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**REPLACEMENT OF THE AMERICAN FALLS DAM
IN IDAHO**

PART 1

HEARING
BEFORE THE
SUBCOMMITTEE ON
WATER AND POWER RESOURCES
OF THE
COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS
HOUSE OF REPRESENTATIVES
NINETY-THIRD CONGRESS

FIRST SESSION
ON
H.R. 6781, H.R. 6782, and S. 1529
TO AUTHORIZE THE REPLACEMENT OF THE AMERICAN FALLS
DAM IN IDAHO

HEARING HELD IN BURLEY, IDAHO

OCTOBER 6, 1973

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State and your individual States. But, if you will take the time, I will make available to you from the Senate hearings, written testimony on S. 1529 from environmental groups in this State supporting this project. I have in my possession, which I will return to you, the original testimony from the Idaho Fish and Game Department supporting the construction of this dam as soon as possible. Also, from the highway department, the department of water administration, the water resource board and the parks and recreation departments of this State.

I submit to you gentlemen that the State of Idaho is indeed together in the need for expeditiously reding this structure.

I think in summary I would say that I am here today as Governor of the State for thousands of small family farms and family businesses which are dependent upon an adequate water supply for irrigation. On their behalf, I respectfully request that you do in fact give us the necessary relief that we need in order to do it ourselves.

That is the end of the statement. I think I could sum up, Mr. Chairman, by saying, as has been asked in several questions here this morning, yes, there is not a person seated in this room behind me that if they could have it done immediately, would not like to see Uncle Sam come in and pay the bill. But we are practical people out here. We need that dam, and the fastest way to do it is for us to do it ourselves, and we are willing to do it. We just hope to God you give us the capability of doing it.

Mr. Chairman, I will respond to any questions you might have.

Mr. JOHNSON. Thank you, Mr. Governor.

It seems you have lined up everybody in the State of Idaho. You have done your homework well. We hope there is nothing that creeps into this that might disturb your timetable as it has in other types of projects in other States.

We are quite familiar with some of those delays. It hurts us as bad as this one hurts you here.

Your full statement will appear in the record, and your statements from other organizations will also be made a part of the record.

You stated you have to leave. Is there anyone who has to go with you who is a witness?

Mr. ANDRUS. I think Mr. Bob Hogg of the Idaho Power Co. had desired to go so he can make an airline connection. If I would not be presumptuous, I would certainly appreciate him having the opportunity to testify.

Mr. JOHNSON. Well, maybe we had better put him on, since this has run a little longer than we thought it would up to now.

The gentleman from California, Mr. Clausen.

Mr. CLAUSEN. I certainly appreciate your statement.

I just wanted to add in reading the Idaho Fish and Game Department statement on the American Falls replacement signed by Mr. Greenley, October 3, 1973, he does corroborate what you said, the American Falls Dam Reservoir, though initially destroying some fish and wildlife, has resulted in increases in upland game and migratory water fowl in Idaho. It goes on to say, it is our opinion that the wildlife resulting have outweighed its losses.

I think this is a very significant point that I want in the record following your statement.

Mr. ANDRUS. Thank you very much, Mr. Clausen.

Mr. KETCHUM. Mr. Chairman, I would just like to congratulate the Governor on his statement and recall attention to the third paragraph of his statement, which I think is the most powerful statement by any official that I have ever heard before a committee of the Congress or during my days in the California Legislature. Coming as we do from Congress, that is a most refreshing statement, that Idahoans want to do something for themselves rather than depend on the Federal Government to get it done for them. I congratulate you on the statement, and the State of Idaho.

Mr. ANDRUS. Thank you, Mr. Ketchum.

If you will permit me a little bit of levity, if you will just get out of our way and let us do it, we will get it done.

Mr. KETCHUM. Believe me, there are those in Congress who are wholeheartedly in favor of that in the State of California.

Mr. JOHNSON. Mr. Towell.

Mr. TOWELL. One quick question. Of the acreage being irrigated from the American Falls Dam, have you had any water actually cut off in this past year? Did you have a loss of acreage?

Mr. ANDRUS. I could refer that to Ted Diehl and a lot of water managers from irrigation districts here, but I say we got through, to my knowledge, this year all right. We were bothered some and worried at times, but we made it. I asked you to look at the reservoirs that exist today and think about next year.

Mr. TOWELL. I understand that, we have to look ahead. I just want to know what has happened to date.

Mr. ANDRUS. No, we have had a very successful agricultural crop year in the great State of Idaho. The reason we did is because we did have sufficient water to get us by. But that reservoir and others, Arrowrock, Anderson Ranch Dam, and others, don't have any carryover that we would like to see for next year.

Mr. TOWELL. I fully understand the problem you are looking for. Mr. ANDRUS. A direct answer, Congressman, to your question would be no, we got through this year fine.

Mr. TOWELL. Mr. Chairman, no further questions.

Mr. JOHNSON. Mr. Casey? Mr. Luken?

Thank you, Governor Andrus, for your appearance here.

Mr. ANDRUS. Thank you. The original copies of the attached statements are with Mr. Luken.

Mr. JOHNSON. Yes.

Our next witness, then, will be Mr. Bob Hogg, representative from the Idaho Power Co.

STATEMENT OF ROBERT A. HOGG, PROFESSIONAL CIVIL ENGINEER, IDAHO POWER CO.

Mr. Hogg. Mr. Chairman, I was vice president of the Idaho Power Co., until I retired in 1972. I have a six-page prepared statement along with an attachment which I would like to appear in the record.

Mr. JOHNSON. Your statement and attachment will appear in the record as presented in full. You may summarize your statement, and we will ask questions.

Mr. Hogg. Thank you, sir, I will be happy to do that.

[Mr. Hogg's prepared statement follows:]

STATEMENT OF IDAHO POWER CO., SUBMITTED BY ROBERT A. HOGG

My name is Robert A. Hogg, Boise, Idaho, a registered Professional Civil Engineer. I was Vice President of Idaho Power Company at the time of my retirement at the end of 1972. Prior to my retirement, it was my responsibility to develop the Idaho Power Company's proposal to assist the American Falls Spaceholders to finance the replacement dam at American Falls. I have been retained in a consulting capacity for the Company in the following through the implementation of the proposal.

American Falls Dam must be replaced at the earliest possible date to insure the safety of the Dam and to restore the reservoir operation to provide the irrigators with the full reservoir capacity of 1,700,000 acre-feet of water.

On January 6, 1973, the Spaceholders adopted a resolution requesting the Idaho Power Company to evaluate the extent to which the Company might be willing to be involved in assisting to finance the American Falls replacement dam. A copy of the proposal submitted to the Executive Committee of the Spaceholders, February 27, 1973, is attached hereto.

While the Company is a spaceholder in the American Falls reservoir, its primary concern in the immediate replacement of American Falls Dam is that the future economic stability of a major segment of Idaho's agriculture and business communities serving this area in southern Idaho is in jeopardy. This area includes some 900,000 acres of land dependent on the American Falls stored water to finish the yearly crops. The crops are severely exposed to reduced production as long as the American Falls storage limitation is in effect.

The Idaho Power Company is a hydroelectric generating system and is keenly aware of factors which affect water conditions, including storage of water. Furthermore, Idaho Power Company's peak load is established by irrigation pumping, which also is dependent upon water conditions. The water conditions have opposite effects on the system, since with low water conditions the generation is low; however, at the same time, the electric load is high because the irrigators use more electricity to lift water from wells and streams to make up the irrigation water deficiency. The American Falls storage limitation is contributing to this adverse effect, because 600,000 acre-feet of reservoir space cannot be used to store either winter or flood flows for later release.

The Company's service area includes most of the 900,000 acres of irrigated land depending on a full capacity of 1,700,000 acre-feet of water in the American Falls Reservoir being available for the final and finishing irrigation. Over 25 percent of the highly productive irrigated land in the Company's service area is exposed to reduced production under adverse water conditions as a result of the storage limitation.

An indication of the seriousness of the change in irrigation water supply as a result of the restriction is illustrated by comparison of the number of years over a 40-year period of study the American Falls reservoir would be emptied at the end of the irrigation season without the limitation and with the limitation. The reservoir would be emptied at the end of the irrigation season about 16 times without the storage limitation. With the storage limitation, the number of years the reservoir would be empty is 26. Since the reservoirs on the Upper Snake are operated on a coordinated basis, the Jackson Lake Reservoir in the Grand Teton National Park would be emptied 4 years out of 40 without the limitation but with the storage limitation on American Falls, operational studies indicate the Jackson Lake would be emptied 9 years out of 40 years.

The degree of economic loss will vary with the severity of water shortage, but there is no question that there will be an adverse economic loss in some amount before the American Falls Dam can be replaced and operated to its full capacity. Water conditions this year, 1973, are poor and some irrigators will experience either reduced production or increased costs this year because of storage reduction.

The Idaho Power Company presently owns and operates a 27,000 KW power plant below the present American Falls Dam. The power plant does not utilize the full head available at the site or all of the irrigation water released. The Company's proposal includes the necessity of building a new power plant under a 50-year FPC license to develop the full energy potential of the site. This, in no way, would affect the water release nor water rights of the irrigators as they now exist.

The present plant produces on the average about 146 million KWH and the new plant is expected to generate on an average 370 million KWH, or about 2½ times as much energy. The installed capacity of the plant will be 100,000 KW, about 3½ times the present plant.

The Company's proposal to the irrigators is only made possible by the increased energy generation and installed capacity of a new plant built under the 50-year FPC license. The Company is able to utilize the type of power available from this project, and such power is not available from another source at a lower cost; consequently, the resulting high cost is justified.

The Company's interest as a spaceholder is very modest in contrast to the irrigators' interest; however, the Company's 45,000 acre-feet of storage capacity is important in meeting the Company's power supply requirements during the irrigation season.

The Company's proposed plant and use of the Company's storage rights through the Company's downstream plants will generate on the average about 420 million kilowatt-hours per year. This is equivalent to about 210,000 tons of coal per year, or 28 million gallons of oil per year, or 3½ billion cubic feet of natural gas. The hydroelectric plant will be a source of clean electric energy without some of the environmental problems associated with coal, oil or gas.

The below normal water conditions this year are serving to emphasize the urgent necessity of restoring American Falls to its full operation capability. In the event the 1973-74 winter and spring precipitation is below normal, the 1974 year could be a very poor agricultural production year; this at a time when full food production is urgently needed. In the event the proposed bill, S. 1529, is approved this year, and other necessary approvals are obtained at an early date, the reservoir would be ready for full irrigation use at the beginning of 1976.

In Idaho Power Company's opinion, an early approval of S. 1529:

1. Will minimize the adverse economic effects of the American Falls storage limitation on the economy of southern Idaho because of early completion;
 2. Will make significant addition to the energy supply in southern Idaho at a time when energy is critically needed;
 3. Will be a significant benefit to the irrigators, since the replacement dam would provide for a continuation of historic water releases and water rights;
 4. Will be a benefit to the business community in southern Idaho and the nation's taxpayers, since no money is requested for the dam construction;
 5. Will maintain the productivity of irrigated lands served by American Falls for the benefit of the nation's food supplies.
- I urge your favorable decision on S. 1529.

PROPOSED AMERICAN FALLS DAM REPLACEMENT PLAN

The American Falls dam was constructed in the mid-1920's and first stored water in the 1926-27 period. The irrigators paid about half of the cost of the dam in cash and the balance has been or is being paid for by the irrigators. The Idaho Power Company acquired 45,000 acre-feet of primary storage and 255,000 acre-feet of secondary storage in the reservoir.

In 1929 a chemical reaction in the concrete of the dam was discovered, which has caused the concrete to swell or expand; however, the strength of the structure has declined at a very slow rate. Recently the strength of the structure has been seriously questioned. The relatively small columns supporting the bearings of the spillway gates are showing advanced effects of the chemical reaction. Reservoir operations are now different than planned in the 1920's by the addition of Palsades (1956), Island Park (1938) and Teton (under construction) and ice loading on the dam is an important consideration now, while it was not considered necessary when American Falls dam was designed. The result of these changes as well as data obtained from core drilling is the imposition of a storage limitation by the Bureau of Reclamation in the interest of safety, which limits the storage to about 1,100,000 acre-feet in the reservoir with a capacity when full of 1,700,000 acre-feet.

The storage limitation is an extreme hazard and exposure to the irrigators since about 900,000 acres of land are dependent on American Falls storage for late season irrigation. Historically, with present storage capacity (including full capacity at American Falls), July and August have been below full require-

ments in 4 years out of 40 years, or on average, 1 year out of 10. With reduced storage capacity this exposure will be increased.

The storage limitation may be corrected by replacing the present dam with a new dam or rehabilitating (repairing) the present dam. The USBR have concluded that the right and proper thing is to replace the dam with a new dam, and have made the following estimated construction cost (July 1972 prices), and have allocated the costs to various functions, as follows:

Construction cost (July 1972)

	<i>In thousands</i>
Dam and reservoir-----	\$22,906
Penstock future power-----	1,454
Highway improvement-----	1,861
Remove old dam-----	2,100
Permanent operating facilities-----	143
General service equipment-----	43
Basic health and safety-----	88
Fishing mitigation-----	546
Fish and wildlife enhancement-----	196
Flood forecasting-----	131
Total-----	29,468
Interest during construction-----	2,293
Total-----	31,761

CONSTRUCTION COST ALLOCATION

(In thousands of dollars)

	<i>Amount</i>	<i>IDC</i>	<i>Total</i>
Irrigation-----	18,971	1,477	20,448
Flood control-----	4,348	338	4,686
E. & W. enhancement-----	1,520	117	1,637
Recreation-----	1,226	96	1,322
Highway improvement-----	1,861	145	2,006
Future power-----	1,454	113	1,567
Basic health and safety-----	88	7	95
Total-----	29,468	2,293	31,761

Repayment planned as follows:

Irrigation by water users-----	<i>In thousands</i>
Fish and wildlife enhancement—non-Federal body-----	\$18,639.0
Power (deferred)-----	101.5
	1,543.0

Total reimbursable-----

20,308.5

The probable schedule which might be followed with USBR construction has been estimated to require 8-10 years before the new dam could be completed. Presumably the storage limitation would prevail during this period; however, it might be relaxed slightly one or two years before completion as the elevation of the new dam was raised during construction.

The Idaho Power Company has several interests in the American Falls dam problem, as follows:

1. As a spaceholder—the Company has primary storage in the amount of 45,000 acre-feet.
2. As owner of a power plant downstream from the dam—the Company owns the 27,000 KW power plant below American Falls and has generation from the water entitlement of both the Company and the USBR. The annual energy potential at American Falls site averages about 370 million KWH's; however, a new power plant is required to generate the potential. The Company's present plant and water entitlement would generate only about 55 million KWH which would not be a feasible operation.
3. As the power supplier to practically the entire area depending on American Falls storage in the full amount for late season irrigation—the Company would be adversely affected in the event a crop failure resulted from the storage limita-

tion in any one or more years in the next 8-10 years. The economic impact of such a crop failure and the possible loss of \$100 million of farm income in South Idaho would have widespread effects on the total economy of southern Idaho, not only for the year of the crop failure but several years would be required to overcome the effect of the one year loss.

Time is the essence of the solution of the American Falls dam storage limitation. The Company's interests warrant serious consideration of any plan which would reduce the time the irrigators are exposed to crop failure by the loss of 600,000 acre-feet of storage water in American Falls dam. Minimizing the time required to remove the storage limitation should be the area in which the Company can make substantial contributions because the time to start construction and the construction period should be reduced.

The Company has developed some preliminary information from Bechtel Corporation as a result of a request from the space holders and the American Falls Irrigation District on the manner and time in which the American Falls dam could be replaced or rehabilitated. The estimated cost of a replacement dam and a new power plant is \$51,054,000. The cost of the replacement dam is about \$20,700,000.

The estimated time schedule developed by Bechtel engineers is the same for either a new dam or rehabilitation of the present dam. The closely coordinated time schedule contemplates that a contractor would be selected and would move on the job no later than about January 1 of the year following execution of a contract, and would be able to complete all preliminary diversion work necessary to begin construction of the new concrete dam section at the end of the irrigation season about October 15 of the same calendar year with the reservoir level about October 15 of the same calendar year with the reservoir level down to elevation 4310 feet (about 150,000 acre-feet). The construction would progress to the point so that the reservoir could begin to fill the following February 1.

The water records indicate that there would be a 30% chance of filling the American Falls reservoir to capacity (1,700,000 acre-feet) after February 1 in the flood period and a 60% chance of filling the reservoir to the storage limitation level (1,100,000 acre-feet). The coordinated operation of upstream reservoirs would have a bearing on refilling American Falls.

Approximately 9 months prior to January 1 are required for studies of feasibility, hydrology, exploration, models, design, plans, environmental impact statements, specifications and contracting. The time required for legislation and various governmental approvals is unknown and could delay the contracting date and the January 1 date for the contractor to move onto the job in which case completion would be set back to the following year. Except for this unknown factor, completion of all technical planning and construction could be accomplished for the reservoir in 24 months and 33 months for the power plant, providing the decision to proceed is made around March 1.

The power production and power costs are important factors in the Company's participation of this project. The power production will assume a plant capacity in the area of 100 MW and energy generation will approximate 370,000,000 KWH in an average year. The power plant might become ready for commercial operation not earlier than January 1, 1976 and more likely in early 1977. Based upon the Company's load projection, this timing would fit the system need for power and would enable purchased power capacity and energy to be reduced from the level heretofore contemplated.

As a measure of how far the Company could go in its financial assistance to the American Falls dam replacement, the costs associated with the Company's portion of the Jim Bridger coal-fired plant have been used. When completed the Jim Bridger plant will be the highest cost plant the Company has constructed; however, a similar plant completed about the same time as a new American Falls plant would be even higher due to estimated cost escalation. Even this higher figure is below the cost the Company would experience if it replaced and financed both the American Falls dam and power plant. Consequently, if Idaho Power Company is to participate, some type of joint venture must be developed.

One possibility is based upon the American Falls Reservoir District assuming the obligations as follows:

1. American Falls Reservoir District would:

- (a) Obtain by legislation the right to repair or replace the dam and would have the right to contract for the lease or use of the falling water from the dam for a 50-year period with right of renewal.

(b) Upon acceptance of the completed construction work, would provide for continued coordinated operation and maintenance of the dam and reservoir (excluding power facilities) for the mutual benefit of the parties, providing that irrigation rights shall always have priority in the operation hereof, subject to the rights of the Company as a spaceholder.

(c) If it is determined that a roadway is to be constructed on the dam, it shall be the responsibility of the District to obtain payment of the costs necessitated thereby.

2. American Falls Reservoir District would agree with Idaho Power Company:

(a) To finance construction of either the new dam or replacement dam by the sale of tax-free bonds.

(b) To assist the Company in obtaining a 50-year FPC license for the Company to build, own, operate and maintain a power plant to utilize the water release from the dam. Upon issuance of said license, Idaho Power Company would execute an agreement with the District to pay to the District an amount of money equal to the annual requirements for interest and amortization of the District's bonds over a 40-year period. Such amount shall be equal to actual construction cost of the dam, but shall not exceed \$19,000,000 plus interest. The initial term of the agreement in consideration of the aforesaid payment shall be 50 years. The Company would have the right to renew the agreement without further payment other than operation and maintenance cost of specific power facilities upon extension of the FPC license beyond the initial 50-year period.

(c) To save the Company from additional dam costs over \$19,000,000 for the road, recreation, fish, wildlife, health or safety facilities. The cost of any such facilities shall be at the expense of the District.

(d) To have Company act as District's sole agent in the engineering, purchasing and construction of the dam, in the interest of obtaining the lowest construction cost for the total project. Such engineering and construction shall be in accordance with modern and safe engineering standards as determined by the independent engineering board of three consultants mutually selected by the parties.

The above arrangement will result in the Company's cost being just barely under the cost of similar power from a coal fired plant costing somewhat more than the Jim Bridger plant. This plan does not provide for any environmental costs.

To give you an idea of the cost of this power in meaningful terms without a lot of details, the likely cost of a coal fired plant in 1976-77 may approximate 17.1 mills per KWH, and the cost of power from American Falls project on the above proposal, based on preliminary estimates, is 16.1 mills per KWH. These numbers compare with residential customers' power cost as of today of about 17.1 mills per KWH and irrigation power of about 10.0 mills per KWH. The power costs reflected here are associated with peaking type of power, which the American Falls plant might supply within limitations of irrigation releases and winter storage requirements; however, the need may develop for a re-regulating dam downstream from the power plant to utilize the peaking ability.

This proposal is in broad terms and many details must be developed, but with the cooperative participation of all parties, the exposure of southern Idaho to a severe economic crisis can be minimized.

Mr. Hogg, I would like the committee to understand how the Idaho Power Co. got into this. The company has been very active since its conception in 1960, and because we have built 15 dams and powerplants downstream from American Falls I assume the irrigators thought we might be the ones to go to see if we had any interest in assisting with building the plant.

As Senator McClure and Senator Church have indicated this year is the one year which really demonstrates the importance of restoring this reservoir to full capacity as soon as possible. The reservoir storage upstream at American Falls is 3,900,000 acre-feet. Senator Church, I believe it was, or Senator McClure indicated our hold-over reservoir storage is about 1,350,000 less than it was a year ago. It was because we had hold over storage from better water years this past summer that we were able to have a very successful crop this year.

Another point I would like to mention is the inter-relationship and the timing of the project and its design and cost. There is one time during the year when this particular design of dam, along with its costs can be done. We have a very close schedule upon which to go now in order to start this bridge construction in December and also to start the dam construction a year from January 1.

I might add that, Mr. Chairman, at the moment we are impending on that time schedule. The engineer told me this morning that we should have ordered the water wheels for our powerplant 6 weeks ago, but we have not done it yet. So time is of the essence.

My prepared statement indicates what the powerplant will contribute in terms of energy. It will also indicate how many tons of coal and oil and so forth will be saved. I will not go into that detail. I think, Mr. Chairman, time will be saved if I can submit myself for any questions anybody has.

Mr. JOHNSON: As I understand it, your company anticipates building a new powerplant and taking water through the dam by your Penstock thus utilizing the head on the reservoir as well as the additional amounts of water that will flow through the reservoir?

Mr. Hogg: That is correct. We will install special water turbines to give effect to the varying heads that occur on an irrigation dam.

Mr. JOHNSON: You quote a figure of \$19 million that you are willing to participate up to. Due to today's costs and inflation, what is your breaking point, what can you afford to pay for power?

Mr. Hogg: That is the top level. When we developed that figure we anticipated a certain amount of inflation. We hope it is within the ball park.

Mr. CLAUSSEN: Will the gentleman yield?

Mr. JOHNSON: Yes.

Mr. CLAUSSEN: What is the percentage of inflation that you have allowed for in that figure?

Mr. Hogg: About 6 percent.

Mr. CLAUSSEN: Per annum?

Mr. Hogg: Per year, yes, sir.

Mr. JOHNSON: Now, what effect did this have on your other facilities which are downstream?

Mr. Hogg: The storage, of course, the water going through American Falls Dam, of course, is first used for irrigation service. We have a right to utilize only 45,000 acre-feet upon our demand. So the only control we have is on its use in the downstream powerplant.

The reservoir, however, does save some flood water. It is diverted out and used for irrigation and the excess water percolates underground and returns downstream at Thousand Streams, for example. This is beneficial to our downstream powerplant.

Mr. JOHNSON: Then there are benefits that will accrue to the Idaho Power Co. in the downstream facilities.

Mr. Hogg: Yes, sir. The amount of that is also indicated in my testimony.

Mr. JOHNSON: The gentleman from California, Mr. Clausen.

Mr. CLAUSSEN: I have no questions.

Mr. JOHNSON: The gentleman from Nevada, Mr. Towell.

Mr. TOWELL: No further questions, Mr. Chairman.

Mr. JOHNSON: Mr. Casey, do you have a question of the witness?

Mr. CASEY. No, sir. I have read his statement and I don't have any questions.

Mr. JOHNSON. The gentleman from the minority, Mr. Luken. Do you have any questions?

Mr. LUKEN. No, thank you, Mr. Chairman.

Mr. JOHNSON. Actually you people will be present when the hearings are held before the full subcommittee. At that time we can get into other questions. I know you are pressed for time and you do want to accompany the Governor back to wherever he is going today.

Mr. KETCHUM, any questions?

Mr. KETCHUM. No questions.

Mr. JOHNSON. We thank you for coming here. We have your statement. We had it previously. We have looked it over. There are some other questions we want to get into when the hearings are held in Washington. This relates to the Bureau of Reclamation and the Department of the Interior's testimony, and that of your company and the Idaho spaceholders.

We will take a 5-minute break and come back and start with the State legislators who are the next witnesses, and then get into all of them before we close.

[Short recess.]

Mr. JOHNSON. Our next witness as we resume our hearing will be Mr. John M. Barker, the State senator, president of the American Falls Reservoir District.

Mr. Barker.

STATEMENT OF JOHN M. BARKER, PRESIDENT, AMERICAN FALLS RESERVOIR DISTRICT

Mr. BARKER. Mr. Chairman, members of the committee, distinguished guests, ladies and gentlemen. I have prepared detailed remarks but will paraphrase them in the interest of time.

My name is John M. Barker. I operate an insurance agency in Bull, 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 16 years, and for the past 6 years have served as president of the board. Since 1967 I have served as the chairman of that board. I have also 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 that the original American Falls Dam should be constructed. Because of the then unavailability of Federal moneys, our district bonded themselves for \$2.7 million in general obligation bonds at 6 percent interest. The bond election was approved by a vote of 6 to 1. 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 operating companies. They are the Twin Falls Canal Co., the North Side Canal Co., the Aberdeen-Spring-

field Canal Co., the Martin Canal Co., and the Woodville Canal Co. Some of these companies own additional American Falls storage in their own name. Since retirement of the American Falls bonds, the district 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 of American Falls. The American Falls spaceholders, throughout the district, approached the Idaho Power Co. on the possibility of working out a sale for falling water if a private reconstruction could be accomplished. In March 1973, the spaceholders endorsed the concept of private financing for the replacement. The American Falls Reservoir District, has consented to act as a "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. Economic ramifications make the early replacement of American Falls Dam an urgent matter. Our congressional delegation, our Governor, our legislature and the American Falls spaceholders have joined in a unified effort to replace the dam. Because of the offer of the Idaho Power Co., 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 Co. 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 Co. would be successful in obtaining a Federal Power Commission license, so that construction could proceed simultaneously on the dam and powerhouse, and that a saving would result by utilizing the same contractor. The Idaho Power Co. would then agree to pay \$19 million, plus tax exempt interest, over a period of 40 years. During the same period, the American Falls Reservoir District would collect from all other spaceholders who contract for storage water in