four year period. The economic overtones of the addition of this many people to the working force would certainly be a definite stimulation to the economy of the Rogue Valley.

The project would also mean a large investment by the federal government. The taxpayers of Oregon deserve to reap the benefits from their tax dollars, and it isn't often that they get a chance like this to do so.

In speaking of long-term economic impact, we must consider the enhancement of such things as irrigation, which would be a great boon to the agriculture industry in our communities, and recreation, which would certainly increase the tourist dollar flow.

Also, we must look at what we will lose if the dam is not built, first of all, much of the $8 million that has already been spent will be wasted, except for the funds that were spent to acquire the land.

Secondly, we would lose more that $2 million in flood control benefits that the dam would provide.

Finally, we would lose the maximum benefits that the originally planned series of dams in the Rogue River Valley area was intended to provide. As one of the people from the area so accurately observed: "To let a part of this system be denied is unthinkable. We have one dam completed, one dam nearing completion, and to leave out any other portion of the project would be like putting out a two-wheeled automobile".

I sincerely believe that a large majority of the people of the Rogue Valley welcome this project with open arms.

In light of all the facts, as well as the prevailing majority opinion, I respectfully request, on behalf of the people of the Rogue River Valley area, that you take a strong position on Elk Creek Dam with all due speed, in time for this years Federal Appropriation hearing in April and May.

Best regards,

Cecil

Cecil L. Johnson
State Representative
Dist. #49

CLJ/a

JOSEPHINE COUNTY OREGON



(503) 474-5221

COURTHOUSE GRANTS PASS, OREGON 97526

Board of Commissioners
MARY E. BENEDETTI
H. S. COMBS
WILLIAM F. FORD

Duane Schultz, Legal Counsel

The Honorable Victor Atiyeh, Governor
State of Oregon
254 State Capitol
Salem, Oregon 97310

Re: Elk Creek Dam
Rogue Basin Project

Dear Governor Atiyeh:

The long awaited Supplemental EIS is available and, now that the facts are in, the fears of the earlier opposition have been reasonably answered. We concur in your statements to the Corps during August 1979 indicating that you are "extremely interested in pursuing construction of Elk Creek Dam," and urging the Corps "to see the project through to fruition".

Congressional hearings will be held within the next 30 days and are critical to the appropriation of funds for FY 81. Increasing construction costs make it extremely important that funding for the one remaining phase of this authorized project occur now. More delay will only have a detrimental effect on the cost/benefit ratio and give the minority in opposition a new stalling tactic.

Senator Mark Hatfield, a strong supporter of the Rogue Basin project, has asked for a clear statement from the State of Oregon, and with that statement, will lead the majority of the Oregon Congressional delegation in support of funding the remainder of the authorized project. With that, the direct "people benefits" of flood control, and water supply and irrigation will be realized.

We request that your earlier position in support of Elk Creek be reaffirmed to Senator Hatfield at this time, so that the delegation from the Rogue Valley will be addressing Congressional subcommittees with firm support from the State of Oregon. Your concurrence in this project of benefit to the Rogue Valley and the State of Oregon is much appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS

By Mary E. Benedetti
Commissioner

By H. S. Combs
Commissioner

By William F. Ford
Commissioner

MEB/DWR/fb

city of grants pass
101 n.w. "a" street
grants pass, oregon 97526
(503) 476-8801

March 19, 1980

Governor Victor Atiyeh
State Capitol Building
Salem, Oregon 97310

Dear Governor Atiyeh:

The City of Grants Pass has long been aware of the fact that the demand for water in our basin will someday exceed the supply unless some positive steps are taken now. Josephine County, and specifically the area in the City of Grants Pass, and that area immediately contiguous to the city, comprises one of the fastest growing areas in the Pacific Northwest.

Upon receiving the supplement to the Environmental Impact Statement and subsequently reviewing it, I noticed that the reasons for the delaying of the Elk Creek Dam Project appear to have been resolved, and in most cases, do not exist now, if in truth they ever did exist at all.

The Common Council of the City of Grants Pass must go on record, once again, as endorsing this project. This very positive endorsement comes from a council which is completely changed from the council which originally acted upon this matter. I mention this only to point out that we are continually aware, and have been for many years, of the problem which will eventually confront us here in the Rogue Valley. As recently as July 20, 1977 we were forced to adopt emergency water measures in time of summer drought (Ordinance No. 4168). Fortunately we did not have to act, but the process was formed and ready to go. Of no small importance was the fact that a private water district to the south of Grants Pass had seen fit to come to the city with its problem, i.e. failing wells and/or lowering water table. I shudder to think of the problem which would have been caused if this situation had continued.

Since the commencement of the Lost Creek Dam operation, we have become very aware of the positive economic effects of sound water projects and how they enhance tourism, recreation, and general liveability of the local populace. It is extremely difficult for me to see how anyone could entertain any reservations about the continuing viability of the Lost Creek project and further, how they could possibly carry these thoughts over to the Elk Creek Dam project.

Several years ago the City of Grants Pass used federal funds to build a new sewage treatment plant, located in the flood plain. This site was selected because the entire Rogue Basin Project including Lost Creek, Applegate and Elk Creek Dams had been authorized and there was no reason to believe it would not be constructed. The combined flood control benefits of these projects would eliminate virtually all of the flooding potential to the new plant. Without Elk Creek it is probable that flooding will be a recurring problem for our new sewage treatment plant.

Governor, I cannot be emphatic enough in my statement when I say to you that our people down here are very much in agreement as to the effect a strong endorsement on your part will have. We feel it is very necessary for you to reinforce your previous stand on this project, and that it be conveyed by the appropriate means to our congressional delegation in time for the hearings on appropriations.

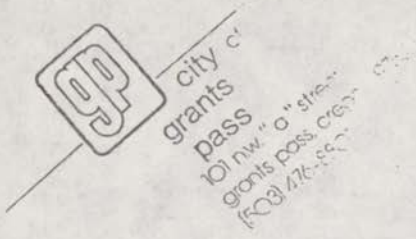
Our endorsement of the Elk Creek project is firm now, has been through the years, and will continue to remain so.

Thank you for your consideration.

Sincerely,

Richard M. Smith
Mayor

RMS/jp



March 12, 1980

The Honorable Victor Atiyeh, Governor
State of Oregon
254 State Capitol
Salem, Oregon 97310

Dear Governor Atiyeh:

In response to the request of Senator Hatfield for a stronger Oregon statement of support for the Elk Creek Dam project, we emphatically urge you to reaffirm your August, 1979 support for the project which will serve so many varied purposes here in Southern Oregon.

Aside from keeping faith with local area presentations for the dual Lost Creek/Elk Creek project; completion of the facility will serve to enhance the habitat of the Rogue River as well as its tributary fisheries. Furthermore, people and property benefits from flood control and stored water for both domestic and irrigation purposes will provide the foundation upon which our area can continue to grow and prosper.

As an administrator, I needn't remind you of the critical need for early funding approval, as each delay only adds millions of dollars to the price tag due to ever escalating construction costs.

Your continued support for this project of major benefit to the Rogue Valley and the State of Oregon is very much appreciated.

Sincerely,

Ron S. Bergman
City Manager

RSB/dz
CF#39-80

Grants Pass and Josephine County
CHAMBER OF COMMERCE

March 12, 1980

The Honorable Victor G. Atiyeh
Governor of the State of Oregon
State Capitol Building
Salem, OR 97310

Dear Governor Atiyeh:

May we of the Grants Pass and Josephine County Chamber of Commerce once again affirm our position of complete approval for the construction of the Elk Creek Dam, which is the third phase of the Rogue Basin Flood Control and Water Resources program.

The just released favorable studies remove all doubt of any future problem with the construction of this dam. Your support is urgently needed at this time so that the congressional delegation may push to have the Elk Creek Dam funded during the next fiscal year.

Thank you for all your past favors.

Sincerely,

GRANTS PASS AND JOSEPHINE COUNTY
CHAMBER OF COMMERCE

John T. McMahan
Manager

JTM/db

Enclosures

P. O. BOX 970 PHONE: AREA 503 476-7717 GRANTS PASS, OREGON 97526

RESOLUTION

From: Sams Valley Irrigation District

Subject: Elk Creek Damm

Whereas, the Elk Creek Project is an essential element of the Rogue Basin Project, and

Whereas, the Rogue Basin Project was authorized for construction by the Congress in 1962, and

Whereas, the Rogue Basin Project was planned to serve the water needs of the Rogue Basin in compliance with the State Water Policy as set forth in O.R.S. 536.220, 536.300 and 536.310, and

Whereas, approximately eight million dollars have been expended on the construction of Elk Creek, and

Whereas, Elk Creek Dam is necessary to assure a dependable future supply of water, both for Sams Valley Irrigation District and the Rogue Basin.

THEREFORE BE IT RESOLVED:

That the Sams Valley Irrigation District supports construction of Elk Creek Dam, and urges our Congressional Delegation to take such steps as may be necessary to move Elk Creek to completion at the earliest date.

3/18/80

Albert Straus

Albert Straus

Vernon Gebhard

Vernon Gebhard

Wes McDonough

Wes McDonough

Directors, Sams Valley Irrigation District

CITY OF GOLD HILL

Post Office Box 315
Gold Hill, Oregon 97525
Phone (503) 855-1525

March 3, 1980

Water Resources Review Board
555 13th Street, N.E.
Salem, Oregon 97310

Dear Committee Members;

The City Council of Gold Hill, Jackson County, Oregon supports the total Rogue Valley Dam project including the completion of Elk Creek Dam.

The city of Gold Hill currently is in the process of installing a new water treatment facility. This new facility will have an optimum design capacity of 600,000 gallons per day. We deem it necessary that Elk Creek Dam be completed to serve the Valley with an adequate supply of water not only for now but in the future.

The city of Gold Hill has a hydro Electric Plant that has been leased. In order for this plant to operate at maximum efficiency, it is necessary that the river does not attain either an extreme high or low flow.

The city of Gold Hill is also concerned about the occasions when ~~raw~~ sewage is dumped into the river affecting our city water supply.

Raw

Sincerely,

Mayor and Council

Jack T. Green
Kayle A. Pasley
Wright Mitchell
Carol Helm
Byron E. Brown

RESOLUTION

80-04

WHEREAS, the City Council of Shady Cove, Oregon, fully endorses completion of Elk Creek Dam due to beneficial aspects in creating adequate municipal water supply, fishing and recreational enhancement, and

WHEREAS, since the supply of irrigation water created by Elk Creek Dam is essential to the welfare of the Rogue River Valley,

NOW, THEREFORE, BE IT RESOLVED that the City of Shady Cove fully endorses completion of Elk Creek Dam.

DATED this 20th day of March, 1980.

MAYOR

ATTEST:

CITY RECORDER

Mr. BAUER. To reiterate, one year ago we had the funds and no authorization. This year, we have the authorization and no funds. We do not know exactly where the funds went.

We appreciate this opportunity to speak to the committee of our needs, and thank the committee for its considerable treatment of our requests in the past.

I would now like to offer to answer any questions that the committee might have.

Mr. BEVILL. You didn't get any funds this year?

Mr. BAUER. No, sir.

Mr. BEVILL. When was the authorization passed?

Mr. BAUER. I can't answer that.

Mr. BEVILL. We will certainly look into this matter.

Mr. BAUER. Thank you.

Mr. BEVILL. Thank you so much for your fine presentation.

I understand the Tillamook County group is waiting on Congressman AuCoin, who will be here shortly.

WATER RESOURCES PROGRAM

WITNESSES

MAURICE C. STOUT, CHAIRMAN OF THE BOARD OF WATER RESOURCES CONGRESS AND SENIOR VICE PRESIDENT, INDIANAPOLIS WATER COMPANY
IVAL GOSLIN, VICE CHAIRMAN OF WATER RESOURCES CONGRESS AND CONSULTANT TO WESTERN ENGINEERS
B. JOSEPH TOFANI, PRESIDENT, WATER RESOURCES CONGRESS

Mr. BEVILL. I understand the Water Resources Congress is here. Mr. Stout, we are glad to have you and Mr. Tofani. We are pleased to have both of you. You may proceed as you wish.

Mr. STOUT. Thank you.

Mr. MYERS. I might add that I have known Mr. Stout for a number of years.

Mr. STOUT. Good to see you, John.

Mr. MYERS. Good to be with you.

Mr. BEVILL. We are certainly glad to have you here. Knowing the ranking member of this subcommittee doesn't hurt a thing.

Mr. STOUT. Thank you.

Mr. Chairman and Members of the Committee: I am Maurice C. Stout, Chairman of the Board of Water Resources Congress and Senior Vice President of the Indianapolis Water Company. Supporting me today are two recognized experts in water resources, Mr. Ival Goslin, Vice Chairman of Water Resources Congress and Consultant to Western Engineers, Inc., Grand Junction, Colorado and Mr. B. Joseph Tofani, President of Water Resources Congress, headquartered here in Washington, D.C.

While I was elected Chairman of the Board just last month, I have many years experience with the operations and the problems associated with the development, distribution and consumption of water. It is to these problems on a nationwide scale that I wish to address my testimony here today.

At our Annual Meeting in New Orleans last month, Water Resources Congress adopted several resolutions aimed at strengthening the water resources management program.

We support H.R. 4788, the Water Resources Development Act of 1979, which was recently passed by the House and urge the President to approve this legislation which will remove the roadblocks and set in motion an effective national water resources program.

We believe the time has come for a true picture to be reported to the public regarding the entire costs of Federal flood control projects. Accordingly, we recommend that Congress require that all Federal flood control projects report and identify the amounts of required local funds which are assigned to fish, wildlife, environmental, and mitigation measures, along with other project categories.

We urge all parties involved in formulating our National Energy Policy to recognize the imperative need and assure fuel allocations adequate to keep American farms and ranches operating.

We oppose the position of the National Wildlife Federation in its litigation to require the Environmental Protection Agency to rule that all manmade dams are point sources of pollution, and to require dam owners to seek permits and follow performance standards under the National Pollutant Discharge Elimination System. We believe this kind of action is neither authorized nor required by the Clean Water Act.

We support changes to the Safe Drinking Water Act incorporated in H.R. 4509 and urge their prompt consideration and enactment.

We oppose any legislative or administrative measures which would designate as wetlands, for regulatory purposes, any lands which exhibit appropriate characteristics of wetlands solely as a result of deliberate human activity, when such regulations interfere with the ongoing useful purpose of said lands.

Of course we are aware of the need to balance the budget as we battle the ravages of run-away inflation. But we also know, the temptation is great to cut water resources programs, particularly by those who seize every opportunity to discredit the program. In defense of the budgets of the Corps of Army Engineers and the Water and Power Resources Service, it can be factually demonstrated that the programs of these agencies are gilt-edge investments in water and land resources of our Nation.

Up to last year some $10.3 billion had been invested in federal flood control works. These projects were responsible for producing benefits totalling more than $76 billion in total value of flood damages prevented. Some $13 billion have been spent over the last 150 years on federal waterway improvements which, in turn, produced total benefits of $59.9 billion. Federal hydroelectric powerplants in 1977 generated sufficient kilowatt hours of energy to save the Nation the equivalent of 226 million barrels of imported crude oil. More than 20 million Americans were furnished municipal and industrial water from Corps of Engineers and Water and Power Resources Service projects in 1978. Almost 450 million visitor days of attendance were recorded at Corps reservoir projects during Fiscal Year 1979, and our commercial waterways carried more than 628 million tons of bulk commercial products and coastal and Great Lakes harbors handled 1.3 billions tons of commerce that same year.

This is a solid record of achievement and one which must be evaluated with fiscal foresight before any attempt is made to drastically cut the program. It is a known fact that projects postponed or prolonged will cost two and three times their original estimate if they are not completed on time.

FLOOD DAMAGES

There is nothing more inflationary than a flood. A home, farm, business, highway or a bridge built and paid for with yesterday's dollars and destroyed by today's floods must be replaced at tomorrow's prices. In some cases the damaged properties cannot be replaced because the money isn't available.

So far this year, people in Los Angeles, San Diego, Palm Springs, and Phoenix have been made painfully aware of the inflationary effects of floods as they desperately try to rebuild in the wake of last month's floods. Think what a great benefit would have been realized had facilities been available to capture and store a large portion of the rains that hit these areas. Instead the flood waters flowed into the ocean carrying the soil with them.

On this side of the country, the reverse is true. News stories recently reported reservoirs in upstate New York were operating at 82 percent of capacity, following a series of dry months. Should these conditions persist, New York City, would experience a water shortage this summer. Think what a crisis we would experience if this metropolis ran out of water. This is one of many urban water problems the older cities of our nation are facing and as yet feasible solutions have not been found, or such solutions are beyond local interests' ability to finance.

Like so many problems that become crises if not addressed, the ups and downs of water supply and distribution are not going to disappear by turning our backs or slashing budgets. Nor can we solve these problems by the text book approach of the Principles and Standards and Evironmental Quality Procedures.

Practical experience tells us we need water for food and fiber, water for energy and industry, water for fish, wildlife and recreation, water for transportation and commerce and water quality and municipal supply. The influx of new procedures currently being proposed will only cause confusion, undue delay, never-ending studies, constant court challenges and ambiguous guidelines.

Today we are in the midst of an energy crisis. We had many warnings of its impending approach, but we took little action. Now we are receiving signals of an impeding water crisis, but these too are going unheeded in many instances. Worse yet, there are some who believe the solution to a water shortage rests with re-defining conservation as less use or less demand. I for one, don't believe a water shortage can be solved by semantics. Conservation to me is the wise use of our water. Conservation also means storing water in times of plenty to be used in times of shortages.

Water Resources Congress is disappointed that no new construction starts were included in the President's Budget for the coming Fiscal Year. Moreover, we were particularly disturbed over the reason given for this action by an Administration spokesman in testimony

before this Committee last month. He reported approval of new starts hinges on authorization and establishment of the Independent Project Review by the Water Resources Council. Keeping abreast of our water needs is a major task by itself without having to overcome another layer of review which would only serve to prolong the already-lengthy process between project planning and construction. While we must complete those projects as expeditiously as possible, we must also provide for new projects to meet ever-growing demands on our water resources.

It is not my intent to preach to this Subcommittee about water needs and projects to meet those needs. You have been in the forefront in providing funds for water projects, and those of us in the water resources field appreciate and thank you for your foresight and leadership.

Considering the many constraints on the Federal budget that exist today, I know that this Committee will do its very best to provide sufficient funds to continue the orderly development of our water resources projects to meet our energy needs, our transportation needs, and our industrial needs.

Thank you for the opportunity to be heard.

Mr. BEVILL. A very fine statement. I agree with you that we let the energy problem slip up on us. We can't afford to let the water problem do the same thing.

Mr. MYERS. I don't think it slipped up, it galloped right over us.

Mr. BEVILL. By the year 2000 we will have our energy problem solved, but then we will be facing a water problem.

Mr. STOUT. Yes, sir.

Mr. MYERS. Maurice, I join the chairman in congratulating the Water Resources Congress on a good statement. But I am concerned that you are preaching to the choir here. We have all been in agreement but we sit by while some in the media call the projects you talk about here "pork barrel." They snort about it. They think they invented the word.

We hear some of our colleagues say the same thing. Some people take our investment in these young people's future water supply for granted like we took energy for granted 10 years ago. The thing that bothers me is what are you doing in your organization to tell people that these projects aren't pork barrel? The only way we are going to have water in the future is if we prepare today. We let the media and the so-called do-gooders, the Ralph Naders and Jane Fondas, to lead the choir and too many of our colleagues follow them.

Mr. STOUT. That is right.

Mr. MYERS. What are you doing to set the record straight so we realize the importance of these projects in our future?

Mr. STOUT. We have been trying to counteract this pork barrel argument in every meeting that we go to, in letters we put out, speeches we make, things like that. We recognize there has been an undue attack on the pork barrel concept.

Mr. MYERS. I knew a young person about 4 or 5 years ago, who I think said it best. He was 19 or 20 at the time. His parents were both dead and he and his sister had inherited a small farm. His

share was in the Wabash River Valley. He depended upon the income from that farm for his college education. He was attending Purdue University. He had been flooded out and he was borrowing money so he could continue his education. He told me, "One more flood and I am not only out of the farming business, I am out of school." Those people can call it "pork barrel" if they want to, but don't tell me that is what it is.

Mr. STOUT. We recognize that.

Mr. MYERS. This is what the tragedy is. When Tom and I came to Congress and when Clair joined us later, there were those in Congress, the old heads, who said this country was going to run out of energy if we continued to follow the existing policies. But some of the "wiser" heads scoffed at that. The same thing is happening in water policy today.

Mr. STOUT. Absolutely, John, you are right.

Mr. MYERS. We allow the wrong people to lead us or at least some of us do.

Mr. STOUT. We are doing what we can to help counteract.

Mr. MYERS. I hope you continue because they don't believe what we tell them.

Mr. STOUT. We are doing all we can, and we believe what you believe. We agree with you. An unnecessary attack on pork barrel, this whole concept. These projects are not pork barrel.

Mr. MYERS. If there is a "pork barrel," it is in the old HEW program, the giveaway programs. These projects are investments in our future that we get a return from many times over. All these giveaways in HEW, I don't see the press criticizing them.

Mr. STOUT. I don't know of any project that pays its way more so than a water project and gives benefits and returns.

Mr. MYERS. You know, God isn't making any more water. We just have to wisely use what he gives us. Sometimes we have an abundance in some years.

Mr. STOUT. It is a question of management.

Mr. MYERS. That is right. We ought to call it water management.

Mr. BEVILL. The only one of the 13 annual appropriations bills passed by the Congress each year that has to prove that the program benefits will exceed the costs is this one. It's the only one.

Mr. STOUT. Why? I don't know. We are not putting the true value of water in there as a benefit.

Mr. MYERS. We have some young people with us today. Where are they from?

Mr. BEVILL. New Orleans.

Mr. MYERS. New Orleans. You have a lot of water sometimes in certain times of the year that you don't want. I hope you are concerned about the water management needs of the future.

Mr. STOUT. Thank you very much. We appreciate it.

Mr. BEVILL. They are very interested in our flood control program, I am sure.

Mr. BURGENER. Thank you for a good statement. We appreciate it.

Mr. MYERS. We would like to keep our water upstream and give it to you later in the summer.

NEHALEM BAY PROJECT, OREGON

WITNESSES

HON. LES AuCOIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON
E. E. STOCKTON, VICE PRESIDENT, PORT OF NEHALEM, OREGON
F. E. KNIGHT, CHAIRMAN OF THE BOARD OF COUNTY COMMISSIONERS OF TILLAMOOK COUNTY, OREGON

Mr. BEVILL. We have our good friend and distinguished colleague, Congressman AuCoin. We recognize you now. We understand you have to get back to your committee work. We will be glad to hear from you. You may proceed as you wish.

STATEMENT OF CONGRESSMAN AUCOIN OF OREGON

Mr. AUCOIN. Thank you very much. I apologize for being a few minutes late. This committee stays right on the button on its time schedule. Being two minutes late put me off——

Mr. BEVILL. We are pleased to have you with us.

Mr. AUCOIN. I sincerely do appreciate the time you have given to me this morning and I will be very brief in consideration of the schedule I know this subcommittee is trying to keep. I would introduce the two gentlemen who join me: On my left, Mr. F. E. Knight, Chairman of the Board of County Commissioners of Tillamook County, Oregon.

Mr. BEVILL. Glad to have you.

Mr. KNIGHT. Glad to be here.

Mr. AUCOIN. On my right, Eugene Stockton, Vice President of the Port of Nehalem, Oregon.

Mr. BEVILL. We are pleased to have you with us.

Mr. AUCOIN. Mr. Chairman and members of the committee, both of these gentlemen have traveled across the country from Oregon today to join me in thanking this committee and you, Mr. Chairman, and the members of this subcommittee for not only the work you are doing in the broad area of water project policy, but also in a particular sense the assistance you gave to the small community of Nehalem, Oregon, last year in appropriating $3 million to begin the restoration of the long-neglected federal jetty system at the mouth of the Nehalem River, where there have been many losses of lives and a great deal of economic retardation because of the sad shape and neglect of the jetty system over the years.

We are pleased, Mr. Chairman, that the $5.2 million for the continuation of this program is in the President's budget for fiscal year '81.

Mr. Chairman, the two gentlemen who are with me have prepared statements that I believe you have before you. I would like to have that submitted, if I may.

Mr. BEVILL. Permission is granted. Those statements will be made a part of the record.

[The statement follows:]

Statement of
Eugene E. Stockton
Vice-President, Port of Nehalem, Oregon
and
F.E. Knight, Chairman of the Board of County Commissioners
of Tillamook County, Oregon
before
Senate Appropriations Subcommittee on Public Works, March 26, 1980
House Appropriations Subcommittee on Public Works, March 26, 1980
supporting
$5,200,000 Included in the President's Budget to Congress for the
U.S. Army Corps of Engineers' Civil Works Fiscal 1981
General Construction Program to Continue
Rehabilitation of Authorized Nehalem River, Oregon, Jetty Project

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Mr. Chairman:

This is a joint statement by E. E. Stockton, Vice-President of the Port of Nehalem, and F. E. Knight, Chairman of the Board of County Commissioners of Tillamook County, co-sponsors in this presentation to request continuation of the rehabilitation of the deteriorated jetties at the entrance to the Nehalem River.

Our purpose in being here is to say, "Thank You."

Thank you for listening to our plea last year to add 3 million dollars to the fiscal 1980 budget to begin restoration of the Nehalem River entrance jetties that had been left by the Corps of Engineers to deteriorate for over 40 years.

Reconstruction of the seriously deteriorated Nehalem River jetties will breathe new economic life into the existing facilities and the communities fronting the river.

Attached is a newspaper article from the front page of The Nehalem Bay Fish-rapper dated January 24, 1980, which outlines a planned industrial park on the river for which a construction permit has already been filed with the U. S. Army Corps of Engineers

Paradise Cove, an existing marina a short distance upriver from the entrance, has a multi-million dollar expansion now in the planning stage which is totally subject to the completion of the jetty restoration program.

This expansion includes a wholesale and retail commercial fish operation; construction of a covered dry boat storage facility to house some 350 boats; an 80-unit motel; and a major acquaculture development -- all of which will provide a substantial number of new jobs to the community.

We respectfully request that you make a favorable recommendation for the appropriation of the $5,200,000 which is included in the President's fiscal 1981 budget recommendations to Congress to continue the jetty rehabilitation project.

Thank you,

E. E. Stockton

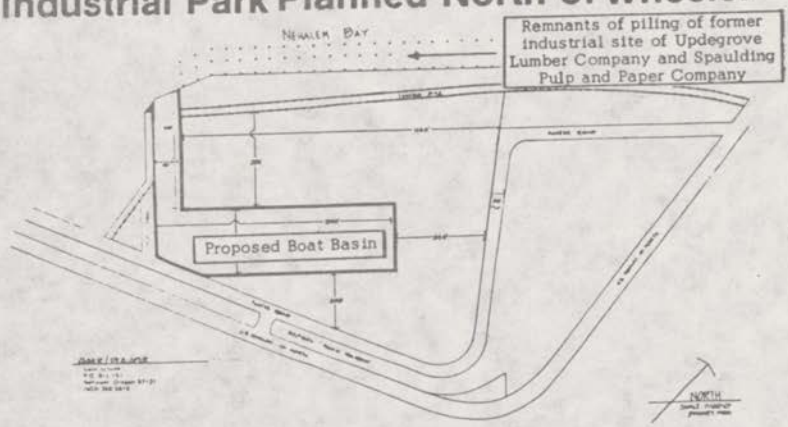
E. E. Stockton, Vice-President
Port of Nehalem

F. E. Knight, Chairman
Board of County Commissioners
Tillamook County

Atchmt: Newspaper article

THE NEHALEM BAY
FISHRAPPER
25¢
THE NEWSPAPER THAT CARES ABOUT THE NEHALEM BAY AREA
Publication No. USPS 350-790
Volume 5 Number 22 Beware of Imitators: Read the Original FISHRAPPER January 24, 1980

Industrial Park Planned North of Wheeler



WHEELER INDUSTRIAL PARK WHEELER, OR

Sketch of Proposed Riverfront Development

The Nehalem jetty restoration project has given new life to the Wheeler Industrial Park site just north of Wheeler, Oregon between Highway 101 and the Nehalem River.

This twenty-nine acre site, owned by Vern Scovell of Nehalem, will be developed into a deep water port facility with docking spaces and will have a depth of 10 to 12 feet below zero water. Scovell plans to have a 100-foot wide channel entrance to the river and an access road from Highway 101 to serve the property.

The long-range development will start with dredging the channel to the river and filling in the area around the docking and moorage space. Commercial fishing boats will be able to operate out of the Industrial Park so packing houses and canneries could build there. Marine repair facilities could also be built as well as small boat manufacturing. It is also planned to have storage facilities for sports boats as well as commercial craft.

The site development will be a long-term project with the dredging and filling to be started as soon as the corps permits are obtained. Scovell indicated that after the site was ready for development expansion would depend on the growth of the area and the need.

Scovell said that he could see the park developing from between 2½ to 10 million dollars in businesses and services and providing employment for at least 25 full-time workers.

Vern Scovell presented the project to the Estuarine Council on Tuesday, January 22, 1980 for an ED classification and is applying to the U.S. Army Corps of Engineers Friday, January 25, 1980 for a permit to begin the work on the fill and dredging.

Scovell pointed out that this is the only area this size in the Wheeler/Nehalem location that is suitable for this style of development. He purchased the property seventeen years ago and had plans for the industrial park, but the jetty deterioration in the last ten years shelved the project.

Scovell is hoping to interest some small manufacturing plants such as fishing tackle, small boat building and maybe an electronics assembling plant as well as seafood processors. Scovell pointed out that there are very few job opportunities for young people of the area and most have to move away to seek careers. He feels there should be jobs here for them.

Vern Scovell owns the Nehalem River Dredging Company and has over the years worked on developments up and down the Pacific coast and in Oregon, Washington and Hawaii. With the shallow draft classification of the river and the jetty restoration, Scovell feels the deep water port of Nehalem will once again be a reality. The area needs something put back as so much has been taken out in the past 100 years according to Scovell and he is ready and able to do just that.

Mr. AuCoin. Having done so, and with our thanks for your assistance in the past and the assistance of the committee, we simply ask you for your consideration in helping advance this vital project this fiscal year, budgeted as it is, and conclude our testimony on that note of gratitude.

Mr. Bevill. Thank you, Congressman AuCoin.

You know, this subcommittee has the highest respect for you and appreciates the work you do here in the Congress. We are going to be working with you on this.

Mr. AuCoin. Thank you very much, Mr. Chairman.

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