Mr. Miller of Nebraska, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H. R. 4449]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 4449) to authorize the Secretary of the Interior to construct, operate, and maintain the Colorado River storage project and participating projects, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill do pass.

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

That, in order to initiate the comprehensive development of the water resources of the Upper Colorado River Basin, the Congress, in the exercise of its constitutional authority to provide for the general welfare, to regulate commerce among the States and with the Indian tribes, and to make all needful rules and regulations respecting property belonging to the United States, and for the purposes, among others, of regulating the flow of the Colorado River, storing water for beneficial consumptive use, making it possible for the States of the upper basin to utilize, consistently with the provisions of the Colorado River Compact and the Upper Colorado River Basin Compact, respectively, providing for the reclamation of arid and semiarid land, the control of floods, the improvement of navigation, and the generation of hydroelectric power as an incident of the foregoing purposes, hereby authorizes the Secretary of the Interior (herein called the Secretary) (1) to construct, operate, and maintain the following initial units of the Colorado River storage project, consisting of dams, reservoirs, powerplants, transmission facilities, and appurtenant works: Echo Park, Glen Canyon, and Curecanti; Provided, however, That the Curecanti Dam shall be constructed to a height which will impound not less than nine hundred and forty thousand acre feet of water or will create a reservoir of such greater capacity as can be obtained by a high water line located at seven thousand five hundred and twenty feet above mean sea level; Provided further, That construction of the Curecanti unit shall not be undertaken
apportionments of the use of water between the Upper and Lower Basins of the Colorado River and among the States of the Upper Basin fixed in the Colorado River Compact and the Upper Colorado River Basin Commission, respectively, is hereby provided for, and (2) to construct such additional projects as the Secretary of the Interior may determine, to carry out the provisions of this Act, or other laws of the United States, in supplying water for irrigation, municipal water supply, flood control, navigation, or any other purpose authorized under reclamation law.

Sec. 4. (a) There is hereby authorized a supplemental fund, to be known as the Upper Colorado River Basin Fund (hereinafter referred to as the Basin Fund), which shall be available (1) as a direct appropriation as hereafter provided, for carrying out the provisions of this Act other than section 7. (b) All appropriations made for the purpose of carrying out the provisions of this Act, or other laws of the United States, in supplying water for irrigation, municipal water supply, flood control, navigation, or any other purpose authorized under reclamation law, shall be credited to the Basin Fund as advances from the general fund of the Treasury.

(c) All revenues collected in connection with the operation of the Colorado River storage project and participating projects shall be available, without further appropriation, for (1) defraying the costs of operation, maintenance, and improvements, and emergency expenditures for, and facilities of the Colorado River storage project and participating projects; (2) payment as required by subsection (d) of this section, (3) payment of the reimbursable construction costs of the Pinabo project which were incurred prior to the Act of June 25, 1947 (61 Stat. 181), said payment to be made within fifty years after completion of that portion of the project which has not been constructed as of the date of this Act, and (4) payment in connection with the irrigation features of the Eden project as specified in the Act of June 28, 1949 (63 Stat. 277): Provided, That revenues credited to the Basin Fund shall not be available for appropriation for construction of the units and participating projects authorized by or pursuant to this Act.

(d) Revenues in excess of operating needs shall be paid annually to the general fund of the Treasury to return.

(e) The costs of each unit, participating project, or any separable feature thereof which are allocated to commercial power pursuant to section 5 of this Act, within a period not exceeding fifty years from the date of completion of the unit, participating project, or separable feature thereof, (1) for the cost of each separate unit, participating project, or separable feature thereof; (2) interest on the unamortized balance of the investment (including interest during construction) in the commercial power unit, participating project, or separable feature thereof, at a rate determined by the Secretary of the Treasury as provided in subsection (e), and interest due shall be a first charge; and (3) interest on the unamortized balance of the investment in the commercial power unit, participating project, or separable feature thereof, in the case of the basin project and of Indian lands, within a period consistent with other provisions of law applicable thereto.

(f) The best rate applicable to each unit of the storage project and each participating project shall be determined by the Secretary of the Treasury as of the time the first advance is made for initiating construction of said unit or project.

Sec. 5. Upon completion of each unit, participating project, or separable feature thereof, the Secretary shall report to the Congress for the previous fiscal year, beginning with
the fiscal year 1955, upon the status of the revenues from and the cost of constructing, operating, and maintaining the Colorado River storage project and the participating projects. The Secretary's report shall be prepared to reflect accurately the progress of project operations and, at the time of the report, shall be submitted to Congress. The term "participating projects" as used in this Act shall have the meaning ascribed to them in Articles II of the Colorado River Basin Compact;

The term "States of the Upper Colorado River Basin" shall mean the States of Arizona, Colorado, New Mexico, Utah, and Wyoming;

The term "Upper Colorado River Basin Compact" shall have the same meaning as the term "Upper Basin."
sets of the Middle West, East, and South, as well as aiding in the expansion of hundreds of cities and towns established or expanded in the wake of the reclamation program.

In the 50 years of Federal reclamation project operations, the total value of crops produced from areas served by Federal works exceeded $88.9 billion. In 1952, the nearly 7 million irrigable acres provided with a full or supplemental water supply by Federal works produced crops valued at $935.7 million. The cumulative crop value was more than four times the total cost of all Federal project features through June 30, 1952. The construction costs include power facilities, flood control, municipal water, recreation, fish and wildlife, as well as irrigation facilities.

From this crop production has come a tremendous increase in purchasing power that has created and maintained a domestic market for American manufactured products that would not otherwise exist.

The irrigated lands of the West in the main produce crops non-competitive with those of other sections of the country. No tobacco is grown on these lands. Corn and wheat are held to a minimum. Cotton is grown only in the southern tier. Irrigated land thus does not contribute to the major crops which are generally regarded as surplus. From the standpoint of value, the irrigated lands produce off-season fruits and vegetables which are marketed when crops of other areas are not in production. At the same time, the increasing population of the West has created a market for processed agricultural products grown in other sections of the country.

From a population standpoint, the growth of the 17 Western States has been simulated by irrigation expansion. From 1940 to 1950, the 11 Mountain States increased their population 40.9 percent, and the 3 Pacific States 49.8 percent. In 1940, the 11 Mountain States gained 25.8 percent in population, while the country as a whole increased only 14.5 percent. In the 50 years since the turn of the century the 11 Mountain and Pacific States have increased in population 378 percent and the 3 Pacific States by 499 percent, while the 17 Western States as a whole gained 204 percent compared with the United States figure of not quite 100 percent.

The expansion of the domestic market for American products resulting from reclamation developments is illustrated by reports from the North Platte project in Wyoming and Nebraska. Imports to this project area through Scottsbluff, the hub of this development, on the Burlington Railroad, are striking. In 1900, before irrigation, only 283 carloads of goods from 6 States were consigned to Scottsbluff. By 1910, 14 States shipped 1,448 carloads. By 1940 the market had increased to require 6,207 carloads from 37 States and, by 1942, 7,144 carloads from 39 States.

In 1900, only 190 carloads of outgoing freight were shipped from Scottsbluff. By 1910, as irrigation got under way, the freight forwardings increased to 1,306 carloads; by 1940, to 2,404 carloads; and, in 1942, to 3,194 carloads.

Other western areas developed by reclamation present similar illustrations. For instance, the experience at shipping points in Ada and Canyon Counties. Total incoming shipments in that year of 15,561 cars compared with an outbound total of 15,935 cars.

Unimpeachable evidence of the contribution of a vigorous western economy to the well-being of the Nation is provided in an analysis of freight shipments consigned to the irrigated West by the Eastern States and the freight originating in the West and delivered throughout the rest of the Nation. A 1 percent sample study of waybills conducted by the Interstate Commerce Commission in 1951 indicates that 1,544,300 cars carrying a net load of 39,820,200 tons were shipped into the 17 Western States from the 31 Eastern States and 2,210,400 cars were loaded with 71,927,900 tons in the 17 Western States for shipment to the 31 Eastern States.

Every segment of the Nation's economy has participated in the construction of reclamation's engineering achievements. In doing so, every section of the Nation has benefited by reclamation long before the impact of increased prosperity on consumer markets from the developments made itself felt.

An examination of typical areas in the West developed through irrigation illustrates the economic growth that follows the application of water to productive soils. For instance, in Weld County, Colo., every 1,000 irrigated acres in farms supports 33 persons, while 1,000 acres of dry land supports only 3.9 persons. Without irrigation, Weld County could have supported only 13 percent of its present population. Irrigation development thus accounts for and provides support for 58,077 persons or 87 percent of the total population of this prosperous county. This is representative of the increased economic base stemming directly from water development and is evidence of the trend to increased the domestic market, the tax base, and the general prosperity of the Nation.

The Federal Treasury has profited directly through tax revenues from Federal reclamation project areas to an extent that exceeds the total cost of the reclamation program to date. The Congress has appropriated approximately $2.2 billion for reclamation irrigation, power, and multiple-purpose projects. Analysis of Federal tax revenues from a sample study of 15 reclamation project areas shows that the cumulative tax returns to the United States Treasury from the seventy-odd areas receiving irrigation water under the Federal reclamation program in 1952 stand at more than $2.7 billion since Federal income taxes were established in 1910. In 1952, individual income taxes paid directly by irrigation farmers and by residents of the neighboring towns and villages whose business or employment flows from the construction and operation of the 15 typical reclamation projects, as well as sales taxes assessed at $106 million. Subtracting individual income tax revenues in the areas covered by this sample study are estimated at more than $700 million. The total Federal project construction costs through June 30, 1952, for the same projects aggregated only $204 million. Counting an appropriate share of corporation and excise tax revenues collected in the same 15 project areas, an additional cumulative total of nearly $400 million was added to the Federal Treasury. Thus, Federal taxes collected in these particular areas have exceeded the Federal investment in the project areas four and one-half times. Even with the interest costs for irrigation development added to the Federal investment the
Federal costs are far exceeded by the Federal taxes collected. These Federal costs are in addition to the obligation assumed by water users for the repayment of the costs of irrigation features allocated for repayment.

The benefits accruing to the Nation through reclamation development are measured in terms of families served, crop production and value, livestock raised, and acres irrigated. They are expressed in rapidly expanding trade and business activity, in direct repayment to the Government by the beneficiaries of reclamation, in increased population on and adjacent to projects, and in a wide variety of other atomes. These are all tangible, measurable benefits of a broad and lasting nature. They translate into expanding business activities in the project and surrounding areas. They filter through this process additional economic stability to the Nation which is reflected in part by increased revenues to the Treasury in the faraway States and areas as well as on the projects themselves. The estimate of Federal tax revenues from reclamation project areas is, therefore, only a partial measure of the true contribution of basic reclamation-resource development to the Nation's tax structure and to the economy as a whole.

Long after project costs have been repaid by water and power users the new wealth created through Federal reclamation investment will be reflected in a continuous flow of tax revenue from the projects themselves and from the rest of the Nation as well.

The development of hydroelectric power for irrigation project use and as an aid to financing irrigation developments, as well as to assist in ever-increasing power demand, was one of the Federal industrial uses that have continued to exceed the supplies, has been recognized as national policy by the Congress of the United States. The irrigation developments in the great Central Valley project in California, which rescued hundreds of thousands of acres of productive land from reversion to the desert through supplemental water supplies, were made financially feasible by the hydroelectric power developments at Shasta and Keswick Dams.

Similarly, the financial aid from power revenues was accepted by the Congress as a fully justified national policy.

In the Flood Control Act of 1944, with the examples of the Central Valley (California) and the Columbia Basin (Washington) developments before it, the Congress put its stamp of approval on a coordinated plan for the stabilization of the semi-arid areas of the Missouri River Basin. Power generated at great dams on the main stem of the Missouri River constructed by the Corps of Engineers is transmitted to load centers by the Bureau of Reclamation. Net revenues from the sale of this power are calculated to aid in paying irrigation costs which are beyond the ability of water users to repay. Of a potential irrigation development cost of nearly $2 billion to irrigate approximately 14 million acres of land, nearly 70 percent is expected to be repaid by surplus power revenues.

The historic legislative power policy affecting the 17 States of the reclamation West has made possible the bringing into being of a close working relationship between Federal and non-Federal power agencies. Not only has this policy not adversely affected consumers, but it has made economical power a reality. Rates established reflect congressional recognition of the necessity of a working partnership between Federal and non-Federal agencies.

In many instances, local governmental taxing authorities, organized under State law—municipal corporations, public power districts, or several communities pooling power production—have found it necessary to issue revenue bonds on a long-term repayment basis. Rates established by these local taxing authorities have necessarily been based on anticipated revenues sufficient to retire bonds on schedule and this directly affects the rate at which Federal energy should be sold in the areas. Dumping of huge blocks of Federal power at rates substantially below the non-Federal rate in such areas would be disastrous to the fiscal status of the local taxing entities; rates so established remain sufficiently flexible to guarantee competitive power being made available, and yet make possible planning by governmental subdivisions and private companies, for power generation which is immediately needed from local or private funds.

Recent history reveals that this partnership between Federal and non-Federal power has permitted both to expand in the same area without damage to the fiscal status of local governmental subdivisions, or to private sources supplying power to the public generally.

A good example of this is the tremendous expansion of the operations of the Pacific Gas & Electric Co. subsequent to Federal power development in its service area. That company owns and operates 57 hydroelectric plants interconnected with 17 steam electric plants and the transmission system. By 1955, the capacity of the 107 all-weathered power facilities aggregating 1,921,000 kilowatts, about four times the capacity of the Shasta and Keswick plants of the Federal Central Valley project. By 1955 postwar additions to the Pacific Gas & Electric Co.'s facilities will amount to more than 2,750,600 kilowatts, increasing the system total to 4,376,000 kilowatts. The 10-year postwar construction program of that company will represent an investment of over a billion dollars in electric facilities. The company's expanded operation and generating plants and reduction of hydroelectric power are only an increase in its generating plants but from its marketing of federally generated power and energy. The operation of the Northwest power pool is another example of Federal-local cooperation in power marketing. Federal power developments in the 17 Western States, which are built only in connection with multiple-purpose projects, contribute less than 20 percent of the total power generation. Non-Federal power developments are continuing to expand at a faster rate than Federal developments. Power and energy demands have been so great and are continuing to expand so rapidly that local enterprise with all possible assistance from Federal power development will be hard pressed to meet these ever-increasing power demands. There is room for the development of both non-Federal and Federal power and there is no reason why they cannot work side by side in a partnership of mutual direction—a greater service to a greater number of people.

The present power policy of the Congress requires that the large multiple-purpose projects utilize the water resources to the maximum in the generation of power without impairing the use of the project for irrigation, municipal and industrial water, or flood control.
investment and Federal funds, since 1902, have been provided, interest free, to build reclamation projects. Furthermore, it is recognized, as hereinbefore discussed, that there are many indirect benefits that accrue to those living in the vicinity of or on an irrigation project. Under the repayment plan provided in this legislation, these indirect beneficiaries would aid in the repayment of irrigation costs. The irrigation farmers would be assessed according to their ability to pay and the balance of the cost allocated to irrigation would be repaid by power revenues and/or an ad valorem tax levied against the indirect beneficiaries. The interest cost during the repayment period would be more than offset by the 15 or 20 million dollars in net project revenues which would pour into the Federal Treasury annually after the project payout period. It can be seen, then, that the program which would be authorized by this legislation pays its way and, in the long run, would be an asset to the Federal Government from a purely financial standpoint, to say nothing of the tremendous economic well-being of the Nation in terms of increased wealth, broadened tax base, new farms and homes, and so forth, as hereinbefore discussed. The soundness of this program as a Federal investment is therefore quite apparent.

NEED

Testimony given to the committee by representatives of all the Upper Colorado River Basin States left no doubt that the future of those States is dependent upon the plan which would be initiated by this legislation. This plan would make possible the utilization of the area’s abundant natural resources and enrich the economy of the area and the Nation. Without it, development of these resources will be hampered and will be slow.

The formulation of a plan for full irrigation development in the Upper Basin has been slow in getting under way—first, because until 1948 there was no agreement among the Upper Basin States on the division of water; and, second, because further irrigation projects in this area, like those in most other parts of the West, require some outside financial assistance in their construction. Irrigation projects are urgently needed, however, to turn dry land to productive farms and to supply domestic and industrial water supplies. Present demand for municipal water in the project area is estimated at 19 million gallons per day and the demand is increasing rapidly. The proposed Upper Basin development is the last water resource available in many parts of the area to supply additional water for municipal and industrial purposes. The future growth and development of the municipalities and their industries is therefore dependent to a large extent upon this comprehensive basin plan.

Within and adjacent to the Upper Basin there is a tremendously increasing demand for electric energy. The growing industrialization of the West and the accelerated development of natural resources have taxed the existing facilities to capacity. Representatives of the private power companies in the area, in expressing their support of the development, and others, including the rural electric cooperatives, testified that a ready market existed for all the electric energy that would be supplied from the proposed development. Funds would be authorized. The power demands are expected to continue to exceed the output of all the power installations now scheduled, including those of the Colorado River storage project for many, many years to come.

DESCRIPTION OF THE PROJECT

Features in the plan for developing the Upper Colorado River Basin are broadly divided into two categories: storage project units and participating projects.

The units of the storage project are the backbone of the plan. As now envisaged, the storage project comprises a system of nine dams, reservoirs, powerplants, transmission lines, and appurtenant works at strategic points in the Upper Basin on the main stem of the Colorado River and its important tributaries. These storage reservoirs would provide the regulation necessary in the discharge of the Upper Basin’s responsibilities to the Lower Basin, thereby permitting uncurtailed use of apportioned Colorado River water in the Upper Basin. To accomplish this function of river regulation, it is estimated that an aggregate gross storage capacity of 48 million acre-feet would be required. This includes space for an estimated 200 years of stream flow. Representatives of the Department of the Interior have stated that, in selecting this team of nine storage dams out of the great many possibilities, careful and studied consideration was given to factors such as physical conditions, water supply and its utilization, power production and its distribution, recreation, sedimentation, and reservoir evaporation. In the final analysis, reservoir evaporation became a major factor in the plan recommended. Of the 9 storage units in the plan, the initial 3 units (consisting of dams, reservoirs, powerplants, transmission lines, and power supply) would be authorized by this law. Glen Canyon, Echo Park, and Curecanti.

The Glen Canyon Dam would be located on the Colorado River in northern Arizona, about 13 miles downstream from the Utah-Arizona State line and 15 miles upstream from Lee’s Ferry—the division point between the Lower and Upper Basins. It would be a concrete, curved, gravity type structure, rising 700 feet above bedrock. With a capacity of 26 million acre-feet, would offer final regulation for deliveries to the Lower Basin under the Colorado River Compact. It would be the principal sediment depository in the Upper Basin. In 200 years, at the present rate of sediment flow in the river and with upstream storage developed as planned, sediment deposits would reduce the active storage space by more than half. The powerplant would be located near the toe of the dam. It would have a total installed capacity of 800,000 kilowatts.

PARTICIPATING PROJECTS

The proposed Upper Basin development is the last water resource available in many parts of the area to supply additional water for municipal and industrial purposes. The future growth and development of the municipalities and their industries is therefore dependent to a large extent upon this comprehensive basin plan.
The Echo Park Dam would be located in Colorado, on the Green River, about 3 miles east of the Utah-Colorado State line and 3 miles below the junction of two major tributaries, the Green and Yampa Rivers. Echo Park is strategically situated in the heart of the power market in the upper end of the basin. Because of its position of strategic control of the Green and Yampa Rivers, construction and operation of the Echo Park unit would make feasible the future storage and power developments of the Flaming Gorge, Cross Mountain, Split Mountain, and Grey Canyon units. Renewable, the evaporation losses from Echo Park Reservoir would be exceeded by losses at all other sites possessing major storage possibilities in the Upper Basin. The Echo Park Dam would be a concrete, curved, gravity type structure rising 690 feet from bedrock. The reservoir would have a storage capacity of 6,460,000 acre-feet. The powerhouse at the dam would have a total capacity of 200,000 kilowatts.

The Curecanti Dam would be located on the Gunnison River, below the town of Gunnison, Colo. It would also be a concrete, gravity type structure, rising 395 feet above bedrock. The legislation limits the water surface elevation of the reservoir to 7,520 feet. At this water surface elevation, the capacity of the reservoir is estimated at 940,000 acre-feet. As presently contemplated, the powerhouse would have an installed capacity of 40,000 kilowatts. The legislation provides that construction cannot be started until further detailed studies are made and the unit found to be economically justified. These further studies may result in some revision in the power plan if the economic justification can be improved thereby.

In addition to the 3 units of the storage project, 11 reclamation projects, referred to as participating projects, would be authorized by this legislation. A 12th project, the Eden project in Wyoming, which was authorized in 1949 and is now nearing completion, is included as a participating project for the purpose of being financially assisted by net power revenues from the storage project. The construction of the participating projects cannot be undertaken until the economic justification and the feasibility of each has been reexamined by the Secretary and he has certified to the Congress and to the President that, in his judgment, the projects are economically justified and meet the financial reimbursability requirements. The 11 participating projects which would be authorized by this legislation are described briefly in the following paragraphs.

The LaBarge project is in southwestern Wyoming in the upper end of the Colorado River Basin. It extends approximately 40 miles along the west side of the Green River. Project works would include a diversion dam, conveyance canal, and distribution laterals. About 7,970 acres of new land would be irrigated by the project.

The Seedskadee project is also in southwestern Wyoming along the Green River below the LaBarge project. Project works would include a diversion dam, conveyance canal, and distribution laterals. About 60,720 acres would be irrigated by the project.

The Lyman project is in southwestern Wyoming, just above the Utah-Wyoming State line. It lies along Blacks Fork, a tributary of the Green River. Project works include a reservoir, conveyance canals, and drainage facilities. Supplemental water would be furnished to about 40,000 acres by the project.

The Silt project is located in west-central Colorado between Rifle and Elk Creeks. The project works include a dam and reservoir, pumping system, rehabilitation of existing canal, and construction of some new laterals and drains. The project would irrigate about 1,900 acres of new land and furnish supplemental water for about 5,400 acres.

The Smith Fork project is located in west-central Colorado along Smith Fork, a tributary of the Gunnison River. The project works would include a dam and reservoir, diversion dam, canals, and laterals. The project would irrigate about 2,270 acres of new land and furnish supplemental water for about 5,160 acres.

The Paonia project is located in west-central Colorado on the North Fork Gunnison River. This project was previously authorized and is partially constructed. It would, however, be extended by this reauthorization. The project works include a dam and reservoir, canals, and siphon. As reauthorized, the area to be served would be enlarged to 17,040 acres, of which 2,210 would be new land and 14,830 acres would be furnished supplemental water.

The Pine River project extension is in southwestern Colorado and northwestern New Mexico, on Pine River, 20 miles west of Durango, Colo. The project works include a diversion dam, the enlargement and extension of canals, and a number of distribution laterals. The project would irrigate about 15,150 acres of new land.

The Florida project is in southwestern Colorado, in the Florida River Valley. Project works would include a dam and reservoir, a diversion dam, enlargement and extension of existing canal, and distribution laterals and drains. The project would irrigate about 6,300 acres of new land and furnish supplemental water to about 12,650 acres.

The Emery County project is located in east-central Utah along the San Rafael River. The project works would include a dam and reservoir, a diversion dam, a canal, and laterals and drains. The project would irrigate about 3,630 acres of new land and furnish supplemental water for about 20,450 acres.

The Central Utah project (initial phase) is located in the eastern Bonneville Basin in central Utah and in the Uinta Basin, part of the Colorado River Basin in northeastern Utah. The plan would include construction of the 36.5-mile-long Strawberry aqueduct along the south slope of the Uinta Mountains for intercepting Uinta Basin streams as far east as Rock Creek, enlargement of the Strawberry Reservoir by construction of the Soldier Creek Dam, enlargement of the Strawberry Reservoir tunnel, construction of 5 powerplants with a combined generating capacity of 61,000 kilowatts, and construction of numerous other reservoirs, 5 with capacities over 30,000 acre-feet. Aqueducts (including the 28.4-mile-long Wasatch), canals, and distribution systems would be constructed as necessary to deliver and utilize the increased water supply. Drainage would be provided where necessary. The project would irrigate about 28,540 acres of new land, furnish supplemental water for about 131,840 acres, furnish 48,800 acre-feet of municipal water, and furnish about 373 million kilowatt-hours of electric energy annually.

The Hammond project is in northwestern New Mexico along the San Juan River. The project works would include a diversion dam, a canal, and distribution laterals and drains. The project would irrigate about 3,670 acres of new land.

In addition to the storage units and participating projects this legislation contains authority for the Secretary of the Interior to con-
struct, operate, and maintain public recreational facilities on lands withdrawn or acquired for the development of the project. It is the committee’s understanding, on the basis of testimony of representatives of the Department, that except for relatively minor costs for minimum recreational facilities at several of the reservoirs, the recreational facilities included in the initial phase of the plan are in the Dinosaur National Monument, and that this recreational development of the Dinosaur National Monument would be primarily for the purpose of opening up the scenic areas to hundreds of thousands of people.

COSTS

The costs of the initial units of the Colorado River storage project and participating projects which would be authorized by this legislation are estimated, on the basis of January 1953 price levels, as follows:

<table>
<thead>
<tr>
<th>Storage units:</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Glen Canyon</td>
<td>$421,500,000</td>
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<tr>
<td>Echo Park</td>
<td>176,400,000</td>
</tr>
<tr>
<td>Curecanti</td>
<td>49,300,000</td>
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Subtotal: 647,200,000

Participating projects:

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>LaBarge</td>
<td>1,673,000</td>
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<tr>
<td>Seedskadee</td>
<td>23,272,000</td>
</tr>
<tr>
<td>Lyman</td>
<td>10,564,000</td>
</tr>
<tr>
<td>Silo</td>
<td>3,566,000</td>
</tr>
<tr>
<td>Smith Fork</td>
<td>3,367,000</td>
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<tr>
<td>Paoima</td>
<td>6,944,000</td>
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<tr>
<td>Kaibab project extension</td>
<td>5,027,000</td>
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<tr>
<td>Florida</td>
<td>6,341,500</td>
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<tr>
<td>Emery County</td>
<td>9,865,500</td>
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<tr>
<td>Central Utah (initial phase)</td>
<td>281,044,000</td>
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<tr>
<td>Hammond</td>
<td>2,562,000</td>
</tr>
</tbody>
</table>

Subtotal: 304,356,000

Recreational development of the Dinosaur National Monument: 21,000,000

Total: 972,356,000

This legislation would authorize appropriations not to exceed $1 billion.

DEPARTMENT’S PLANNING REPORT

The project planning report of the Department of the Interior on the Colorado River storage project and participating projects has been transmitted to the Congress and is set forth in House Document 304, 83d Congress. This report includes the report of the Commissioner of Reclamation and the views and recommendations of the Colorado River Basin States, other interested Federal agencies, and the Bureau of the Budget.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1 of the legislation sets forth the purposes of the project and the physical works which the Secretary of the Interior would be authorized to construct. The purpose of the legislation, the purposes which would be served by the project, and the physical plan which would be authorized are discussed in detail hereinafter. With respect to the Curecanti storage unit, this section limits the water surface elevation and provides that its construction shall not be undertaken until the Secretary of the Interior has certified as to its economic justification to the Congress and to the President. Section 1 also carries a proviso which prohibits the construction of any participating project until it has been reexamined by the Secretary of the Interior and a certification with respect to its economic justification and financial feasibility made to the Congress and to the President. With respect to the reappraisal of the prospective direct agricultural benefits of the project, the Secretary of the Interior is required to consult with the Secretary of Agriculture.

Section 2 expresses the intent of Congress to authorize, in the future, further units of the Colorado River storage project, additional participating projects, and additional phases of participating projects authorized by this legislation as studies are completed and additional needs are indicated. Section 2, in addition, sets forth certain criteria which projects must meet in order to qualify as participating projects.

Section 3 requires that the construction, operation, and maintenance of the Colorado River storage project and participating projects be in accordance with existing Federal reclamation laws, except as otherwise provided in this legislation. Deviations from existing law are set forth in a proviso in section 3 which (a) requires that irrigation repayment contracts, except as provided in other legislation for the Paonia and Eden projects, not exceed 50 years, exclusive of development period; (b) requires that irrigation repayment contracts shall be made with a conscience type irrigation district prior to construction of irrigation distribution facilities, except where a substantial portion of the lands are owned by the United States, in which cases the delivery of water rather than construction would be contingent upon the completion of contract; (c) makes inapplicable that part of the reclamation law which appears to give irrigation water priority over municipal water and thus makes this legislation consistent with most Western State constitutions, in which preference is given to the use of water for domestic purposes; and (d) makes, with respect to the Indian lands involved, the payment of construction costs, which are within the capability of the land to repay, subject to the Leavitt Act (act of July 1, 1932). The power preference provisions of reclamation law would apply. Section 3 also makes it clear that all storage units and participating projects are subject to the apportionments of the use of water between the Upper and Lower Basins and among the States of the Upper Basin which are fixed in the Colorado River Compact and the Upper Colorado River Basin Compact, and are subject also to the terms of the Mexican Treaty.

Section 4 authorizes a separate fund for the Colorado River storage project and participating projects to be known as the Upper Colorado River Basin Fund and explains the operation of the fund. The fund would be credited with all appropriations for the project and all revenues collected from the project. Revenues in excess of operating needs would be paid annually to the general fund of the Treasury to (1) reimburse the costs of each unit, participating project, or any separable feature thereof which are allocated to commercial power or municipal water supply, within a period not exceeding 50 years from the date of completion of such unit, participating project, or separable feature, and (2) return without interest the cost of each
unit, participating project, or separable feature thereof allocated to irrigation within a period not exceeding 50 years, exclusive of development period, from the date of completion, except in the cases of the Pascua project and of Indian lands, in which cases the repayment period would be consistent with other provisions of law applicable thereto. The interest rate applicable to each unit or project would be determined by the Secretary of the Treasury as of the time appropriation is made for initiating construction. The formula for determining the rate is designed to give a rate approximately equal to the cost of money to the United States on its long-term public debt obligations. The rate would be adjusted to the nearest one-eighth of 1 percent. Section 4 provides further that business-type budgets be submitted to the Congress annually covering all operations financed by the Basin Fund.

Section 5 requires that the Secretary make an allocation of the cost of each unit upon its completion and submit a report to the Congress each fiscal year upon the status of revenues from and the cost of constructing, operating, and maintaining the Colorado River storage project and participating projects. Allocations of costs to authorized nonreimbursable purposes would be nonreimbursable under the provisions of this section.

Section 6 provides that the hydroelectric powerplants be operated (to the extent fully consistent with the purposes of this legislation, the Colorado River Compact, the Upper Colorado River Basin Compact, and other applicable laws) so as to produce the greatest amount of power and energy that could be sold at firm power and energy rates, without, however, impairing the use of water for domestic or agricultural purposes. Relatively speaking, the use of water for municipal purposes would be small.

Section 7 authorizes the Secretary of the Interior to plan, construct, and operate public recreational facilities on lands withdrawn or acquired for the development of the project, and facilities to mitigate the losses of and improve conditions for the propagation of fish and wildlife. The Secretary is authorized to acquire or to withdraw lands necessary for the construction and operation of these recreational and fish facilities and to dispose of the lands to Federal, State, or local governmental agencies upon conditions which will best promote their development and operation in the public interest. All costs incurred as a result of these recreational and fish and wildlife programs would be nonreimbursable under the provisions of this section.

Section 8 simply provides that nothing in the act shall be construed to alter, amend, repeal, interpret, modify, or be in conflict with any provision of the documents which comprise the so-called law of the river.

Section 9 provides that expenditures for the Glen Canyon and Echo Park units of the storage project may be made without regard to the requirement of the Interior Department Appropriation Act of 1954, which is now permanent legislation, which act provides that there be no expenditure for initiation of construction of any dam or reservoir unit until the Secretary of the Interior has certified to the Congress that an adequate soil survey and land classification has been made and that the lands to be irrigated are susceptible to the production of agricultural crops by means of irrigation, or that the successful irrigability of these lands and their susceptibility to sustained production of agricultural crops by means of irrigation has been demonstrated in practice. These soil survey and land classification requirements would not apply, then, to the Glen Canyon and Echo Park units; they would still apply, however, to the other projects. The Glen Canyon and Echo Park units have no directly connected irrigation works. By regulation of the flows of the rivers, these two major storage reservoirs benefit all the lands in the Upper Basin to be irrigated in the future as, without this storage, there could be no further irrigation without the possibility of violating the Colorado River Compact. It is on this basis that a portion of their cost is allocated to irrigation. The purpose of the provision in the Interior Department Appropriation Act is to prevent construction of irrigation works prior to assurance that they can be used. There is no question but that there will eventually be complete use of the irrigation portion of these reservoirs for river regulation. The application of the certification requirement to these two units would be impossible of accomplishment.

Section 10 expresses the desire of Congress that construction of the projects authorized by the legislation proceed as rapidly as would be consistent with budgetary requirements and the economic needs of the country.

Section 11 authorizes the appropriation of funds to carry out the purposes of this legislation, but not to exceed $1 billion.

Section 12 directs the Secretary of the Interior to undertake studies and make a report to the Congress and to the States of the Colorado River Basin upon the effect on the quality of Colorado River water of all transmountain diversions and all other storage and reclamation projects in the Colorado River Basin.

Section 13 permits any State of the Colorado River Basin to maintain an action in the Supreme Court of the United States in the event the acts which make up the law of the river are not complied with in the operation and maintenance of all Federal facilities in the basin, and gives consent to the joinder of the United States as a party in such suit.

Section 14 defines certain terms used in the legislation.

AMENDMENTS

In marking up the bill, the first amendment which was proposed and adopted by the committee was to strike all after the enacting clause and substitute therefor the language suggested by the Department of the Interior in its report (included hereinafter) on the legislation. This action was taken for the purpose of placing before the committee the administration's legislative proposal and, by substitution in toto, saving the committee a great deal of time by reducing the number of individual amendments requiring consideration. The major changes in the original legislation resulting from substitution of the Department's suggested language were as follows:

(1) Deletion, from those projects to be authorized, of the Flaming Gorge, Navaho, and Currecanti units of the storage projects and the Chama, San Juan-Chama, Shiprock-South San Juan, and La Plata participating projects.

(2) Inclusion of a provision whereby authority to construct any of the participating projects would not become effective until the
economic justification had been reexamined and a certification made by the Secretary of the Interior to the Congress through the President that the benefits of each project exceeded its cost, the certification being in the form of a supplemental report which would include a reappraisal of the direct agricultural benefits, made by the Secretary in cooperation with the Secretary of Agriculture, and a reevaluation of the indirect benefits of the project.

(3) Inclusion of a provision requiring that contracts be made with a conservancy type district prior to construction of irrigation distribution systems, except where substantial portions of the lands are owned by the United States, in which case the delivery of water rather than construction would be contingent upon the completion of contract.

(4) Revision of the proviso in section 2 of the original bill with respect to Indian lands whereby only that part of the construction cost which is within the capability of the land to repay would be subject to the act of July 1, 1932, rather than the total construction cost.

(5) Substitution, for the proposal in the original bill that the storage project and participating projects be treated and accounted for as one project, of authority for a separate fund to be called the Upper Colorado River Basin Fund. The repayment plan under the Basin Fund would be more rigid than the original repayment plan, the principal difference being that the cost of participating projects, including that portion to be borne by power revenues, would have to be repaid within a period not exceeding 50 years exclusive of development period.

(6) Inclusion of a provision whereby contracts for sale of electric power for use outside the States of the Upper Basin be made for a period of not more than 10 years unless the Secretary determined that such power was surplus to the probable needs in the Upper Basin States. This provision was in lieu of the proposal in the original bill that contracts for sale of power for use outside the States of the Upper Basin contain provisions whereby such contracts could be terminated, or modified to the extent necessary, if the power was, in the future, needed for use in the Upper Basin States.

(7) Modification of the provision in the original bill whereby the legislation should not be construed to alter, amend, or repeal the Boulder Canyon Project Act or the Boulder Canyon Project Adjustment Act by adding the words "construe, interpret, modify, or be in conflict with" and, by including, in addition to the above two acts, the Colorado River Compact, the Upper Colorado River Basin Compact, and the Treaty with the United Mexican States.

(8) Inclusion of a provision whereby expenditures for units of the storage project may be made without regard to the requirement of the Interior Department Appropriation Act of 1954, that there be no expenditure for the initiation of construction until the Secretary of the Interior had certified to the Congress with respect to the adequacy of the land to produce agricultural crops.

(9) Inclusion of a provision limiting the amount of money authorized to be appropriated to $850 million. There was no limitation in the original bill.

Having amended the original bill to substitute the language suggested by the Department of the Interior, the committee adopted further amendments as discussed below.

The Curecanti unit was added to the storage project with a proviso limiting the high water surface elevation of the reservoir and a further proviso whereby construction could not be undertaken until the Secretary of the Interior had reexamined the economic justification and certified to the Congress and to the President that, in his judgment, the project was justified. Testimony given the committee demonstrated that there was immediate need for the Curecanti unit but that the unit was questionable from an economic standpoint. Further testimony given the committee indicated that a reservoir water surface elevation of about 7,650 feet would flood a considerable amount of valuable property and that for this reason, the large Curecanti Reservoir (2,500,000 acre-feet) was opposed by the local people and by the State of Colorado. The small Curecanti Reservoir which would be authorized by this legislation was recommended by the State of Colorado. It appeared that, while the large Curecanti Reservoir might be preferable from a purely economic standpoint, it was unnecessary to the plan and its advantages were outweighed by the opposition to it. It was the committee's understanding that the Department had not completed its studies on the small reservoir and, for this reason, had not recommended its authorization. In view of the urgent need for the Curecanti unit and the opposition to the large reservoir, the committee included the small reservoir in the plan to be authorized but made its construction contingent upon the Secretary of the Interior finding it economically justified.

In order to assure that none of these reclamation projects would be constructed unless they were economically justified and financially feasible, the committee amended the proviso in section 1 relating to these projects but amended it in several respects. First, it was amended to make it clear that the participating projects would be authorized and that it was their construction rather than their authorization which would be contingent upon further study. Next, the proviso was amended to permit the required supplemental reports to be submitted to the Congress and to the President at the same time rather than to the Congress through the President. It was the committee's position that, once the necessary studies and certification by the Secretary of the Interior had been completed, there should be no delay in these participating projects being fully cleared for construction. It seemed unnecessary to the committee that the Secretary's certification be transmitted through the President's office prior to transmittal to the Congress as such procedure would delay completion of the required action which, in turn, might contribute to a delay in starting construction.
The proviso was next amended to require that the Secretary certify, in addition to the certification with respect to economic justification, that each participating project could meet the financial reimbursability requirements set forth in section 4 of the legislation. The proviso was further amended to require that the supplemental reports include, in addition to reappraisals of the costs of each participating project to each of the project purposes. Lastly, the proviso was amended to make it clear that the Secretary of the Interior was given the full responsibility for making studies relating to the agricultural aspects of the reclamation projects. Although the meaning of the words “in cooperation with” was not clear, they seemed to imply that the Secretary of Agriculture would have some responsibility in the preparation of the basic economic justification. The committee is opposed to adoption of such a procedure and believes unworkable a procedure whereby the Secretary of Agriculture might be given veto power over reclamation projects by failure to complete or approve the basic field studies. The committee believes the Bureau of Reclamation engineers, agricultural economists, and land classifiers to be fully capable of preparing the studies, which studies, the committee understands, are peculiar to reclamation projects and do not duplicate any studies by the Department of Agriculture. The proviso, as amended, still provides for consultation with the Secretary of Agriculture and thus assures the Congress that the methods used in calculating direct agricultural benefits will be thoroughly scrutinized, and that the committee, in its consideration of the supplemental reports, will have the advantage of the views of the Secretary of Agriculture with respect to methods of calculating agricultural benefits and his views as to whether or not the agricultural benefits claimed will accrue.

Section 6 was amended by deleting the provision whereby contracts for the sale of electric power and energy outside the Upper Basin States would be limited to 10 years. By this amendment all States of the Colorado River Basin would be placed on the same basis with respect to acquiring electric power from the project. In discussing section 6, the committee considered writing into this legislation a power preference provision similar to those in existing reclamation law. Such a provision was not specifically written in because the provisions in general reclamation law, including the Reclamation Project Act of 1939 and the Flood Control Act of 1944, would be applicable to this project under section 3 (c) of the Act. The committee is made it clearly understood that, although a power preference provision is not specifically written into this legislation, the committee fully supports the application of existing power preference provisions to this project.

Section 9 was amended to make it applicable only to Glen Canyon and Echo Park units rather than all units of the storage project. The committee wishes to make it clear that it favors the legislation reclamation provision by the Secretary of the Interior to the adequacy of project lands to produce agricultural crops, and that it strongly supports the application of the legislation to the participating reclamation projects. The purpose of the legislation is to prevent the construction of irrigation works until positive assurance is given that such works can be used to serve their intended purpose. The legislation is not applicable to the Glen Canyon and Echo Park units because (1) these two units have no direct connection with irrigation works; (2) these two units benefit all future developments in the Upper and Lower Basins, although there is more irrigable land in the Upper Basin than there is water to serve it, and therefore there is no question but that eventually there will be complete use of the irrigation portion of these two reservoirs for river regulation. The application of the legislation to these two units would be impossible of accomplishment.

Section 11 was amended to increase the amount authorized to be appropriated from $950 million to $1 billion. This amendment was adopted in order to assure that the amount authorized to be appropriated would be sufficient to construct the works that would be authorized.

A new section 12 was added which directs the Secretary of the Interior to undertake studies and make a report to the Congress and to the States of the Colorado River Basin upon the effect on the quality of Colorado River water of all transmountain diversions and all other storage and reclamation projects in the Colorado River Basin.

A new section 13 was added which permits any State of the Colorado River Basin to maintain an action in the Supreme Court of the United States in the event the Colorado River Compact, the Boulder Canyon Project Act, the Boulder Canyon Project Adjustment Act, or the Treaty with the United Mexican States are not complied with in the operation and maintenance of all Federal facilities in the Colorado River Basin, and gives consent to the joinder of the United States as a party in such suit.

PROPOSAL OF THE PRIVATE POWER COMPANIES

The private power companies operating in the area presented testimony before the committee indicating their desire to cooperate with the Federal Government in the transmission and marketing of electric power and energy from the Colorado River storage project. Briefly, their proposal was that authority of the Secretary to construct transmission lines be limited to backbone tie lines and lines not paralleling existing or projected lines of the companies. The companies assured the committee of their willingness to serve preference customers either through the wheeling device or through resales with appropriate safeguards to protect the rights and interests of the preference customers, and of the desire of the private utilities of the area to purchase power in excess of that taken by preference customers. The proposal by the power companies seemed entirely reasonable to the committee. The Department of the Interior advised the committee that it was sympathetic to the private power companies’ proposal and indicated that the suggestions would be given studied consideration if the project were authorized. Therefore, the committee expects the proposal by the private power companies for cooperation in the development to be carefully considered by the Department of the Interior and the electric power and energy of the project to be marketed, so far as possible, through the facilities of the electric
utilities operating in the area, provided, of course, that the power preference laws are complied with and project repayment and consumer power rates are not adversely affected.

**ECHO PARK CONTROVERSY**

The question of whether a dam and reservoir should be built in the Dinosaur National Monument has been raging for many years but the controversy reached a climax during the consideration by the committee of legislation which would authorize construction of such a dam and reservoir. The administration has approved the plan of development including the Echo Park Dam and is pressing for its authorization. On March 18, 1954, the Bureau of the Budget recommended the inclusion of Echo Park and on March 20 the President gave his approval in a public statement. Prior to this the Department of the Interior and all the Upper Basin States had approved the inclusion of Echo Park and testified that it was a necessary and vital part of the proposed plan.

A major portion of the testimony before the committee was directly related to this controversy. In the testimony objecting to construction of Echo Park Dam, as well as in the several thousand letters which the committee received opposing construction of the dam, there was no semblance of a constructive approach to the question; i.e., an approach recognizing that there are values and benefits on both sides and that the committee's decision must be based upon a determination as to which course of action would be of greatest benefit to the local area and to the Nation as a whole. Because of its strategic location in the Upper Basin, the Echo Park unit makes feasible other units of the plan. In an area where water is of such vital importance to the economy, the evaporation loss became a major factor, and from this standpoint the Echo Park site is far superior to any practical alternative. An increase in the height of Glen Canyon Dam as a substitute for Echo Park cannot be justified.

After consideration of all the testimony, both pro and con, the committee decided to retain the Echo Park unit as a part of the plan to be authorized; amendments which would have removed Echo Park or would have substituted a reservoir at alternative sites were defeated. In retaining the Echo Park Dam, the committee was convinced that such action was in the best interest of the Nation as a whole. Also, the committee considers that such action establishes precedent with respect to development of water and power projects in national parks or monuments, as the history of the establishment of the Dinosaur National Monument indicates its establishment was never intended to interfere with water and power development.

Statutory authority vested in the President to establish national monuments by proclamation is contained in the act of June 8, 1906 (34 Stat. 225). This act authorizes the President, in his discretion—

**• • • to declare by public proclamation historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest • • • to be national monuments • • •.

It will be noted this act refers specifically to (1) historic landmarks, (2) historic and prehistoric structures, and (3) other objects of historic or scientific interest.

**STATEMENT BY THE PRESIDENT**

March 20, 1954.

I have today approved recommendations for the development of the Upper Colorado River Basin.

The general plan upon which these recommendations are based has been prepared by the Secretary of the Interior. The Secretary's recommendations have been reviewed by the Bureau of the Budget. Legislation embodying the administration's recommendations is being prepared for introduction in the Congress.

This is a comprehensive, well-planned development of a river basin. The close Federal-State cooperation upon which the Secretary's plan is based also carries out this administration's approach to water resource development.

Colorado River Storage Project and Participating Projects

With respect to such sites, the act provides that the President—

**• • • may reserve as a part thereof parcels of land, the limits of which in all cases shall be confined to the smallest area compatible with the proper care and management of the objects to be protected • • •. [Italics added.]

Pursuant to this authority, President Woodrow Wilson, on October 4, 1915 (39 Stat. 1752), proclaimed the establishment of Dinosaur National Monument, with this prefatory language:

**Whereas, in • • • Utah, there is located an extraordinary deposit of Dinosaurian and other gigantic reptiles remains of the Jurassic period, which is of great scientific interest and value, and it appears that the public interest would be promoted by preserving these deposits as a National Monument, together with as much land as may be needed for the protection thereof • • •**

To protect these remains of scientific interest and value, and an area embracing a total of 80 acres was withdrawn and reserved.

By proclamation of July 14, 1938 (53 Stat. 2454), President Franklin D. Roosevelt enlarged Dinosaur National Monument to an area totaling 203,885 acres, with this prefatory language:

**Whereas certain public lands contiguous to the Dinosaur National Monument • • • have situated thereon various objects of historic and scientific interest • • • and after creating the enlarged reservation, the proclamation recites: • • • except that this reservation shall not affect the operation of the Federal Water Power Act of June 10, 1920 (41 Stat. 1063), as amended, and the administration of the Monument shall be subject to the Reclamation withdrawal of October 17, 1904, for the Brown's Park Reservoir site in connection with the Green River Project**

The committee has concluded that the qualifying language in the 1938 proclamation (read together with interdepartmental correspondence prior to its issuance) leaves no doubt that enlargement of Dinosaur National Monument to more than 200,000 acres clearly anticipated development of potential hydropower sites within the monument in the future. Development proposed by H. R. 4449 will in no way affect the original monument area (which lies well outside the reservoir area), nor did testimony of witnesses develop "various objects of historic and scientific interest"—not common to the Rocky Mountain area generally—which would be inundated by the proposed Echo Park Reservoir.

**PRESIDENT'S APPROVAL STATEMENT**

**STATEMENT BY THE PRESIDENT**


I have today approved recommendations for the development of the Upper Colorado River Basin.

The general plan upon which these recommendations are based has been prepared by the Secretary of the Interior. The Secretary's recommendations have been reviewed by the Bureau of the Budget. Legislation embodying the administration's recommendations is being prepared for introduction in the Congress.

This is a comprehensive, well-planned development of a river basin. The close Federal-State cooperation upon which the Secretary's plan is based also carries out this administration's approach to water resource development.

It will develop much-needed electric power.
The development calls for sound financing. The legislation now being drafted will set up a fund for the entire project so that it will be constructed and paid for as a basin program.

Construction of the Echo Park and Glen Canyon Dams, two of the large projects in the basin plan, is recommended. These dams are key units strategically located to provide the necessary storage of water to make the necessary facilities complete at maximum efficiency.

The legislation being drafted will authorize a number of projects which will put to use the waters of the upper Colorado. This authorization will become effective following final certification by the Secretary of the Interior of the plan. This plan, prepared by the Secretary of Agriculture, of the relation of the projects to the water use and sound development of the basin.

I am deferring my recommendation on the Shiprock unit of the Navajo project until the Secretary has completed his report.

I hope the Congress will give early consideration to enactment of the administration’s legislative proposal. I firmly believe development of the upper Colorado River Basin, in accordance with its provisions, is in the national interest.

DEPARTMENT’S REPORT ON THE LEGISLATION

The report of the Department of the Interior on the legislation was submitted in the form of a proposed substitute language. The report follows:

DOUGLAS McCAY, Secretary of the Interior.

A BILL TO AUTHORIZE THE SECRETARY OF THE INTERIOR TO CONSTRUCT, OPERATE, AND MAINTAIN THE COLORADO RIVER STORAGE PROJECT AND PARTICIPATING PROJECTS, AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in order to initiate the comprehensive development of the water resources of the Colorado River Basin, the Congress, in the exercise of its constitutional authority to provide for the general welfare, to regulate commerce among the States and with the Indian tribes, and to make all needful rules and regulations respecting property belonging to the United States, and for the purposes, among others, of regulating the flow of the Colorado River, storing water for beneficial consumptive use, making it possible for the States of the Upper Colorado Basin to utilize, consistently with the provisions of the Colorado River Compact, the Upper Colorado River Compact, and the Upper Colorado River Basin Compact, respectively, for the reclamation of arid and semi-arid lands, for the control of floods, for the development of navigation, and the generation of hydroelectric power as an incident of the foregoing purposes, hereby authorizes the Secretary of the Interior (herein called the Secretary) (1) to construct, operate, and maintain the following initial units of the Colorado River storage project, consisting of dams, reservoirs, powerplants, transmission facilities, and appurtenant works: Echo Park and Glen Canyon; and (2) to construct, operate, and maintain the following initial irrigation reclamation projects (including powerplants and transmission facilities related thereto), hereinafter referred to as participating projects:

Central Utah (initial phase), Emery County, Utah, Hammond, Lasal, Lyman, Paonia (including the Minnesota unit), a dam and reservoir on Muddy Creek just above its confluence with the North Fork of the Gunnison River, and other necessary works for the reclamation of the Colorado River Basin Compact, Seedskadee, Silt, and Smith Fork: Provided, That the authority to construct any participating project listed in section 1 of this Act, the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1908, 32 Stat. 795, and Acts amending same) (hereinafter referred to as Federal laws). Provided further, that supplementary irrigation repayment contracts shall be entered into which except as otherwise provided for the Paonia and Eden projects, provide for repayment of the obligation assumed thereunder by any project contract unit over a period of not more than fifty years exclusive of any development period authorized by law; (b) to construction of irrigation distribution facilities, repayment contracts shall be made with an "organization" as defined in paragraph 2 (a) of the Reclamation Project Act of 1939 (53 Stat. 1187, 43 U.S.C. 485) which has the capacity to levy assessments upon all taxable real property located within its boundaries to secure payment of such irrigation facilities by the State, or a political subdivision thereof, or any person, firm, or corporation; or (c) to construction of irrigation distribution facilities, repayment contracts shall be made with an "organization" as defined in paragraph 2 (a) of the Reclamation Project Act of 1939 (53 Stat. 1187, 43 U.S.C. 485) which has the capacity to levy assessments upon all taxable real property located within its boundaries to secure payment of such irrigation facilities by the State, or a political subdivision thereof, or any person, firm, or corporation.

The report of the Department of the Interior, Office of the Secretary, Washington 25, D. C., April 1, 1954.

HON. A. L. MILLER, Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington 25, D. C.

My Dear Mr. Chairman: As you know, representatives of this Department have been consulted with representatives of the Bureau of the Budget in the preparation of this legislation to implement the recommendations of the two agencies concerning the Colorado River storage project.

It is understood that there is a particular urgency for prompt submission of such legislative suggestions, and, accordingly, we are forwarding herewith copies of a draft bill incorporating our recommendations without the further delay which would be occasioned by the preparation of a detailed report on legislation pending before your committee.

Sincerely yours,

D. McCAY, Secretary of the Interior.
Fund, and shall be available, without further appropriation, for (1) defraying the costs of operation and maintenance of, and emergency repairs to, any and all parts of the Colorado River storage project and participating projects, within such separate limitations as may be included in annual appropriation acts; (2) payment as required by subsection (b) of clause (3) of subsection (a) of this section, of the cost of constructing the project which are beyond the ability of the water users to repay within the period prescribed in the Act of June 25, 1947 (61 Stat. 181), said payment to be made within 50 years after completion of such portion of the project which has not been constructed as of the date of completion thereof, and (3) payment in connection with the irrigation features of the Eden project as specified in the Act of June 25, 1949 (63 Stat. 277): Provided, That revenues credited to the Basin Fund shall not be available for appropriation for the operation or maintenance of the units and participating projects authorized by or pursuant to this Act.

(d) Revenues in excess of operating needs shall be paid annually to the general fund of the Treasury.

(1) The costs of each unit, participating project, or separable feature thereof which are allocated to commercial power pursuant to section 5 of this Act, within a period not exceeding fifty years from the date of completion of such project or separable feature thereof, shall be nonreimbursable.

(2) The costs of each unit, participating project, or separable feature thereof which are allocated to municipal water supply pursuant to section 5 of this Act, within a period not exceeding fifty years from the date of completion of such unit, participating project, or separable feature thereof, shall be nonreimbursable.

(3) Interest on the unamortized balance of the investment in the commercial power and municipal water supply features of each unit, participating project, or separable feature thereof, at a rate determined by the Secretary of the Treasury as provided in section (e), and interest due shall be a first charge upon the proceeds of such unit, participating project, or separable feature thereof.

(e) The interest rate applicable to each unit of the storage project and each participating project shall be determined by the Secretary of the Treasury as of the time the first advance is made for initiating construction of said unit or project. Such interest rate shall be determined by calculating the average yield to the nearest one-eighth of 1 per centum on the basis of daily closing market bid quotations during the month of December preceding the fiscal year for which said appropriation is enacted, on all interest-bearing obligations of the United States of less than 10 years' maturity, of the date of 15 or more years from the first day of said month, and by adjusting such average annual yield to the nearest one-eighth of 1 per centum.

Sec. 5. Upon completion of each unit, participating project or separable feature thereof authorized by section 7 of this Act of constructing said unit, project or feature to power, irrigation, municipal water supply, flood control, navigation, or any other purpose authorized under reclamation law. Allocations of construction, operation, and maintenance costs for authorized nonreimbursable purposes shall be nonreimbursable under the provisions of this Act. On January 1 of each year the Secretary will report to the Congress for the previous fiscal year, beginning with the fiscal year of the first appropriation made for the revenues from and the cost of constructing, operating, and maintaining the Colorado River storage project and the participating projects. The Secretary's report shall be prepared to reflect actual cost of construction, investment allocated at that time, power, water, and to other purposes, the progress of return and repayment thereon, and the estimated rate of progress, year by year, in accomplishing full repayment.

Sec. 6. The hydroelectric powerplants authorized by this Act to be constructed, operated, and maintained by the Secretary shall, to the extent fully consistent with the purposes of this Act, the Colorado River Compact and the Upper Colorado River Basin Compact, be operated in conjunction with other Federal powerplants, present and potential, so as to produce the maximum amount of power and energy that can be sold at firm power and energy rates. Neither the impounding nor the use of water for the generation of power and energy at the plants of the Colorado River storage project shall preclude or impair the appropriation for domestic or agricultural purposes, pursuant to applicable State or other laws and regulations of the States of the Upper Colorado River Basin.
MINORITY VIEWS

This bill was ordered reported by a vote of 13 to 12, by the Committee on Interior and Insular Affairs of the House of Representatives. The minority submits the following summary of views in opposition to its enactment:

1. The subsidy is grossly excessive.—The bill includes a concealed subsidy from the Nation's taxpayers of over $1 billion to provide irrigation water for less than $50,000 acres of land (of which about 25,000 acres would receive only a supplemental water supply) — a gift of over $2,500 per acre irrigated or $370,000 for each of the 2,700 farms to be benefited. (The average value of the land fully developed is about $150 per acre.

2. The bill puts the Government directly into the power business.—On other projects, such as Hoover Dam, Grand Coulee, and even TVA, power was sold to build the dams; here, for the first time, the dams would be built solely to sell power. Glen Canyon and Echo Park Dams are located so far downstream from the participating projects that the water they store would irrigate no participating projects. And even the Interior Department admits that for at least a minimum of 25 years these dams would not be needed to store water for river regulation in all probability it would be nearer to 50 years. The function of these two dams, for that period, would be solely to generate power for sale, first to pay off the cost of the dams allocated to power, and then, after about 50 years, to pay without interest, the remainder of the cost of the dams and most of the cost of the irrigation projects to be built now. These would be financial dams, not water conservation dams, at least for that length of time.

3. Transmission lines.—The bill would grant authority to the Secretary of the Interior to build transmission lines all over the country so long as they connected with a Federal project now or hereafter to be built.

4. The power is high-cost power.—Proponents of other Federal power projects have argued that such projects were justified in order to bring low-cost power to large numbers of people. But the Colorado River storage project under this bill would condemn the people of the whole Rocky Mountain area to high-cost power for 75 years to subsidize 2,700 farmers. Example: Glen Canyon power could be delivered for 3.75 mills per kilowatt-hour, resting the total Government investment charged to power, but under this bill it is proposed to be sold for 6 mills or more, to subsidize the other power projects and irrigation. This would not be low-cost power.

5. The financing of the project would require that the power be sold at 6 mills or more for the next 75 years. This is unrealistic and unsound.—These hydroelectric plants would be located in a region having the greatest coal, oil shale, and uranium deposits in the country. This combination, considering the fact that atomic electric power is already being generated at decreasing costs, raises the question of whether the competitive market value of power would remain as high as 6 mills in that region for even 20 or 30 years. Seventy-five years is a period as long as that between the administrations of Presidents Grant and Truman.

6. The ultimate cost is at least $5 billion.—Section 2 of the bill attempts to commit the Congress to the proposition that other storage and participating projects will be added, to use the full 7,500,000 acre-feet allocated by the Colorado River Compact to the Colorado River Basin. There are over 100 such projects in the Reclamation Bureau's inventory with an ultimate construction cost of over $5 billion. There is no such thing as an infeasible project under the type of financing proposed by the Bureau in this bill, which is to dedicate the power revenues of the Government dams to subsidize irrigation for as long as may be necessary to retire the principal of any debt, however large, provided the taxpayers pay the interest on the Government bonds sold to build the project. The resulting subsidy with which the Nation's taxpayers would be burdened would be many billions of dollars.

7. The bill makes drastic changes in existing Federal water policy.—Example: Existing law requires repayment of the irrigation investment to be completed in equal annual payments within 50 years (40 years after a 10-year development period). This bill would postpone the commencement of repayment of about 90 percent of the irrigation investment (without interest) for nearly 50 years.

8. The bill undercuts the Hoover Commission.—The Congress created the Hoover Commission for the purpose, among others, of investigating and making recommendations as to all water and power policies. This Commission is actively at work, holding hearings throughout the country. A preliminary report should be available within a few months. No legislation should be adopted by the Congress, establishing new policies as sweeping as these, at least until it has received and considered the report of the Commission it created.

9. The lands included in the proposed 11 participating irrigation projects are of limited producing capacity.—The Bureau of Reclamation report shows that only 20 percent of the lands are listed as class 1. Due to their high elevation, all have a short growing season and are limited in the types of crops that can be grown; on some of the projects there is frost every month in the year. Why ask the Nation's taxpayers to make a gift of $2,500 per acre for such projects?

10. The bill would delegate excessive authority to the Secretary of the Interior to determine feasibility and construct irrigation projects, the economic and financial feasibility of which have been found by the Budget Bureau to be in serious question, without reserving to the Congress the power of final authorization. Such delegation of the responsibility of Congress is poor legislation.

The bill would, in effect, approve the use of the so-called benefit-cost ratio for testing the economic justification of irrigation projects despite the fact that the testimony shows that, as now practiced, it is simply a device used in attempting to justify projects, which are both economically and financially infeasible, (1) by use of fictitious and unrealistic values to inflate the benefits, while (2) at the same time overlooking factors of cost to the Nation which would result from the
project. Example No. 1: On 1 participating project (the Hammond), the Reclamation Bureau would collect from the farmers only $2.02 per acre per year, but says the direct benefits are $41.50 per acre per year, or 2,000 percent of the amount it would require the farmer to pay. If this is so, the taxpayers deserve a better break. If it is not so, the Bureau’s figures are unreliable. The latter seems likely. Example No. 2: The Government’s revenues from firm power production at Hoover, Davis, and Parker Dams would be decreased as much as 25 percent during the time (which may be as long as 20 years) the storage dams of the proposed project are filling. This loss has been ignored by the Bureau.

12. The biggest participating project proposed in the bill is the most infeasible of all.—This is the so-called Central Utah project (initial phase) which would cost $127 million for irrigation alone and irrigate but 160,000 acres at a cost of $794 per acre. The water users could repay only $94 per acre over a period of 70 years, or 12 percent of the cost. If such a project is to be considered for authorization, the Congress should at least have an investigation and report by a disinterested board of engineers.

13. Invasion of Dinosaur National Monument.—The bill would break 80 years of conservation policy by invading the Dinosaur National Monument in order to build Echo Park Dam. The Interior Department attempted to justify this solely on the basis that evaporation losses here would be less than if substitute dams were built elsewhere. But it later admitted errors which reduced the claimed saving 80 percent, to the insignificant amount of 25,000 acre-feet per year. Echo Park Dam is so expensive that the cost of power generated there equals or exceeds its market value. It would be required to store water for the Central Utah project when and if the final phases of that project are built, which is quite unlikely. Even the proposed initial phase is so infeasible that the irrigators admittedly can repay only 12 percent of its cost and it should not be authorized.

14. The recommendations of the Bureau of the Budget for the drastic revision of the bill were largely ignored.—The Budget Bureau recommended eight major changes, including reexamination of the feasibility of all participating projects, and resubmission through the Budget Bureau.

15. Pertinent questions have not been answered.—Several months ago a number of questions were submitted to the Secretary of the Interior by a member of this committee as to the economic and financial aspects of the projects sought to be authorized by the bill. Answers to these questions and additional reports are necessary and should be furnished by the Secretary and the entire bill should thereafter be reconsidered by the committee.

16. The project is not self-liquidating, as claimed by the Reclamation Bureau.—The Bureau represents this as being a self-liquidating project. Plain arithmetic shows that it would not be. Simple interest alone, even at 2½ percent, on $1 billion of original investment is $25 million per year. Total net revenues, as estimated by the Bureau, would average less than this amount. As the project could not pay simple interest on the investments, its revenues could never retire the capital cost. The Nation’s taxpayers would have to do that. Or if revenues were earmarked to retire the capital, the taxpayers would have to pay about all of the interest. In any event, the net burden on the taxpayers would be more than $1 billion by the end of the proposed repayment period and this debt would keep on increasing until paid off by general taxation since it could never be repaid from project revenues.

17. For these reasons, as well as many others—such as lack of sufficient engineering and financial information and data, the confusion created by changes made in testimony by Department witnesses, lack of safeguards in the bill to protect Federal investments in downstream dams and power works—the bill should not be enacted at this time.

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