COMPLETION OF DAM NO. 2 AND THE STEAM PLANT AT MUSCLE SHOALS

FEBRUARY 26, 1927.—Ordered to be printed

Mr. Norris, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany S. J. Res. 163]

The Committee on Agriculture and Forestry, to which was referred S. J. Res. 163, providing for the completion of Dam No. 2 and the steam plant at nitrate plant No. 2 in the vicinity of Muscle Shoals, Ala., and for other purposes, having had the same under consideration, beg leave to report thereon. We recommend the following amendments to said resolution:

1. On page 1, at the end of line 9, insert a colon and add the following:

Provided, The Secretary of War shall not install the additional power unit in said steam plant until after investigation he shall be satisfied that the foundation of said steam plant is sufficiently stable or has been made sufficiently stable to sustain the additional weight made necessary by such installation.

2. On page 2, line 2, after the word "individuals" insert the following: "according to the policies hereinafter set forth".

3. On page 2, line 4, strike out the word "five" and insert in lieu thereof the word "ten".

4. On page 2, after line 8, insert the following:

It is hereby declared to be the policy of the Government to distribute the current generated at Muscle Shoals equitably among the States within transmission distance of Muscle Shoals.

5. On page 2, line 12, after the word "construct", insert the words "lease, or authorize the construction of".

6. On page 3, line 8, strike out the words "That if the" and insert in lieu thereof the word "The".

7. On page 3, line 8, after the word "Agriculture", strike out the words "locates any such" and insert the words "shall locate one".
8. On page 3, line 9, after the word "Alabama," insert the word "and".

9. On page 3, line 15, after the word "and", strike out the words "if any", and insert in lieu thereof the word "when".

10. On page 4, line 9, after the word "States", strike out the comma, insert a period, and strike out the balance of the sentence.

As thus amended the committee recommends that the joint resolution do pass.

The question of the disposition of the Government property located at Muscle Shoals has been under discussion and debate in Congress for several years. So far it has been impossible for Congress to agree upon any legislation that will permanently settle the question.

The resolution here reported is a compromise, and has for its principal object the operation of Muscle Shoals upon the compromise plan set forth in the resolution for a sufficient length of time to demonstrate what is possible in the practical and economical method of cheapening fertilizer for the benefit of agriculture. Recent history has demonstrated that the extraction of nitrogen from the atmosphere has been gradually and systematically cheapened, and that in the scientific progress of cheapening the extraction of nitrogen from the atmosphere, less and less power has been necessary. At the present time modern scientific plans for the extraction of nitrogen from the atmosphere do not use water power. It is cheaper and more economical under present scientific methods to use coal for such purposes, and no modern plant has been constructed in the business world in recent years where hydroelectric power has been utilized.

The committee, however, has in mind the original act providing for the construction of the various governmental projects at Muscle Shoals, and that the power developed there should not be leased, sold to, or operated by private parties, and that the use of such projects should in peace times be used for the cheapening of the manufacture of fertilizer.

In order, therefore, to carry out as nearly as possible the original intention of the act and to be at the same time in conformity with modern scientific knowledge upon this subject, the committee has provided that the electricity developed at the governmental projects at Muscle Shoals shall be disposed of for the use, as nearly as possible, by the people living within transmission distance of Muscle Shoals, and that the profits derived therefrom shall be devoted to the construction of fertilizer plants and for the manufacture and distribution of fertilizer, and for experimentation in that field with a view of cheapening the production of fertilizer, thus carrying out the original intention of the act.

The present conditions at Muscle Shoals are very unsatisfactory. The Secretary of War has no authority to enter into contracts for the sale of the electricity generated there for any specific definite term. Contracts for the sale of electricity must contain a provision that the Secretary of War can terminate the same on short notice and that such contracts are always made subject to any action that Congress may take in the disposition or the control of the governmental properties at Muscle Shoals. He is therefore unable to obtain a fair and reasonable price while Congress is debating the question and trying to reach an agreement upon what shall be the permanent policy of the Government. He has another serious handicap. There is in reality but one
customer for the electricity which the Government generates at this plant, and that is the Alabama Power Co. This is because the Alabama Power Co. is the only company, either governmental or private, that has any physical connection with the generating system owned by the Government at Muscle Shoals. In order to place the Secretary of War upon a fair business basis to secure reasonable prices for the electricity generated at Muscle Shoals, this resolution provides that he can make such contracts for a period of 10 years, and that he has the authority to construct or permit to be constructed by others, transmission lines that will connect Muscle Shoals with other possible bidders for the current generated.

In order that the Secretary of Agriculture need not be delayed in the construction of fertilizer plants while a sufficient fund is accumulating from the sale of electricity, the resolution authorizes an appropriation not exceeding $10,000,000 for the immediate commencement of the construction of fertilizer plants, either at Muscle Shoals or elsewhere.

The resolution makes it obligatory to construct one of such plants at Muscle Shoals, and provision is made for the turning over to the Secretary of Agriculture of a part of the properties of the Government at Muscle Shoals, and also for the supplying to the Secretary of War of any additional power that he may need. It is believed, however, that but little, if any, of the power generated at Dam No. 2 will be used by the Secretary of Agriculture for such purpose, because in the progress of scientific investigation and study power has become a minor item in the construction of any fertilizer plant; and the committee feels, therefore, that by the sale of the electricity generated at Dam No. 2 and at the Government steam plant at Muscle Shoals the profits accumulating from such sale will result in a much cheaper production of fertilizer than though the power itself were used in the production of fertilizer according to the methods that are now obsolete and out of date.