



United States Department of the Interior
BUREAU OF RECLAMATION

FEDERAL BUILDING & U.S. COURTHOUSE
BOX 013-550 WEST FORT STREET
BOISE, IDAHO 83724

IN REPLY
REFER TO: 440

832.

Dec. 12, 1975

Memorandum

To: Commissioner, Washington, D.C.
Attention: 400

From: Regional Director, Boise, Idaho

Subject: Proposed Contracts for the Accomplishment of the American
Falls Replacement Dam Program, Minidoka Project, Idaho-Wyoming

Enclosed for your consideration and approval as to form are three copies of the proposed contractual documents to provide for the financing, construction, operation, and maintenance of the American Falls Replacement Dam Program. Also enclosed are four copies of a draft of approval memorandum and a copy of the previous contracts sent to you by letter of September 13, 1975, in which we have indicated the revisions made since the September 3, 1975, drafts.

The package of contractual documents consists of (1) the contract between the United States and the American Falls Reservoir District (Government Contract); (2) the contract between the American Falls Reservoir District and the Idaho Power Company (Falling Water Contract); (3) the form of contract to be used (a) among the United States, the American Falls Reservoir District and each district, canal company, and individual (Spaceholder Contracts), and (b) between the United States on behalf of its Michaud Division of the Fort Hall Indian Reservation and the American Falls Reservoir District (Spaceholder Contract); and (4) the agreement between the American Falls Reservoir District and the Idaho Power Company concerning the water quality facilities (Water Quality Facilities Agreement).

A Spaceholder Contract will also be executed with the Idaho Power Company for the 45,000 acre-feet of space which it presently has under contract. While the form will be similar to other Spaceholder Contracts there will be some deviations. We are still working on this contract and will attempt to have it in your hands prior to the time of submittal of the contract package to the Secretary.

Pursuant to the April 25, 1957, memorandum of agreement between the Bureau of Reclamation and the Bureau of Indian Affairs, the Michaud



Division of the Fort Hall Indian Reservation is entitled to the use of water accruing to 47,700 acre-feet of the reservoir's active capacity. The Spaceholder Contract for the Michaud Division of the Fort Hall Indian Project has been prepared for signature by the Regional Director on behalf of the United States and the American Falls Reservoir District. As the result of discussions between the Field Solicitor and the Associate Solicitor--Energy and Resources, it was concluded that the approval of this contract should be handled at the Washington office level between Reclamation and the Bureau of Indian Affairs and we have not pursued this matter with the Tribal Council.

Excluding the 47,700 acre-feet of space retained by the United States for the Fort Hall Indian Reservation, we have received resolutions from 22 of the 34 contractors indicating that they will call an election on the form of contract. This represents about 91 percent of the reservoir space. All of the nine lower valley reservoir water users, which hold 76 percent of the space, have provided resolutions while 13 of the 25 upper valley water users have responded, 68 percent of the remaining 24 percent of the reservoir space. However, we have been advised that each water-user organization except one has orally indicated that they will proceed to call elections.

The districts are scheduling the elections for the middle of January 1976, and while it is not necessary to have the form of contracts approved by this date, any contract matter which would result in an increase in the financial obligation of the entity would have to be resolved prior to that time as the entities are voting on a maximum obligation. We have been advised that if the bill concerning the tax-exempt status of the bonds has not been passed by December 31, 1975, the elections will probably be delayed. We believe that Congress plans to recess after December 19 and if this is so, the bill would have to be passed before that date. Continued delays in the enactment of this legislation could drastically affect the ability to let a contract in order to initiate construction in 1976.

This office has not evaluated the benefits which the Idaho Power Company will realize from the use of the falling water and the monetary compensation being made by the company. While we have been involved in the review of the plans, designs, and specifications, we have not prepared cost estimates for the American Falls Replacement Dam Program nor have we reviewed those prepared by Bechtel Incorporated.

The Field Solicitor, Boise, Idaho, has participated quite extensively in the contract discussion and preparation. His views concerning the legal sufficiency of the contractual documents are contained in the memorandum to the Associate Solicitor--Energy and Resources which will be transmitted under separate letter.

If we can assist you in any way to expedite the approval of these documents please advise.

Rod Vinn

Enclosures

Contractual Documents, 9-3-75, Rev. 11-24-75 (3)
Approval Memorandum (4)
Sept. 3, 1975, Contracts Marked with Revisions (1)
Mag Cards for Approval Memorandum

cc: Chief, Div. of Water O&M, E&R Center
 (w/encls: Contractual Documents (1), Approval Memorandum (2),
 Pages from Sept. 3, 1975, Contracts which have been revised)
Director of Design & Construction, E&R Center
 (w/encls: Contractual Documents (1), Approval Memorandum (1),
 Pages from Sept. 3, 1975, Contracts which have been revised)
Field Solicitor, Boise, Idaho
 (w/encls: Contractual Documents (1), Approval Memorandum (1),
 Pages from Sept. 3, 1975, Contracts which have been revised)
Project Superintendent, Burley, Idaho
 (with Contractual Documents)