

AMERICAN FALLS RESERVOIR DISTRICT

1132 LOCUST STREET — TWIN FALLS, IDAHO 83301

Office of the Secretary

PHONE 733-3560

OFFICERS:

JOHN M. BARKER, PRESIDENT
MERL E. LEONARD, VICE PRESIDENT
TOM OLMSTEAD, TREASURER
DIANNE BRIDGUM, SECRETARY

DIRECTORS

JOHN M. BARKER
FRANK W. GRAVES
DALE DEPEW
TOM OLMSTEAD
ARMIN SCHROEDER
MERLE E. LEONARD
RUSSELL WOOLLEY

BEFORE THE WATER AND POWER RESOURCES SUBCOMMITTEE
INTERIOR AND INSULAR AFFAIRS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
STATEMENT OF JOHN M. BARKER, PRESIDENT
AMERICAN FALLS RESERVOIR DISTRICT

Field Hearing
Burley, Idaho
October 6, 1973

Chairman Johnson, members of the Committee, distinguished guests, ladies and gentlemen:

My name is John M. Barker. I operate an insurance agency in Buhl, Idaho. I am a farm owner and manager in Twin Falls County, Idaho. I have served as a director of the American Falls Reservoir District for sixteen years, and for the past six years have served as President of the Board. Since 1967, I have served in the Idaho Legislature as a Senator from Twin Falls County.

It is a great pleasure for me to represent the American Falls Reservoir District.

Our district was formed in 1923 when it became the consensus of opinion that the original American Falls Dam should be constructed. Because of the then unavailability of Federal monies, our district bonded themselves for 2.7 million dollars in general obligation bonds at six percent interest. The bond election was approved by a vote of six to one. The lands in the American Falls Reservoir District were pledged to repayment of the then obligation. This money was used in the construction of the dam. The district now owns approximately 490,000 acre-feet of storage space in the reservoir, when the reservoir is operated at a full capacity of 1.7 million. Our district encompasses approximately 450,000 acres of land and represents five irrigation-operation companies. They are the Twin Falls Canal Company, the North Side Canal Company, the Aberdeen-Springfield Canal Company, the Martin Canal Company, and the Woodville Canal Company. Some of these companies own additional American Falls storage in their own name. Since retirement of the American Falls bonds, the district

STATEMENT OF JOHN M. BARKER
Page two

has merely operated as an agency for the collection of annual O & M charges for the operation of American Falls. Since 1964, the date of the Bureau's first engineering pronouncements concerning the alkali condition at American Falls Dam, American Falls Spaceholders have been concerned about the situation. The restriction order of October 1972, was termed an emergency by the Spaceholders. The loss of one-third of American Falls storage capacity brought all of the Spaceholders together on a common ground to determine the best basis to remedy the situation. An informal association of American Falls Spaceholders was formed. An Executive Committee was selected and empowered to evaluate all of the alternatives toward the earliest possible replacement at American Falls. The American Falls Spaceholders, through our district, approached the Idaho Power Company on the possibility of working out a sale for falling water if a private reconstruction could be accomplished. In March of 1973, the Spaceholders endorsed the concept of private financing for the replacement. The American Falls Reservoir District, has consented to act as the "constructing agency" as defined in S.1529 because of the number of acres and the value of their lands which would be pledged as security for eventual bond payments.

Thereafter, the Spaceholders worked in close conjunction with the Idaho Congressional Delegation and were successful in the introduction of bills on both the Senate and the House side. S.1529, as passed by the Senate, is the concept which the Spaceholders endorse for the replacement of the dam. The agreement of the Spaceholders is that any replacement would be operated in an identical fashion as the existing American Falls Reservoir and that each existing Spaceholder would be entitled to enter contracts for the repayment of their proportionate share of the cost of the replacement structure.

Because of the offer of the Idaho Power Company, and if the dam is constructed with power facilities, the Spaceholders will be liable to repay only those amounts over and above the payments by the Idaho Power Company for the falling water.

The Spaceholders have now contracted with Bechtel, Inc., of San Francisco, to begin engineering work toward the end of final plans and designs for the replacement dam. The Spaceholders coordinated in selecting a consulting board to review the preliminary concepts of Bechtel. The consulting board endorsed the Bechtel approach. With the passage of S.1529, it would be the hope of the Spaceholders that the Idaho Power Company would be successful in obtaining a Federal Power Commission license, so that construction could proceed simultaneously on the dam and power house, and that a saving would result by utilizing the same contractor. The Idaho Power Company would then agree to pay 19 million dollars, plus tax exempt interest, over a period of forty years. During the same period, the American Falls Reservoir District would collect from all other Spaceholders who contract for storage water in the reservoir, enough money to make the annual bond payments, plus interest.

The reservoir would be operated in the same manner in which it

STATEMENT OF JOHN M. BARKER

Page three

is now operated, observing the preference for irrigation. The Spaceholders are agreed to work out arrangements as to a highway crossing and any mitigation of fish, wildlife, and environmental matters.

If S.1529 becomes law, we would proceed to negotiate a contract with the Secretary of Interior for his ownership of the structure after completion, and the continued operation and maintenance of the dam and reservoir by the Bureau of Reclamation.

It is presently the plan to construct a two-lane highway on top of the dam, which coupled with the two-lane bridge to be constructed below the dam by the Idaho State Department of Highways, would provide an adequate four-lane crossing. A memorandum of understanding now exists between the Idaho State Department of Highways and the American Falls Reservoir District concerning their mutual obligations.

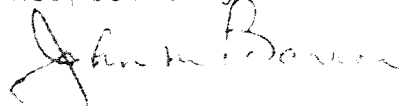
Following the enactment of S.1529, our bonding counsel has advised us that it will be necessary to secure additional amendments to the Idaho Irrigation District Code. Because of the state-wide impact of the American Falls replacement problem, we anticipate a favorable response from the legislature. Thereafter, the American Falls Reservoir District would plan a bond election and together with the Bureau of Reclamation, would propose and execute contracts with all existing Spaceholders for their proportionate share of the space.

We are advised that it is not timely to file with the Internal Revenue Service for a tax exempt ruling until such time as the Congressional bill has passed, the State legislation obtained, and the contracts are in a form which might be presented to the Internal Revenue Service. We are encouraged at the possibility of obtaining tax exempt interest for our bonds. In talking with financial agents, we are also encouraged at the possibility of some competitive bidding for those bonds.

There is one amendment which the Spaceholders must request from the committee concerning the qualifying of American Falls Reservoir District as the "constructing agency" for the purposes of qualifying us to receive Federal funds for construction of a highway on the dam.

On behalf of the American Falls Board of Directors, I would like to thank the Chairman and the members of the Committee for affording us this hearing. We hope that you will enjoy your visit in Idaho, and will recommend S.1529 for passage upon your return to Washington.

Respectfully submitted,



JOHN M. BARKER, President
American Falls Reservoir District