PROVIDING FOR THE CONSTRUCTION, OPERATION, 
AND MAINTENANCE OF THE COUGAR DAM AND 
RESERVOIR ON THE SOUTH FORK MCKENZIE RIVER, 
OREG., WITH PARTICIPATION FOR POWER BY THE 
CITY OF EUGENE, OREG.

MINORITY VIEWS 
OF THE 
COMMITTEE ON PUBLIC WORKS 
TO ACCOMPANY 
H. R. 7815 
AN ACT TO PROVIDE FOR THE CONSTRUCTION, OPERA-
TION, AND MAINTENANCE OF THE COUGAR DAM AND 
RESERVOIR ON THE SOUTH FORK MCKENZIE RIVER, 
OREG., WITH PARTICIPATION FOR POWER BY 
THE CITY OF EUGENE, OREG. 

SUBMITTED BY MR. MORSE 
For himself and Messrs. Chavez, Gore, and Burke

JULY 17 (legislative day, JULY 2), 1954.—Ordered to be printed

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Providing for the construction, operation, and maintenance of the Cougar Dam and reservoir on the South Fork McKenzie River, Oreg., with participation for power by the City of Eugene, Oreg.

July 17 (legislative day, July 2), 1954.—Ordered to be printed

Mr. Morse (for himself, and Messrs. Chavez, Gore, and Burke), from the Committee on Public Works, submitted the following

MINORITY VIEWS

[To accompany H. R. 7815]

We oppose enactment of H. R. 7815 (S. 2920) because—

(1) the Senate Public Works Committee has given the measure only superficial consideration;

(2) the committee did not consider the disruptive impact of the so-called partnership proposals, of which this bill is only one, upon the carefully developed plans for comprehensive, regional water resource development in the Pacific Northwest;

(3) it declined to schedule joint hearings in the field to obtain evidence on a group of similar projects known as the partnership proposals;

(4) the committee does not have, and the Senate does not have, reliable evidence on whether there will be hydraulic and power integration of this project with Federal flood control and power projects in the Columbia Basin and if there is to be integration how it could be accomplished; the bill does not require integration;

(5) the committee did not conduct hearings on, nor does the Senate have sufficient evidence to determine, the effect of the Secretary of Interior's April 7, 1954, order upon the possibility of integrating Cougar power with the Northwest power pool;

(5) the committee did not consider and did not hold hearings upon the Morse bill for full Federal development of this project, although the measure was sponsored by 3 committee members and a total of 16 Senators, and a similar bill had been before the committee since January 1953;
(7) the committee did not consider the cost allocation provisions of this bill as they compare to past practices and the differing cost allocation provisions of other partnership proposals;

(8) the Senate does not have anything resembling complete data on electric power rates under the plan proposed by this measure as compared with Bonneville Power Administration rates to meet the same power needs;

(9) there is every indication that under this proposal power rates in the area served will be higher than power from the Bonneville system which is available to Eugene;

(10) the bill sets a pattern for Federal Government payment for nonrevenue features of multipurpose projects and non-Federal operation and control of revenue producing power features of such projects.

(11) it would set a pattern for breaking up the Army engineers' comprehensive plan for development on the Columbia. A comprehensive, multiple-purpose development program, particularly where it comprises upstream and storage projects, requires a single plan and a single management agency. If more projects are broken off the comprehensive plan known as the 308 report, the multiplicity of management of main stem and upriver projects will contribute to inefficiency, higher costs, conflicting plans of operation, and wastage of the full potential of the river.

(12) there is no provision in H. R. 7815 for public body preference in purchase of electric energy from the Cougar project surplus to the needs of the city of Eugene.

In summary, this measure has not been considered sufficiently. Its many implications have not been considered. It is a potential precedent for similar and more devastating plans which could destroy orderly and full development of the Columbia River Basin.

THE COMMITTEE'S PROCEDURE

On February 9, 1954, H. R. 7815 and S. 2920, companion bills to authorize the addition of power facilities to the already authorized Cougar flood-control project were introduced. The power facilities would be paid for by the Eugene Water and Electric Board. The board would also contribute a small portion of the construction cost of the dam itself. The precise allocation is not known. (See below, The Supposed Saving to the Federal Government.)

On April 28, the House Committee on Public Works held a hearing on the measure. Earlier, on March 19, it held a short hearing on a predecessor bill to authorize power facilities so as to have a multipurpose project before the Congress. These were the only House hearings on this project.

On May 19, the House of Representatives passed this bill, under a closed rule. That same day another so-called partnership bill for the Priest Rapids project in the State of Washington was passed by the House.

That very same day a hearing on these two bills by the Rivers and Harbors Subcommittee of the Senate Committee on Public Works was scheduled for the very following day. No public announcement of the hearings was made in time to inform groups in the Pacific
Northwest which have an interest in legislation of this type. This is the simple explanation for the majority report observation (p. 4) that "No one testified in opposition to the bill."

The hearing was brief. For most of the time only one member of the committee, Senator Morse, was present.

Those were the only hearings held. As will be shown, the hearings in both House and Senate developed only sketchy data on the Cougar project itself. There is practically no data on its relationship with other so-called partnership proposals. The committee did not have information about and did not consider the points of similarity and difference and their impact upon the carefully developed blueprint for comprehensive resource development in the Columbia Basin.

To remedy that defect, it was proposed in the executive sessions of the Rivers and Harbors Subcommittee that hearings on all of the partnership proposals be held in the areas affected. It was agreed by the committee that there was insufficient time to conduct such hearings between the time the bill came up for consideration and the adjournment of Congress. It was urged by the minority of the committee that the impact of these so-called partnership bills would, if enacted, be so profound that nothing less than full field hearings would suffice.

There were before the committee many requests by organizations of farmers, labor unions, rural electric co-ops, public utility districts, businessmen, and others in several States for just such hearings. Several groups pointed out that they did not have funds to send witnesses to Washington.

The majority of the committee, apparently recognizing the strength of the minority's argument that inadequate hearings had been held, proposed that a subcommittee be appointed to fly out to Eugene, Oreg., and hold hearings on the Cougar bill over some weekend. The minority of the committee, recognizing that such a proposal was in the nature of a parliamentary tactic, opposed such a maneuver for two main reasons; first, they pointed out that hearings on the Cougar bill alone would not meet the objections of the minority because what was needed were comprehensive hearings in the field on Cougar, Green Peter, John Day, and Priest Rapids partnership bills. The minority pointed out that it was only through such hearings that the committee could develop an adequate knowledge and understanding of the effects of the so-called partnership dams upon a comprehensive program for the development of the Columbia River Basin as contemplated in the 308 report.

The minority insisted that there were many individuals, organizations, and groups that are opposed to the partnership program as contemplated in the Cougar, Green Peter, John Day, Priest Rapids bills, and that, therefore, it was only fair to such groups that they be given an opportunity to be heard in extensive joint hearings in the field in opposition not only to the Cougar Dam bill but to the other partnership bills as well.

In the second place, the minority pointed out that a hastily arranged weekend hearing in Eugene, Oreg., on the Cougar bill would not give the opposition to the bill time to prepare their case and present the many expert witnesses who should be heard on the many technical engineering and electric power issues involved. The minority made
clear that it would not be a party to any superficial weekend, face-saving hearing on the Cougar Dam bill scheduled for Eugene, Ore. The minority made clear to the majority of the committee that it would cooperate with the majority on scheduling full-scale hearings out in the field on the Cougar Dam bill along with the rest of the partnership bills any time the majority wanted to arrange for such hearings, but it had no intention of participating in inadequate hearings to be held on some weekend.

The minority wishes to stress the fact that even the proposal of the majority to fly a subcommittee to Eugene for weekend hearings represented an admission on the part of the majority that the record as it now stands shows that inadequate hearings were held on this bill. The indisputable fact is that the opposition to the Cougar bill and to the other partnership bills have not had an adequate opportunity to be heard. The attempt to rush such bills as this one through the Congress in the closing days of the session without adequate hearings constitutes steamroller politics.

Without receiving any additional factual data, the subcommittee voted 7 to 4 to report S. 2920 favorably to the full Committee on Public Works. Voting against reporting the bill and for field hearings on partnership proposals were Senators Chavez, Kerr, Burke, and Morse. Senator Gore voted with them in the full committee.

The day after this action, 3 members of the committee and 9 other Senators introduced the Morse bill (S. 3263) providing for modification of the authorized Cougar flood-control project to add power facilities to be built by the Federal Government. For reasons more fully set forth below under "No Assurance of Integration With the Federal System," the substitute bill (S. 3263) specifies that power generated at Cougar would be integrated with the Northwest power pool and would be marketed under the provisions of the Bonneville Project Act, which provides for public body preference.

A similar bill (S. 3264) was introduced by the same 13 sponsors for the Green Peter project, already authorized as a flood-control project, for which a "partnership" power bill has also been introduced. Three additional sponsors were added to both bills a few days later.

The Public Works Committee held no hearings on the alternative Cougar bill. It is the view of the minority that the 16 Senators who sponsored the Morse bill were entitled to full and fair hearings upon it before any committee action was taken on the so-called Cougar partnership bill.

It should be understood that a modification of the Cougar project to include Federal power facilities has been contemplated for many years. As authorized, the plan for the dam would permit the addition of power facilities. It was expected that the Army engineers would request modification of the authorization to include Federal power facilities.

The Morse bill, therefore, only brought up to date a proposal that has had far more study than the partnership proposal. Indeed, a similar bill has been resting in the committee pigeonhole for almost a year and a half. That earlier bill was not specific about integration and preference.

The Morse Cougar bill was designed to clarify the issues before the committee. However, the committee acted as if 3 of its members and 12 other Senators had not submitted such a measure.
This recital of events makes it clear that the committee did not give this bill and its possible implications as a precedent anything approaching sufficient consideration.

It acted blindly. If the Senate acts upon this measure without further committee study, we will have a case of the blind leading the blind.

**BILL MAKES FUNDAMENTAL CHANGE IN COMPREHENSIVE PLAN FOR COLUMBIA BASIN**

The first major objection to H. R. 7815 is that the legislation embodies a fundamental change of national policy in power and river development. Even though the Cougar project is a small one (with 37,500 kilowatts installed capacity, and slightly over 200,000 acre-feet of active storage) it is a potential precedent for further inroads upon the comprehensive plan for maximum development of the Columbia Basin as blueprinted in the Army engineers' 308 report.

To modify so drastically the manner of development and the source of leadership of such development on the Willamette, hitherto wholly accepted and ratified by a majority of the citizens of the area and the region, together with political and civic leaders regardless of party, without adequate explanations of the full meaning of the New Look at the Cougar project and opportunity for interested parties to appear, is further indication that the administration fears the full light of public scrutiny upon its trial balloon bill—H. R. 7815.

That H. R. 7815 is designed by the administration as a precedent for even more questionable "partnership" proposals in the Columbia Basin is indicated by the legislative proposals for private utility operation and control of electric generator at the larger Green Peter and mammoth John Day projects. The Green Peter bill (S. 3235) was introduced on March 31, 1954. The John Day modification bill (S. 3510) was introduced on May 25, 1954. They are discussed below under the names of the projects.

This series of events and the nature of these bills indicate that the Cougar bill will be used to entrench private utilities in multipurpose projects at great profit to the utilities and to the detriment of the economic potential of the Pacific Northwest which is dependent upon comprehensive, integrated water resource development.

Right at this moment the following projects are being proposed for one kind or another of partnership construction.

1. **Green Peter and White Bridge, Middle Fork Santiam River, Oreg.**
   - (Pacific Power & Light Co) 96,000

2. **John Day, Columbia River, Wash.-Oreg. (Portland General Electric Co.)** 1,275,000

3. **Priest Rapids, Columbia River, Wash. (Grant County PUD, et al.)** 1,590,000

4. **Rocky Reach, Columbia River, Wash. (Chelan County PUD)** 910,000

5. **Bruce Eddy and Penny Cliffs, Clearwater River, Idaho (Pacific Northwest Power Co., Inc.)** 532,000

**Total** 4,403,000

With Cougar added, the total installed capacity involved in pending or impending partnership schemes amounts to 4,440,500 kilowatts. In this situation there are two facts which should be particularly emphasized.

(1) **The Size of the Stakes in Terms of Hydroelectric Power**

The 5 projects listed above represent nearly 4.5 million installed kilowatts which is more than 500,000 kilowatts in excess of nameplate rating of all Federal power projects in the Columbia Basin now in operation (3,895,300 kilowatts, according to Report on the Columbia River Power System for 1953). Of the total of 6,308,900 installed kilowatts represented by projects now in operation plus those under construction, the installed kilowatts in the partnership proposals constitute approximately 70 percent.

It is easy to see, therefore, that Cougar cannot be regarded lightly. Its enactment into law can open the gate for other partnership power proposals now in the form of bills before the Congress, or which will be later introduced. Moreover, the remaining dam sites in the Columbia system will be prey to the same type of schemes by both privately owned and publicly owned utilities, or State entities as time goes on.

Planning for the development of the unharnessed hydro potential of the Columbia Basin, which is in excess of 25 million kilowatts, will pass from the guidance and leadership of the Federal Government to those of non-Federal agencies.

(2) **The Multiplicity of Management Involved in the Five Proposals for Partnership Operation in the Pacific Northwest**

The private power companies, Pacific Power & Light Co., Portland General Electric, and the Pacific Northwest Power Co., Inc. (composed of five private-utility companies) desire control of the output of Green Peter and White Bridge, John Day, Bruces Eddy, and Penny Cliffs (installed capacity, 1,903,000 kilowatts). Two PUD’s in Grant and Chelan Counties in the State of Washington, desire to construct projects at Priest Rapids and Rocky Reach (2,500,000 kilowatts, installed capacity). In other words, there are 5 major projects presently proposed involving 5 different managements for 5 different service areas, and 5 different methods of operation which may or may not be in conformity with the almost basin-wide hydraulically and electrically integrated Federal Columbia River power system.

**Profound Impact of So-Called Partnership Requires Study of New Policy**

The scale and scope of the “partnership” policy is so large and will have such profound influence upon both the economic future of the Pacific Northwest and the Nation to a considerable extent, that the absence of full discussion, full hearings, and full explanation of a new policy, would of itself demand that H. R. 7815 be returned to committee until full hearings on the administration’s new policy and program can be held.
It is pertinent to review the first principles of Federal leadership in river basin development, and the purposes of such development. In his letter of transmittal accompanying the 1908 report of his Inland Waterways Commission, President Theodore Roosevelt wrote:

The report rests throughout on the fundamental conception that every waterway should be made to serve the people as largely and in as many different ways as possible. Every stream should be used to its utmost. No stream can be so used unless it is planned in advance. When such plans are made we shall find that instead of interfering, one can often be made to assist another. Each river system from its headwaters in the forest to its mouth on the coast is a single unit and should be treated as such. The first condition of successful development of our waterways is a definite and progressive policy. The second is a concrete general plan prepared by the best experts available, covering every use to which our streams can be put.

The Inland Waterways Commission’s 1912 report was even more definite with respect to the nature of the leadership for such comprehensive river development in these words:

In the nature of the case so comprehensive a policy could be administered only by the Federal Government, and consequently the eventual desirability of Federal control is easy to predict.

This is the policy which has broadened and become more specific as applied to river basin after river basin. It is the policy which in the Pacific Northwest has given us Grand Coulee, Bonneville, Hungry Horse, the Dalles and McNary Dams; it has given us the Bonneville Power Administration and its geographical transmission system based on an integrated operation of nearly all the Federal projects in the watershed; it has given us the Bonneville postage stamp rate, for wholesale power, lowest in the Nation; it has given us the public body preference provision whereby publicly owned utilities and cooperatives have first access to purchase of federally generated power and thus have been able to act as a yardstick of competition with the privately owned power companies with an attendant decrease in power rates all over the region.

It is needless to detail the manner by which these policies put in action have helped to transform, invigorate and diversify the economy of the Pacific Northwest. Before an untested and unexplained policy called partnership supplants one which has such a history of accomplishments, such an overall plan for future expansion as blueprinted in the Army Engineers 308 Report, should be given the most serious and mature consideration both by the Congress and the people of the region and the Nation to the alternatives. This has not been permitted by the committee.

The minority’s conclusion is that partnership as proposed by the administration in the bill will not stand the light of scrutiny, and in its examination of H. R. 7815, it will demonstrate by a case study why this is so.

H. R. 7815 establishes means by which a resource agency of the Federal Government (U. S. Army Corps of Engineers) would join forces with a non-Federal entity (the city of Eugene, Oreg., through its water and electric board) to construct a multiple purpose project. The Federal Government would be given charge of building the dam and reservoir which will require congressional appropriations. The city of Eugene would be responsible for the costs of installation of power facilities, and of their operation and maintenance. The operation of the reservoir will be in charge of the Corps of Engineers but will take into consideration the power needs of the city of Eugene by means of a joint agreement entered into by both parties—after enactment of the bill. Hydroelectric energy generated at Cougar project will belong to the city of Eugene to transmit and distribute to its own service area or to other customers. The dam and reservoir will remain the property of the Federal Government. The power facilities will remain the property of the city of Eugene.

Comprehensive development with respect to the manner in which power fits into a plan must be considered by reference to the intent of the Bonneville Act. It involves a regional power pool which can provide connection between the Federal transmission grid and any distributing agency buying power. The pool provides power region-wide for the same rate for the same type of contract, except for priority to publicly owned or cooperative bodies. By this means, various kinds of industries, agriculture and mining can choose economical sites without regard to power rate differentials, or energy availability. The antimonopoly clause prevents absorption of energy by local monopolies which could destroy regional development. Power rate differentials are controlled by the resale provisions written into the Bonneville Act.

COLUMBIA BASIN PROJECTS MUST BE INTEGRATED

The Columbia contains the greatest hydroelectric potential of any river system in the United States, but this potential can be fully realized only if its development is planned as a unit, and operated as a unit, both hydraulically and electrically.

In 1952 Dr. Paul J. Raver, then Administrator of the Bonneville Power Administration, laid down the principle of integrated operation in a statement during the hearings on legislation to authorize construction of Hells Canyon Dam. He had this to say:

Since this plan (the joint Bureau-Corps plan of 1949) is based on the experience we have gained regarding unified river basin development it is essential that the entire plan be kept intact. * * * In the past it was the practice to build isolated projects on our rivers. An isolated project captured part of the usefulness of the river and made it available to the localities neighboring the development. We have learned that by interconnecting all of the projects in a basin and designing them for operation as a system, it is possible to obtain larger benefits and spread them over a wider area. In this manner the usefulness of a stream is multiplied, and therefore we have a situation in which the whole is greater than the sum of its isolated parts. This applies to the aggregate of the multiple purpose for which a river system can be useful to mankind—irrigation, navigation, flood control, recreation, fish and wildlife and other uses—as well as power.

In the Pacific Northwest, one of the unique characteristics of the singularly predictable Columbia River system is that these various uses do not conflict with
each other but are in fact complementary; that is to say, flood control, power, and irrigation can all be developed to the maximum with the same storage facilities.

*** it is equally fundamental that the projects of a river system be operated as a unit electrically, and be interconnected with a network of transmission lines ***. The transmission network is also the tool by which power is brought to its market ***. The transmission network which traverses the Pacific Northwest enables flows of power to move to and from the various generating projects and thence to the various load centers, making possible this increment of power and enabling the system to be operated at its maximum capability.

The Cougar project proposed in H. R. 7815 simply cannot be analyzed simply as involving a small dam and reservoir in western Oregon. It must be viewed as to what its enactment into law would do to the joint comprehensive plan of the Bureau of Reclamation and the Corps of Army Engineers.

"PARTNERSHIP" WOULD BREAK UP REGIONAL SYSTEM

This bill would have the United States appropriate funds for and construct the basic dam structure to which the Eugene Water and Electric Board would add power features.

Behind this lies the concept that the people of the United States through their Federal Government should relinquish either part or all of a dam site on a navigable river, appropriate public funds to provide for such benefits as do not return a direct or fully computable revenue to the project, and without reimbursement allow the non-Federal partner to construct the power facilities which do return revenue to the project. The tax money from the citizens of 48 States in effect would make it feasible for the city of Eugene to invest a few million dollars in power facilities, take over all power generated for use in its own small service area or to other customers. And this Federal subsidy for the sake of a small publicly owned utility would probably result in power at higher cost to the customers of that utility than if the Federal Government constructed and operated the power facilities and tied in the power with the Bonneville system.

If expanded even to the five projects which have been specifically proposed thus far and listed previously, this could work tremendous attrition upon the plan for maximum development of the total Columbia River system. No matter if it is Cougar, or Priest Rapids, or Green Peter, all partnership schemes run counter to the best utilization of the river resource.

Cougar, Priest Rapids and Rocky Reach have only this one ameliorating characteristic:

They are proposed by local publicly owned and operated bodies which will not raise the threat of political and economic monopoly as do the proposed "partnership" plans for John Day, Green Peter and the Clearwater dams proposed by privately owned power companies.

The entrance into the generating field by municipalities and public utility districts has been forced by the starvation of the Federal dam building program by the Eisenhower administration. The public utility responsibility to their customers makes it necessary that they move to prevent what might be a disastrous dependence upon their enemies, the private power companies, for source of future generation. Since they are obliged to sell power at cost, their rates would
be less than private power company rates based upon a return factor on their investment.

In spite of this, the principle of full development would be just as surely violated by proposals in H. R. 7815, as in the John Day proposal.

The need in the Pacific Northwest for new power-generating facilities is known. That region faces a power shortage by 1960 which could precipitate a serious economic crisis. The people of Oregon, particularly, desire economic diversification to free them from the annual burden of seasonal unemployment resulting from the fact that lumbering is Oregon's principal industry.

The power needs of Oregon and the other Pacific Northwest States are well known. It is also known that the projects now in operation and under construction will not meet the area's needs within a few years.

Unfortunately, the Korean war required a no-new-start policy, although projects under construction were pressed forward.

The Korean fighting has been stopped for a year. But, the administration has not only not moved forward to meet the power needs of the Columbia Basin by seeking funds for new starts—it has thrown roadblocks into their path.

The administration's action in respect to Hells Canyon is too well known for recital here. It withdrew from negotiations with Canada over Libby Dam water and power allocation over a year ago. Its energies have been devoted to reducing the Bonneville Power Administration to the point where it cannot perform its full functions.

The power aspirations of the region have been held under water for a year and a half.

Is it any wonder that many people in the Pacific Northwest are grasping at straws to save the area from impending power shortages? Partnership is just such a straw, but it will not support the needs of the area.

"PARTNERSHIP DETRACTS" FROM INTEGRATED PLAN

What the Eisenhower version of partnership does in H. R. 7815 and in all other such proposals is to divert from the total pool of regional power a fraction, sometimes a minor one, sometimes a major one, to a municipality, or private power company, or public utility district. The non-Federal utility which thus becomes possessor of the power facilities naturally would have the right to divert to its own interest and its own territory as much of the energy that is required for its needs, leaving whatever balance there may be for general marketing over a larger area.

Partnership cuts across the Federal policy of development in the Northwest, whether the partner is publicly or privately owned. It should be born in mind that of the "partnership" proposals requiring Federal funds, this is the only one involving a public body.

NO ASSURANCE OF INTEGRATION WITH THE FEDERAL SYSTEM

H. R. 7815 contains no word that assures integration of this project with the Federal system. The city of Eugene is not obligated even by implication to pool its surplus power for distribution by the Bonneville Power Administration. It will seem strange to the tax-
payers of the 48 States to ask them to provide a major portion of the investment required to make Cougar an economically feasible project, and then turn over the revenue producing feature—power—to the minority financial contributor without even providing that at least a portion of the energy produced be used to meet regional needs. The best that the representatives of the city of Eugene could say in this matter was this:

There is a very great need for power supply in the Northwest. And by adding to this system we are adding to the entire Northwest proposition because we are an integral part of the hookup, and we will feed power into the Bonneville system at certain times and take from them at others. So this is not a case of power just going to Eugene. If it would be surplus to us it could be made available to the Northwest under certain circumstances if it was needed.2 [Emphasis supplied.]

The committee report seeks to reassure the Senate that whatever excess power there might be from the Cougar project under any circumstances, would be fed into the Northwest power pool.

During these discussions, the committee failed to give adequate consideration to the effect of the April 7, 1954, order of the Secretary of Interior which withdrew the long-standing authority of the Administrator of Bonneville Power Administration to interconnect and exchange power with all utilities and projects in the Columbia Basin. (That order and its predecessors appear on pp. 93–94 of the Senate hearings.)

The order freezes the authority of the Bonneville Power Administration to market and interconnect power from projects for which specific designations are made in the order. The plenary authority to interconnect and market power from new projects contained in earlier orders was withdrawn.

Majority members of the committee argued that the Eugene Water and Electric Board is already interconnected with Bonneville Power Administration under a contract for 5,000 kilowatts to be supplied the Board. But, despite requests that it be done, the contract was not requested, it was not before the committee and no legal analysis of it was made. Senator Morse requested a copy of the contract from the Bonneville Power Administration. While it has been promised, it was not available when the bill was acted upon by the committee.

The committee acted upon and its report contains assumptions on integration which have not been tested against existing facts or subjected to legal analysis.

Moreover, a line of the California-Oregon Power Co. terminates in Springfield, Oreg., just a few miles outside of Eugene. Copco is in need of winter peaking power to help firm up its California load. That kind of power would be available from the Cougar project. The possibility exists, therefore, that Cougar power might be diverted from the Columbia Basin area into California. This is a matter that should have been explored by the committee. In the absence of testimony, these facts and possibilities are not in the record.

The committee observes on page 3 of its report:

As pointed out by the Secretary of the Interior in his comments on the bill, it is important from the regional standpoint that the operation of the Cougar project be so integrated with that of other plants in the region as to provide the maximum

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flood-control and power benefits. He expresses the belief that appropriate provision for such integration can be made in connection with the issuance of a license for the project by the Federal Power Commission. The committee is in accord with the views expressed by the Secretary, and expects the license issued by the Federal Power Commission to contain provision for such integration.

These comments are an expression of hope. There is no requirement for such integration in the bill. In view of the many obstacles to integration and possible alternatives to it, the expectation expressed by the committee is of no force and without a reasonable basis.

According to the chart showing past and estimated future power-loads and capabilities, in the Eugene Water and Electric Board's project planning report for Cougar and other projects, the addition of Cougar and Strube plants will provide an excess of generation over demand only from 1961 to about 1966, after which the peak load will be far greater than capability.

This means that even if there were a firm commitment to pool excess power into the Bonneville system, and the above-quoted statement and examination of the bill demonstrate there is none, it would be available in the pool for only a few years and in constantly diminishing amounts each year. This provides nothing for the regional system and everything for the local service area.

And practically no provision in the bill for pooling of surplus energy would be meaningful, for in effect, there will be no energy surplus to the needs of the city of Eugene sufficient to make it feasible to undertake contracts on long terms.

Eugene itself does not need this power urgently. For over 7 months it has had an offer from the Bonneville Power Administration of a new contract to provide its full system requirements. The Eugene Register-Guard of July 9, 1954 reports that a second large BPA transformer at Eugene—

will assure the local facility (the water board) of enough power to handle all of the peak loads during the winter months—even if all of Eugene's generating facilities are out of service.

That installation is expected to be in operation by the end of 1954.

The Eugene Board's desires to control Cougar's power output might be more understandable if Cougar power were less expensive than Bonneville power. To that question we now turn.

UNCERTAIN POWER COSTS OF COUGAR PROJECT

Testimony by City of Eugene Water and Electric Board witnesses brought forth these basic facts about their proposal. It would involve an investment of $10,986,000 for all power facilities. These would be paid off by revenue bonds. It was contemplated the bonds would be floated at 3.75 percent annual interest for a 30-year amortization period. It was the contention of the city of Eugene representatives that such an arrangement would provide power at about 4 mills per kilowatt hour.

First it must be recognized that in order to operate the Cougar plant at semipeaking 40-percent load factor conditions tailored to its service
area, that the reregulating dam at Strube site just below Cougar must be constructed. No figures were provided for estimated costs of this plant, nor estimated power production. Cost of Cougar power must inevitably be affected by the annual costs of Strube plant which will add an amount in addition to the $10,986,000 for Cougar power installations alone.

Moreover, while stating that a Bonneville line to interconnect Cougar with the Federal system would cost $1.3 million, the representatives of the Eugene Water and Electric Board did not state that it would be necessary for it to construct a transmission line downstream from Cougar and Strube to its Leaburg powerplant, a distance of more than 30 miles. The total distance between Cougar and the BPA line just outside Springfield appears on the map to be about 55 miles. Therefore, there is only a distance of between 20 to 25 miles necessary for Bonneville to build a line in excess of the necessary Eugene transmission line.

The estimated costs of transmission lines and substation equipment are not included in the record, so therefore annual transmission costs cannot be computed.

Thus, there is missing this vital information that Congress should have had before it in committee prior to any action whatsoever on H. R. 7815:

Estimates of—
2. Power output of Strube project.
3. Annual costs: generation, transmission and operation and maintenance of Strube project.
4. Annual costs, generation and transmission of Cougar project.
5. Capital and annual costs of transmission line from Cougar to Strube to Leaburg.

It is most difficult to make a complete picture of how much power will cost from Cougar and Strube with this data not before the committee. However, the Corps of Engineers has estimated Cougar’s annual operating and maintenance costs under the partnership plan embodied in H. R. 7815. The cost of money is the primary basis on which costs of power are determined. Under Federal construction, money would cost 2.5 percent or less, annual interest. The scheme of the city of Eugene was estimated by its representatives in the hearings before the House Subcommittee on Flood Control at 3.75 percent annual interest.

The table below will provide some basis for assessing whether the people of Eugene would benefit more from partnership or Federal construction.
Comparison of Federal and partnership construction of Cougar project power facilities as to annual costs and costs in mills per kilowatt-hour of electric power generated

[No data available for Strube regulating dam]

<table>
<thead>
<tr>
<th>Item</th>
<th>Federal construction</th>
<th>Partnership construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital cost</td>
<td>$10,986,000</td>
<td>$10,986,000</td>
</tr>
<tr>
<td>Annual costs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and amortization</td>
<td>$377,645</td>
<td>$676,900</td>
</tr>
<tr>
<td>Operation and maintenance</td>
<td>$126,900</td>
<td>$126,900</td>
</tr>
<tr>
<td>Total annual costs—generation</td>
<td>$483,545</td>
<td>$741,900</td>
</tr>
<tr>
<td>Total transmission costs</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>Grand total, generation and transmission</td>
<td>$483,545</td>
<td>$741,941</td>
</tr>
<tr>
<td>annual costs (less transmission)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs per kilowatt-hour of power</td>
<td>$0.88</td>
<td>$0.88</td>
</tr>
</tbody>
</table>

2 Computed on 2.5 percent interest annually for 50 years under Federal construction, and 3.75 percent interest annually for 30 years under partnership construction.
4 On basis of Eugene assumption of operation plan calling for 40-percent load factor, semipeaking. Installed capacity is 37,500 kilowatts. Then 37,500X0.40X8,760= 131,400,000 kilowatt-hours per year. Divide each of the annual cost totals in the two columns in the table by 131,400,000 to obtain cost of power expressed in mills per kilowatt-hours.

Power costs under the proposal in H. R. 7815 could be in excess of Federal construction and financing by 1.97 mills per kilowatt-hour, or 54 percent. It should be mentioned in this connection, too, that in 1953 the city of Eugene under Bonneville contract schedule E–4 purchased 79 million kilowatt-hours of Federal energy at 3.01 mills per kilowatt-hour which is 2.64 mills under the partnership figure above, or about 88 percent. (Source BPA memo dated February 1954 for contract and rate, and BPA annual report for 1953 for amount of Federal power purchased.)

Despite the fact that the Eugene board’s testimony on comparative power costs was given to the committee a letter was received from the Bonneville Power Administration on June 15, 1954, which stated in part:

No accurate survey or study has been made by Bonneville Power Administration of comparative costs of power from the Cougar project and BPA. We have requested statistics and other information from the city of Eugene which would enable us to make such a study, but the city informs us that their data are not yet sufficiently finalized to permit them to give us any estimates. We have made various analyses and comparisons but each has been based on our own assumptions as to costs, plant operations characteristics, etc., of the Cougar project. Since these studies are purely speculative, nonfactual and made for our own internal administrative use, we have not released them or used them in any findings or conclusions expressed publicly. I assume it is to one of these studies that you refer.

I sincerely regret our inability to furnish you with any valid analysis or comparison of the Cougar project with alternate service from BPA. Any information we can give you at this time is not based upon sufficient facts to justify its release. * * *

On June 21 the board wired to Senator Morse stating in part as follows:

We do have definite preliminary estimates of the cost of power from Cougar. We have not yet supplied these figures to the Bonneville Power Administration. We have made definite arrangements to do this in the immediate future. The cost of firm energy from Cougar under water board operation is estimated to be...
3.7 mills per kilowatt-hour under present costs and plans. The cost to us of equivalent firm energy from the Bonneville Power Administration would be 4.2 mills per kilowatt-hour at present Bonneville rates.

It does not appear that the figure of 3.7 mills is for firm power. That material has not been received from either the water board or Bonneville Power Administration. It was not before the committee when it acted. The board's contentions were never subjected to examination by expert testimony which could have been supplied by the Bonneville Power Administration and other engineers.

Considering the higher cost of financing that would be involved under this bill, it does not seem sensible to expect that the board's direct participation could result in lower power costs. Board testimony indicated that its cost estimates based upon operating Cougar were also based upon the expected benefits of controlled water supply from the Cougar Dam to its present downstream plant. Of course, under any plan downstream benefits would accrue to the Eugene board's system as testimony in the record shows.

It was contended by a leading partnership advocate during the debate on the Priest Rapids bill that power from that project under non-Federal auspices would result in generation costs three times higher than the average cost of generation in the Bonneville system. If that were true at the more efficient Priest Rapids project, it would seem to follow that the Cougar partnership project would be subject to similar inferiority.

The customers of the Eugene board would be paying more for power under partnership.

And under the circumstances integration would be impossible unless either the board or Bonneville Power Administration took a loss to feed high cost power into the pool for sale at the lower Bonneville Power Administration rate.

There would seem to be no economic advantage to the residents of the Eugene area or Bonneville, or the people of the Pacific Northwest in this proposal.

THE SUPPOSED SAVING TO THE FEDERAL GOVERNMENT

The Corps of Army Engineers estimates call for construction cost less interest during construction of Cougar project at $37,400,000. Of this total, $10,523,000 or only 28.1 percent constitutes the power investment. The Federal Government is therefore called on under H. R. 7815 to provide 71.9 percent of the costs of Cougar project in order to make it economically feasible for the municipality to invest its 28.1 percent.

But the city of Eugene then would obtain every direct revenue benefit from the project from here to eternity from its ownership of the power facilities and the power. When the question of appropriations for this project comes before the Congress, many, who now look with favor upon capital investments in multipurpose projects, will question the propriety of providing Federal funds for such small benefits to the country at large as against the disproportionate benefits to a single locality.

The claim that this type of partnership will save the Federal Government money is without foundation. The additional $10.5 million which would be appropriated under Federal construction of Cougar
proposed project would be amortized in 50 years time, with 2.5 percent annual interest accruing to the Federal Treasury in the form of power revenues. After the payout period, annual power revenues of several hundred thousand dollars each year would be received by the Federal Treasury, not only to pay for costs of Government, but possibly to aid any local irrigation project if Congress so decides.

And as a Federal project all of it would belong to all the people of the Nation, and not be chopped up into joint ownership—the profitable features owned by the local utility, and the nonrevenue features borne by the United States.

NO PROVISION FOR PAYMENT BY CITY OF EUGENE FOR INVESTIGATIONS AND ENGINEERING PLANNING BY THE FEDERAL GOVERNMENT ON COUGAR PROJECT

According to data obtained from the Corps of Army Engineers, about $400,000 must be spent in preconstruction activities at Cougar. Already considerable money has been expended by the corps on preliminary investigations over a period of many years. Nothing is mentioned of this in the hearings. No provision is contained in H. R. 7815 to reimburse the Federal Government in proportion to the amount which could be allocated to the city of Eugene as its just share for this activity.

A COMPARISON BETWEEN KILOWATT-HOUR OUTPUT: PARTNERSHIP VERUS FEDERAL OPERATION

In comparing the estimated annual power output at Cougar project as proposed by the Army engineers in the 308 report with the plan of the city of Eugene these facts should be borne in mind:

1. The corps plan calls for 80 percent load factor power to be integrated into the Bonneville system. This would be used for industries in western Oregon as distinct from the kind of consumers which the city of Eugene serves most by domestic, commercial, and small industry.

2. Thus, comparability of output as measured in kilowatt-hours per year between the two plans is difficult because the energy produced by each proposal would serve a different kind of power system.

3. But even with the corps-installed capacity of 25,000 kilowatts (as against 37,500 for the city of Eugene, plus 1,500 at Strube reregulating dam) the corps could produce as much as 125 million kilowatt-hours per year if it shifts to a type of operation to produce peaking power to fit the requirements of the Eugene system. The difference, then, between the estimated 154 kilowatt-hours per year for the Eugene plan and the corps' alternate plan would be about $29 million kilowatt-hours or 23.2 percent.

4. The power investment for the Cougar project under the Corps of Engineers 308 Report would amount to an estimated $3,800,000 as against $10,500,000 as estimated by the city of Eugene. The latter amount does not include Strube reregulating dam which would add to the outlay required by Eugene to make its project operable.

Thus the city of Eugene would expend an amount in excess of 275 percent for Cougar power facilities less Strube over the corps proposed expenditures to obtain only 40 percent more annual kilowatt-hours.
Energy generated by the corps would be good for industrial loads, so badly needed in Oregon. Energy generated by Eugene would be tailored to a utility service area with only light industry and relatively little of that. Therefore, this advantage to Cougar is more apparent than real.

**BILL WOULD PERMIT UNCONTROLLED DELAY**

Section 3 provides:

Power-generating facilities and appurtenances therefor may be constructed by the city of Eugene, or such facilities and appurtenances may be constructed by the Corps of Engineers as agent for the city of Eugene with funds advanced therefor by the city. Such construction shall be in accordance with provisions of a license by the Federal Power Commission and with the provisions of this act. The city of Eugene shall own all such facilities and appurtenances at its own cost and expense.

As can be seen, no time limit is placed upon the city of Eugene's license. Nor is there any requirement for it to apply for a license within a specified period of time. This provision would permit squatter's rights upon Cougar power for an indefinite period.

Supposedly, enactment of this bill would speed up construction of the project. As already indicated, there is serious doubt that members of Congress from other States will look upon appropriations of this type with favor.

There are other possible roadblocks. A petition to intervene in opposition to Eugene's application for a preliminary license has been filed with the Federal Power Commission. The majority report, filed July 9 (p. 3) erroneously states that the Federal Power Commission has issued a preliminary permit. On July 12, the Federal Power Commission informed us that no such permit had been issued and many procedural steps remained before there could be a ruling on the application.

The majority states:

In the event that the city of Eugene, for any reason, decided at a later date not to participate in the project, the authority contained in this bill is considered sufficiently broad to permit construction of the entire project by the Federal Government under the direction of the Secretary of the Army and the supervision of the Chief of Engineers.

This statement is completely without foundation. Section 3 (quoted above) is the only provision of the bill expressly providing for construction of power facilities. Section 1 provides that the earlier authorization of the project:

* * * is hereby further modified to include power facilities at Cougar Dam which may be provided by the city of Eugene, Oreg., in accordance with the terms of the Federal Power Act and in accordance with this Act.

It is impossible to understand what provision there is for construction by an agency of the Federal Government except "as agent for the city of Eugene."

The report only comments that Federal construction would be possible under the bill if the city "decided at a later date not to participate in the project." No procedure or time limit is set upon the decision, nor is any provision made for testing the ability of the Eugene board to perform within a reasonable time.
A PRECEDENT FOR WHAT?

This is only the first of a series providing for so-called partnership bills which the Administration has heralded for so long.

This first bill would provide for construction of a dam at the cost of some $27 million of Federal expenditures. A local municipal power agency would provide power facilities costing about $10,500,000 for which it would own and control the complete power output.

In addition to the defects of the project by itself, Congress should consider, as the committee did not, the other proposals for which H. R. 7815 would be used as a precedent.

THE GREEN PETER "PARTNERSHIP"

This bill (S. 3235) would also modify an authorized flood-control project which is an integral part of the Army Engineers 308 plan for comprehensive development of the water resources of the Columbia Basin. As the Engineers report:

* * * under existing authorization, minimum provisions for future installation of power facilities would be included in the project.

Green Peter would store 322,000 acre-feet of water as compared with 202,000 acre feet at Cougar. It would have an installed capacity of 81,000 kilowatts as compared with 39,000 kilowatts at Cougar.

The total capital cost would be about $62 million as compared with about $37 million for Cougar. Approximately half of the Green Peter-White Bridge project would be allocable to power.

Now for the difference. The licensee would not be a local municipal system or public agency. The bill provides that a private utility could be the owner and operator of the power facilities for 50 years. Pacific Power and Light Co. has declared its interest in being the licensee and no other agency is competing for the privilege.

In this case, the United States Treasury would provide over $30 million of taxpayers' funds to build a dam to harness the water for a private utility, which would market the power for profit.

In addition to the objections which apply with the same force to Green Peter as to Cougar, this proposal would constitute an unconscionable abuse of a public resource and public funds.

The mere description of the proposal is sufficient to demonstrate what lies down the road upon which the Cougar partnership starts.

Nor is that all.

THE JOHN DAY "PARTNERSHIP"

This is the partnership prize.

The John Day Dam, an authorized project, is almost exclusively a power dam located on the main stem of the Columbia River.

It will have an installed capacity of 1,100,000 kilowatts (as compared with 39,000 at Cougar and 81,000 at Green Peter-White Bridge). With the addition of upstream storage installed capacity can be increased to 1,500,000 kilowatts.

In the form proposed the project would cost about $400 million exclusive of interest costs during construction. The Army engineers advise that this project is essentially like the McNary Dam project, for which a tentative cost allocation charges power with over 90 percent of the total cost. So that under the plan for the dam pro-
proposed in the partnership bill, power would be chargeable with some 90 percent of the cost which will range from $360 million to $400 million without interest charges during construction. Under Federal construction, operation and marketing of power the Federal investment for power would be returned in full in a 50 year period.

However, this is what the sponsor of the bill (S. 3510) proposes (Congressional Record, May 25, 1954, pp. 6653-6654):

** * * * The estimated total cost of the John Day Dam is $320 million. The local interests propose to contribute $164 million or more than half of the cost of the dam to the Federal Government. We are therefore dealing with much larger sums of money—hundreds of millions of dollars—than we were in the other cases.

With the bill providing that the local interests contribute $164 million and that the Federal Government assume the responsibility to pay the remainder of the cost of the dam, one of the first questions that occurs is how this division of financial responsibility was arrived at. The answer is this: We started with the proposition that a partnership in the ordinary sense of the word meant approximately equal contributions by the partners. It was next determined that the probable limit of financing by the local interests was in the neighborhood of $165 million. [Emphasis added.]

An additional feature of this proposal is that the Government will build the project with its own funds—thereby conferring upon the participating utilities the benefit of the low interest rates available to the United States.

The partner or partners would receive an amount of power equal to the total generation of John Day delivered, over Government transmission lines, at load centers. This could involve Federal expenditure for construction of additional transmission facilities, but the partner would pay only for the cost of transmission, not the cost of constructing transmission facilities.

The power partners would receive electricity in proportion to their contribution to the $164 million invested. Among the potential participants, Portland General Electric Co., which initially proposed the plan, undoubtedly would make the major investment and thereby receive the lion's share of the power output.

Interestingly, the method for cost allocation contained in the Cougar and Green Peter bills are not included in S. 3510. That task is left solely to the Army engineers and Federal Power Commission. Yet, the engineers and the Secretary of Interior recommended the cost allocation formula of the bills for the two small projects for use in connection with regular Federal multipurpose projects. In the case of McNary, power has been charged with 97 ½ percent of the cost of the project.

Apparently, the partnership advocates are not content to have Portland General Electric Co. bear the cost of power generation upon the basis that has resulted in weighing Federal power from McNary with so large a portion of the project cost.

Another aspect of the John Day partnership bill is the express provision for using the Federal transmission system for the distribution of power to Portland General Electric at load center. Partnership advocates have not been so generous in supporting funds for transmission lines to deliver power to PUD's and rural electric co-ops.

But, the main significance of this provision in the bill is the comparison it presents with the Cougar bill, which contains no such provision. However, in the John Day bill the use of Federal transmission lines
of the purity of its purposes, it boils down to an admission that proposals which can be advertised as "reasonably full development" are a good enough excuse for handing over the benefits of the people's dam sites to the private utilities.

The people of the Pacific Northwest do not propose to settle for anything less than maximum development of its major resource. Their economic future requires nothing less.

The economy and defense of the Nation demand nothing less.

Partial, incomplete, confused development under the name of "reasonably full development" would constitute misuse of the people's heritage. That in itself would be indefensible. To squander the people's wealth for the benefit of private utilities, by the use of partnership slogans and the use of a municipal electric system stalking horse, only adds to the unacceptability of the partnership plan.

We recommend that the bill (H. R. 7815) not pass and that the committee investigate the alarming implications of the partnership program for all projects for which it has been proposed.

APPENDIX A

STATEMENT OF SENATOR WAYNE MORSE IN EXECUTIVE SESSION OF THE COMMITTEE ON PUBLIC WORKS, JUNE 28, 1954

Mr. Chairman, I want the record to show that I vigorously protest the reporting of this bill, H. R. 7815, by this committee. We are reporting a bill which, the record shows, has been given most inadequate consideration. We have not had the Secretary of the Interior or other top officials of the Department of the Interior and the Bonneville Power Administration for hearings on the bill. It is a bill which raises many questions as to the whole Federal power program. Many of us have raised the question as to preference, integration, and the April 7 order of the Secretary of the Interior—I raise the question as to this bill's impact upon the Army engineers 308 report. Even if we did not have hearings in the field the Senate committee is not justified in reporting the bill. When you come to presenting a printed record of hearings on this bill you will not have a record containing technical or policy data sufficient to justify reporting it.

Nor has the committee's procedure been adequate. I urge comprehensive hearings in the field on this project and the Green Peter, John Day, and Priest Rapids projects. I was offered a weekend hearing on Cougar Dam project which of course could not begin to hear witnesses who wanted to be and should be heard. This committee would put me in a perfectly ridiculous light in my own town if I had consented to have weekend hearings on this vital question. I know the situation in my State and I know the people who are opposed to this whole program would not expect me to go along with a procedure that would be a farce. It would simply look like a face saving procedure so we could say we had hearings in the field. I pointed out originally that the State Grange, the Farmers Union, the A. F. of L., the CIO, and a considerable number of businessmen are opposed to these bills. They are concerned as to whether this Cougar bill is to be a bellwether bill for undermining the whole power program in the Pacific Northwest.

I want to point out that we have pending before this committee a bill (S. 3623), which was introduced at the urging of the Cougar Dam "partnership" opposition in my State—it is the Morse bill on Cougar Dam proposals. There has been no attempt to have hearings on that bill. I have not been granted the courtesy of the committee of a hearing on my bill. Action is being taken before we even get a report from the Department of the Interior and the Army engineers on S. 3623. I suggest that the 35 Senators who are cosponsors are entitled to hearings. I know that it has been said that it is a stalling bill. Of course I want to postpone action on the bill until we can have hearings. We are presenting the Morse bill with broad backing in Oregon. I think you are setting a peculiar precedent here if this is the way you are going to conduct
of the purity of its purposes, it boils down to an admission that proposals which can be advertised as "reasonably full development" are a good enough excuse for handing over the benefits of the people's dam sites to the private utilities. The people of the Pacific Northwest do not propose to settle for anything less than maximum development of its major resource. Their economic future requires nothing less. The economy and defense of the Nation demand nothing less. Partial, incomplete, confused development under the name of "reasonably full development" would constitute misuse of the people's heritage. That in itself would be indefensible. To squander the people's wealth for the benefit of private utilities, by the use of partnership slogans and the use of a municipal electric system stalking horse, only adds to the unacceptability of the partnership plan. We recommend that the bill (H. R. 7815) not pass and that the committee investigate the alarming implications of the partnership program for all projects for which it has been proposed.

Appendix A

Statement of Senator Wayne Morse in Executive Session of the Committee on Public Works, June 28, 1954

Mr. Chairman, I want the record to show that I vigorously protest the reporting of this bill, H. R. 7815, by this committee. We are reporting a bill which, the record shows, has been given most inadequate consideration. We have not had the Secretary of the Interior or other top officials of the Department of the Interior and the Bonneville Power Administration for hearings on the bill. It is a bill which raises many questions as to the whole Federal power program. Many of us have raised the question as to preference, integration, and the April 7 order of the Secretary of the Interior—I raise the question as to this bill's impact upon the Army engineers 308 report. Even if we did not have hearings in the field the Senate committee is not justified in reporting the bill. When you come to presenting a printed record of hearings on this bill you will not have a record containing technical or policy data sufficient to justify reporting it. Nor has the committee's procedure been adequate. I urge comprehensive hearings in the field on this project and the Green Peter, John Day, and Priest Rapids projects. I was offered a weekend hearing on Cougar Dam project which of course could not begin to hear witnesses who wanted to be and should be heard. This committee would put me in a perfectly ridiculous light in my own town if I had consented to have weekend hearings on this vital question. I know the situation in my State and I know the people who are opposed to this whole program would not expect me to go along with a procedure that would be a farce. It would simply look like a face saving procedure so we could say we had hearings in the field. I pointed out originally that the State Grange, the Farmers Union, the A. F. of L., the CIO, and a considerable number of businessmen are opposed to these bills. They are concerned as to whether this Cougar bill is to be a bellwether bill for undermining the whole power program in the Pacific Northwest. I want to point out that we have pending before this committee a bill (S. 3623), which was introduced at the urging of the Cougar Dam "partnership" opposition in my State—it is the Morse bill on Cougar Dam proposals. There has been no attempt to have hearings on that bill. I have not been granted the courtesy of the committee of a hearing on my bill. Action is being taken before we even get a report from the Department of the Interior and the Army engineers on S. 3623. I suggest that the 15 Senators who are cosponsors are entitled to hearings. I know that it has been said that it is a stalling bill. Of course I want to postpone action on the bill until we can have hearings. We are presenting the Morse bill with broad backing in Oregon. I think you are setting a peculiar precedent here if this is the way you are going to conduct
hearings on a matter of such vital importance to the State of a member of the committee, and you must expect that a great many people will be disappointed. All I can do is make my record on it and let future events mark the political action in my State. Some people have assumed conclusions. They have assumed the "partnership" bill does not violate the principle of integration. You cannot expect integration of this project in the light of the April 7 order of the Secretary of the Interior. (Copy of this order and its predecessor orders appear at the end of the hearings.)

This bill will be looked on as the pilot bill for the whole Pacific Northwest Program.

We should have hearings on the whole idea of partnership before reporting such a bill to the Senate. The bill will result in greatly increased cost of power to the people of Eugene. I have a statement that I placed in the Record when I introduced the bill in the Senate on the date of June 17, and ask unanimous consent that it be included in the record with this statement:

[From Congressional Record, June 17, 1954]

STATEMENT OF SENATOR MORSE

On behalf of myself, Mr. Chavez, Mr. Gore, Mr. Hill, Mr. Johnston of South Carolina, Mr. Humphrey, Mr. Kefauver, Mr. Lehman, Mr. Murray, Mr. Neely, Mr. Sparkman, and Mr. Mansfield, I have had introduced for reference to the Senate Committee on Public Works two bills to authorize construction by the Corps of Engineers of power facilities at Cougar Dam and Green Peter Dam and the Whitebridge re-regulating dam.

There are now before the Public Works Committee two so-called partnership bills to modify the already authorized Cougar and Green Peter projects so as to permit non-Federal operation of power facilities.

In the case of Cougar Dam it is proposed to give the City of Eugene Water & Electric Board the opportunity to attempt for operation of the power facilities and to pay the cost of their construction, operation, and maintenance.

The Green Peter modification is somewhat different. While the bill does not specify the agency which would operate the power facilities and distribute the kilowatts, it is no secret that the Pacific Power & Light Co. is anxious to be the so-called partner.

The Cougar project would have an installed capacity of 35,000 to 39,000 kilowatts. Its firm power output would be considerably less. In the case of Green Peter and Whitebridge, installed capacity would be in the order of 81,000 kilowatts. Here again, because of comparatively small water storage, firm power output would be much less than the nameplate capacity.

These projects were originally authorized as part of an integrated program of stream-resource development of the Columbia Basin. The engineers have developed plans for power facilities. In the ordinary course of events they would be integrated with the Northwest power pool, which has done so much for industrial and farm development in the Pacific Northwest by providing large blocks of cheap power at delivery points at which they were needed.

The so-called partnership projects would break up the integrated plan for flood control, power development and navigation, irrigation, and recreation. That is a heavy price to pay for two small projects.

I have consistently advocated the Cougar and Green Peter projects because of the flood-control needs of the Willamette Valley. It has also been my position that these projects should include electric power generation facilities.

My advocacy of Cougar and Green Peter Dams for both flood control and power remain unchanged. I intend to keep fighting for them, as integral parts of the comprehensive plan for maximum development of the Columbia Basin on a regional basis.

I fear that the so-called partnership projects will not only remove these projects from the integrated system but imperil the future of larger Federal projects, such as John Day Dam.

Flood control dams with power facilities require integration of both waterflow with other Federal facilities and power output with the Bonneville Power Administration in order to achieve maximum efficiency for flood control and power benefits.

The partnership bills would leave the control of water release to negotiation between the engineers and the partners until after enactment of bills.
Just 2 days ago, I received a letter from the Bonneville Administrator, Dr. Pearl, in response to my request for a study of power rates to the Eugene Water Board from the Cougar partnership plan as compared with BPA pooled power. This is what he wrote:

"No accurate survey or study has been made by Bonneville Power Administration of comparative costs of power from the Cougar project and BPA. We have requested statistics and other information from the city of Eugene which would enable us to make such a study, but the city informs us that their data are not yet sufficiently finalized to permit them to give us any estimates. We have made various analyses and comparisons, but each has been based on our own assumptions as to costs, plant-operations characteristics, etc., of the Cougar projects. Since those studies are purely speculative, nonfactual, and made for our own internal administrative use, we have not released them or used them in any findings or conclusions expressed publicly. I assume it is to one of these studies that you refer.

"I sincerely regret our inability to furnish you with any valid analysis or comparison of the Cougar project with alternate service from BPA. Any information we can give you at this time is not based upon sufficient facts to justify its release."

According to the Administrator, the Cougar partnership power costs and rates are not known. Until they are the people in Eugene and, indeed, the area are hardly in a position to make an intelligent choice.

Until April 7 of this year the Bonneville Power Administrator had the authority to arrange for interconnection and interchange of power among all Federal and private projects in the Columbia Basin. On April 7 the Secretary of the Interior withdrew that authority so that power integration from these projects is a matter of complete uncertainty.

The bills provide expressly for interconnection with the Northwest power pool and the marketing of electricity under the Bonneville Act. This not only would insure integration with its preservation of low postage-stamp power rates, but would also include the usual preference for public and nonprofit utilities.

The preference provision, which has been basic in Federal power policy for 50 years, is the chief target of the private utilities. Partnership is a convenient means for eliminating that policy from power development.

The Pacific Northwest needs large blocs of power. Those needs will not be met if it is expensive power. The Pacific Northwest needs integration of water and power resources.

We can advance and protect those ends by enactment of the bills I propose. The comparatively small additional cost represents a self-liquidating Federal investment. Of course, the ratepayers will pay for the necessarily higher cost partnership power.

It must be understood that the Korean war caused a no-new-dam-start order. Nonetheless, tens of millions have been spent to complete Federal power projects. If this Administration and Congress do not act to meet adequately the future power needs of the Pacific Northwest, then the people will have an opportunity this fall to elect Congressmen and Senators who will.

These two small projects will require Federal appropriations next year whether or not Federal construction or Federal construction plus partnership bills are enacted. They will take several years to build.

Let us plan and build wisely. Let us maintain the integrity of the regional system for maximum development.

The bills, telegrams, letters, and editorial express concern over and opposition to the so-called partnership program.

[From the Oregon Statesman on June 9, 1954]

POWER VACUUM

We can't say that Dr. William A. Pearl, new head of Bonneville Power Administration, made a very favorable impression in his address to the Salem Chamber of Commerce Monday. His address was carefully tailored to the present Interior Department policy, which pretty well dehydrates BPA as a development agency for the Northwest a role which Dr. Raver had assumed for it. The net effect of this policy is to create a vacuum, and now various groups are reaching for a place under the partnership program.
If the Federal Government is abdicating the leadership which Dr. Raver tried to offer, some sort of regional organization clearly is needed. With local public bodies and private utilities racing to grab chunks of potential hydro, we may get more of a crazy-quilt pattern than we want, not only as to ownership but also to rates, pooling of energy, and scheduling of development.


PARTNERSHIP BILLS ENDANGER REGIONAL GROWTH; PUBLIC MUST ACT TO SAVE RIVER FOR FULL DEVELOPMENT

Administration "partnership" power development bills now before Congress are sounding the death knell of full and comprehensive development of the Columbia River Basin. Aroused public action is necessary immediately to put the brakes on the legislative program, contained in four bills being sponsored by Senator Guy Cordon, of Oregon, which are calculated to wreck the comprehensive plan for the Columbia.

Members are urged to write or wire Senator Edward Martin, chairman, Senate Public Works Committee, Senate Office Building, Washington, D. C, demanding full field hearings and extensive committee hearings on these proposals which will completely reverse the Federal river development program under which the Pacific Northwest has grown and prospered in the past. These proposals are a direct threat to future economic welfare of the entire northwest region.

The bills are the Cougar Dam, Priest Rapids, Green Peter, and John Day proposals, all implementing the McKay "partnership" scheme which means disintegration of the comprehensive plan, piecemeal planning, raising of the cost of power in the region, circumvention of public preference laws, fostering of interstate rivalry for power, elimination of the savings and efficiency resulting from an integrated transmission system, increasing of administrative friction and inefficiency, burdening power production with a disproportionate share of multipurpose construction costs.

The fact that 2 of these bills designate public bodies as the partner and the other 2 pass on the benefits to private utilities makes little difference. They are all inherently at cross-purposes with the integrated and comprehensive development of Columbia Basin water resources. They are contrary to the first purpose of the National Hells Canyon Association as set forth in its bylaws: Namely "to encourage and promote the maximum development of the land and water resources of the Pacific Northwest."

The John Day partnership bill introduced by Senator Cordon on May 25 epitomizes the dangers inherent in all the partnership proposals, and points up the shortcomings of partnership as related to water resource development needs of the Northwest region.

First, the John Day partnership perverts the intent of comprehensive planning by failing to integrate power output into the basinwide system. Like Priest Rapids, Cougar, and Green Peter Dam bills it calls for piecemeal development, with the power going specifically into the service areas, as opposed to pooling of power into a regionwide system for regionwide use. The provision in the John Day bill which specifically allocates the output of a multipurpose project on an interstate stream to the exclusive use of Oregon is completely counter to the idea originally fostered by President Theodore Roosevelt: "Each river system, from its headwaters in the forest to its mouth on the coast, is a single unit and should be treated as such."

It is true that John Day Dam was originally part of the comprehensive plan. However, by failure to integrate its power output and by giving away the power benefits to Portland General Electric Co., the Cordon bill violates the test of comprehensiveness.

Danger of the partnership to general Northwest development is that it isolates the available supply of power to local areas. In the past, industries have found it advantageous to choose locations in the region for reasons other than availability of power. Industries were able to exercise this choice because of the integrated Bonneville Power system. Isolating the power supply will force them to go to the areas which have taken over the power supply through the partnership method. In those localities other factors may be so overwhelmingly disadvantageous as to force industry to locate elsewhere in the Nation, despite the availability of power. Integration of power from all Federal projects into a
regionwide grid enhances the Northwest as a place for industry to locate because it provides flexibility in choosing plant locations. Cordon’s proposal does not provide such an invitation to industrial expansion.

Second, the John Day partnership, like the other partnership bills, will mean higher cost power to consumers served by the partners. There are two basic reasons for this: (1) John Day’s high construction costs cannot be averaged in with the low construction costs at Bonneville and Grand Coulee Dams because John Day’s power output is not integrated into the Federal transmission system. The Bonneville power rate is determined by averaging the cost of power production from all Federal projects. Since John Day, Green Peter, Cougar, and Priest Rapids will not come within the scope of this rate formula, nor benefit from the high output-low cost Bonneville and Grand Coulee projects, the cost of power to the consumer will be higher under the partnership plans than if the same dams were built as fully integrated Federal projects; (2) the cost of power will be higher from the John Day Partnership than from the Federal power dams because of the higher interest rates which Portland General Electric will have to pay for financing its part of construction costs. How much higher? PGE officials said their financing plans were “in the formative stage.” However, history of private company financing shows their cost of borrowing money has an average interest rate of around 6 percent, assuming an interest rate of 3 1/2 to 4 percent for bonds and 7 to 8 percent on stock. On such a basis, the present $17.50 Bonneville power rate, which benefits from low-cost Federal interest rates, would increase about $2.50 for each 1 percent increase of the cost of borrowing money. A difference of 3 percent between the rate at which PGE and the Federal Government can borrow money would boost the $17.50 Bonneville rate up to $25.90, an increase of nearly 50 percent in the power rate.

When the cost of power is related to what the Pacific Northwest needs for industrial development, it becomes obvious that the partnership will be disastrous to our future economic growth. Hydropower is our principal source of energy for industry. We need greater industrial diversification to level out the peaks and valleys of unemployment resulting in an economy dependent largely on the seasonal lumber and agriculture industries. How can this be achieved under a partnership plan which raises the cost of power by 50 percent over what it would be under fully integrated Federal development?

In announcing introduction of the John Day partnership bill, Cordon said the provision giving Oregon first call on the power was aimed at offsetting a geographical monopoly in power distribution. He said Washington was getting a disproportionate share of Grand Coulee and Bonneville power. In essence what Cordon’s partnership does is this: It reserves for Oregon the high-cost John Day power, and gives the State of Washington, with its many public-preference agencies, first call on all the cheap Bonneville and Grand Coulee power. In competition to attract industry, Oregon’s position under Cordo’s high-rate scheme is certainly far from favorable. The John Day partnership is not a good business proposition for Oregon, nor for the entire Northwest region.

Third, the John Day partnership circumvents the public-preference rights contained in legislation for construction of multipurpose dams during the past 50 years. Under provisions of Cordon’s bill, the public agencies will lose their rights to John Day power if they fail to join in financing with PGE. If they do not join in the scheme during the financing period provided by the bill (approximately a year), the preference right which they have on power produced at Federal multipurpose projects will be lost forever at John Day. Apparently the strategy in drafting the John Day partnership bill was to make it unpalatable or financially unfeasible to Oregon’s public-power groups so that they would be forced to withdraw from participation, losing their preference rights, and leaving the field clear for PGE to take over the power output.

Fourth, the John Day partnership violates the concept of comprehensive development because it increases interstate conflicts and interstate jealousies over use of Columbia River waters. Cordon’s proposal gives Oregon utilitites the first call on power. Not the Day abutment of the dam will rest in Washington, and the waters impounded by John Day Dam have their source in the States of Washington, Idaho, Montana, and Wyoming, as well as in Oregon. Development of the total potential of the Columbia River will be less under Cordon’s State-by-State approach than if developed as a unit in which all States are given an equal right to share in the benefits.

Fifth, the John Day partnership raises a question of very basic public importance. Prof. Charles McKinley, Reed College professor, testifying before the
Federal Power Commission, raised this point: "I am especially concerned with the possible danger of bad results in terms of corruption that may take place under the partnership concept involving sharing of costs of projects—where the Federal Government builds the nonreimbursable part of the dam and the other partner might build or pay for other parts. I think if such a policy is adopted, it puts extraordinary pressure upon the agencies, or upon Congress, to make cost allocations that will favor the interests, be it public or private, who play this partnership role, and that we may expect a marked increase in the number of engineers from the Federal agencies, including perhaps FPC, who may wind up their careers with fat jobs in private and public utilities. We know this is a fact with regard to public life which we have to guard against. The story of RFC and FHA ought, I think, give us a little pause before we embark on a policy for which we have good alternatives." Commingling of public and private funds is contrary to a basic idea in American government, so much so that most governmental units are prohibited by law from owning stock in private corporations. Otherwise, it is difficult to keep track of public business, to determine what belongs to whom.

Sixth, the partnership bills add to administrative inefficiency, and therefore are contrary to the unified development of the river system. Conflicts between the Bureau of Reclamation and Army engineers in river development are historic. What will be the effect on administrative efficiency of adding other agencies, either public or private, to the management of the Columbia River system? There can be no question that friction will increase as the partnerships add agencies to planning, design, and operation of the region's powerplants and reservoirs. Each partner may see a different obligation or have a different objective or interest than the other partner. The partnership bills provide no means of resolving these conflicts of interest. The only solution is in lawsuits, at best an ineffective and inefficient method of administering the water resources of the Columbia Basin.

The net effect of the partnership proposals is to provide less in broad economic and social gains than would have resulted under full Federal development. Why should the United States Treasury be used to foster a program which is contrary to the Nation's best interests?

It is agreed that the Northwest faces a future power shortage because of the lag in Federal dam construction. But that is no reason to sacrifice the program for full development. Just because you can't raise the money today to make a badly wanted addition to your house it doesn't mean that you should burn your house down. Let's not kill comprehensive development by swallowing the partnerships as an expedient.

OREGON STATE GRANGE,
Portland, Oreg., June 8, 1954.

Senator WAYNE L. MORSE,
Senate Office Building, Washington, D. C.

DEAR SENATOR MORSE: Because of the fast-changing conditions in the Northwest and the many problems to be considered in setting up partnerships between the Government and private power agencies, as well as the Government and public power agencies, for the purpose of building and operating hydroelectric dams, the Oregon State Grange is asking that hearings be held on these questions both in Washington and in the field affected so that we may have a better understanding of what could happen under such partnership programs.

Each proposal so far advanced has a definite area advantage for the agency proposing such a partnership. The whole partnership idea is rather new, and, since many different proposals are being made at this time, we feel that the people of the Northwest should have more time to analyze the merits and demerits of the various proposals.

The Northwest has prospered as a unit under the comprehensive development plan that is operated under the Bonneville Act. Any change in this would certainly deprive some areas of the power that rightfully belongs to them. We are very much opposed to any action being taken on any of these proposals until a complete study has been made and all of the factors involved have been brought to light.

Sincerely yours,

ELMER MCCLURE,
Master, Oregon State Grange.
WALLACE, IDAHO, June 11, 1954.

Hon. Wayne Morse,
United States Senator, Senate Office Building,
Washington, D. C.:

The Idaho State Federation of Labor vitally interested in hearing on the proposed private utilities partnership bills. Therefore, we are asking you to use your best efforts to hold part of the hearing in the Northwest, where it will be possible for us to appear and defend our rights.

Elmer F. McIntire,
Executive Secretary,
Idaho State Federation of Labor.

BAKER, OREG., June 11, 1954.

Hon. Wayne L. Morse,
Senate Office Building, Washington, D. C.:

We understand separate hearings on partnership proposals are being scheduled before the Public Works Committee. We urge that all such partnership bills be lumped together in hearings. This organization would like to testify but financial limitations make it impossible to come to Washington. Do everything possible to get hearings in this region.

Baker County Commercial Club.

PORTLAND, OREG., June 8, 1954.

Senator Wayne Morse,
Washington, D. C.:

On behalf of the CIO I wish to urge that you strongly oppose the various partnership bills that are now being proposed. The CIO believes that hearings should be held on all these bills before decisions are made on any one by itself in order that we may see what policies are involved.

George Brown,
Executive Secretary.

PORTLAND, OREG., June 11, 1954.

Senator Wayne Morse,
Senate Office Building, Washington, D. C.:

Our members throughout Pacific Northwest are alarmed over effect which so-called partnership bills now being considered by Senate Public Works Committee will have on development of Columbia River. Since their meaning is not clear we urgently request committee conduct joint hearings on all power partnership proposals now before it because we wish to make our views known because our members must live under whatever river program Congress imposes upon us and because they are persons of limited finances. Our viewpoint can only be relayed to Congress by holding hearings throughout this region. We will greatly appreciate it if you will transmit our plea to members of the Public Works Committee.

Sam Fretwell,

RESOLUTION DISAPPROVING THE JOHN DAY DAM PARTNERSHIP PROPOSAL AND REAFFIRMING OUR SUPPORT FOR REGIONAL POWER DEVELOPMENT

Whereas companion bills (S. 3510 and H. R. 9307) have been introduced in the 83d Congress by Senator Guy Cordon, of Oregon, and Representative Sam Coon, of Oregon; and

Whereas these bills are popularly referred to by the press as the Coon-Cordon partnership bills; and

Whereas these bills provide for a scheme of financing and prosecuting development of the John Day project on the Columbia River; and

Whereas the Oregon Rural Electric Cooperative Association has studied and discussed the provisions of these bills at two general meetings and a number of
committee meetings, and has under date of April 13 expressed its serious reservations as to the desirability of this proposed legislation; and

Whereas notwithstanding this expression there appears to have been attempts recently to misinterpret the position of the Oregon Rural Electric Cooperative Association on this matter: Now, therefore, be it

Resolved, That the Oregon Rural Electric Cooperative Association at its special meeting in Portland, Oreg., June 2, 1954, unanimously opposes passage by the Congress of S. 3510 and H. R. 9307 for a number of reasons three of which are:

1. These bills further weaken the antimonopoly provisions of the Bonneville Act and other statutes relative to the sale of power from Columbia River dams.

2. These bills, if passed, will go far toward destroying the principle of region-wide development of Columbia River power on an integrated basis.

3. These bills will unnecessarily increase the cost of power; and be it further

Resolved, That we reaffirm our belief that the proper development of the water power resources of the Pacific Northwest can best be accomplished on a regionwide, self-liquidating basis to the end of achieving the lowest possible cost of power.

HOOD RIVER ELECTRIC COOPERATIVE,
Hood River, Oreg., June 8, 1954.

HON. SAM COON,
House of Representatives,
Washington, D. C.

DEAR MR. COON: Thank you for your letter of June 1, with which was enclosed three copies of H. R. 9307 relative to the development of John Day Dam.

First, may I state that the spirit of this bill is commendable in that it is a sincere effort to speed up construction on power production in the Northwest.

However, I do not like the bill and will use every effort and influence at my command to tell local people that I do not like the bill for the following reasons:

1. Only the largest of the “local partners” can participate due to the amount of capital required. Their monopoly on power will thus be strengthened.

2. The river should be developed for the benefit of a region and not a State. State lines should be ignored in this or all future power development from the river. Giving Oregon priority to the power indicates retaliation for the recent power grab attempt by the Washington Power Commission.

3. The cost of power to the consumer will be increased because—

(a) Interest rates “local partners” must pay will be higher than the Federal interest rate.

(b) The “local partners” will have profit in mind when they go into this.

(c) Any monopoly leads to higher costs to the consumer.

There are only two workable methods to develop this river to the maximum benefit to all. Preference is in the order named:

1. Continued congressional appropriation to build self-liquidating projects as has been successfully done for two decades but accelerated to the extent necessary to meet load demands, or

2. The creation of a regional corporation by the Congress, ratified by the States. This corporation could finance the many projects by issuing revenue bonds. It has been long advocated by the Portland Oregonian and the idea certainly has merits.

Personally, I do not like any part of the “partnership policy” announced by the Secretary of the Interior. This river belongs to the region, not to States, municipalities, or corporations. It should be developed to its maximum benefits solely for the people of the region.

Thank you for giving me this opportunity to express my views. I know that I am expressing the views of the members of my cooperative. I am certain you will receive many letters from individuals in the Northwest protesting this bill.

Again may I commend the spirit and intent of the bill but in practice it will work to the benefit of the few “partners” participating and to the detriment of the many power users.

Respectfully yours,

WILLARD L. JOHNSON,
Manager.
Senator Wayne L. Morse,  
Senate Office Building:  

Multnomah County Hell's Canyon Association strongly opposes non-Federal development of Cougar and Priest Rapids Dam. Fear will be precedent for further breakup of integrated regional development and Portland area will suffer. Best regards.  

Gerald H. Robinson.

I am of the opinion, and one of the experts at Bonneville Power Administration has figures that show the cost of power of Cougar will be substantially higher than the cost of Bonneville. Mr. Moment, of the Bonneville Power Administration, testified before the Federal Power Commission. We think he let the cat out of the bag when he referred to studies and came forward with the conclusion that rates at Eugene under Cougar, under this plan, would be higher. Here again the opposition feels that this is the beginning that will cause increase in power projects, as some charge one rate and others charge other rates. I received a wire which I put in the Congressional Record last Friday and I want it part of the record of this committee. You will see in my reply to the Eugene Water Board I stressed the point of rates.

(The matter referred to is as follows:)

[From Congressional Record, June 25, 1954]

Mr. Morse. Mr. President, I ask unanimous consent to have printed in the body of the Record, at an appropriate place, a telegram which I received today from the Eugene Water Board in regard to the proposed Cougar Dam, and a telegram setting forth my answer of opposition to the Eugene Water Board's position on the Cougar Dam, with a request in the message that the Eugene Water Board provide me at an early date with an analysis of the Eugene Water Board's contract with the Bonneville Power Administration in respect to the effect of the April 7 order of the Secretary of the Interior on that contract.

(There being no objection, the telegrams were ordered to be printed in the Record, as follows:)

[From Congressional Record, June 25, 1954]


Senator Wayne Morse,  
Senate Office Building:  

Your statement in Congressional Record of June 17, opposing Eugene Water and Electric Board plans to construct and operate the power facilities in the Cougar project has been called to our attention. We wish to call your attention to the following facts concerning our participation in the Cougar project. Extensive and comprehensive economic studies of the feasibility of adding power facilities to the Cougar flood-control dam were made by the water board staff and by expert outside consultants before we submitted the partnership proposal embodied in the present Cougar legislation. The outside consultants were Cornell, Howland, Hayes & Merrifield, of Corvallis, Oreg.; Morrison Knudson Contractors, of Boise, Idaho; the International Engineering Co., of San Francisco. The proposed installed capacity of 39,000 kilowatts will be firm power in our system. Please note that firm power is distinguished from prime power. Prime power is available continuously. Cougar will supply firm power for approximately 10 hours per day. The operation of the project would be geared to the needs of irrigation, the maintenance of stream flow, and of the available water during the dry season. The powerplant could be shut down during weekends to conserve water if necessary.

We do have definite preliminary estimates of the cost of power from Cougar. We have not yet supplied these figures to the Bonneville Power Administration. We have made definite arrangements to do this in the immediate future. The cost of firm energy from Cougar under water board operation is estimated to be 3.4 mills per kilowatt-hour under present costs and plans. The cost to us of equivalent firm energy from the Bonneville Power Administration would be 4.2 mills per kilowatt-hour at present Bonneville rates.

Cougar project was recommended for construction by Corps of Engineers as a part of the integrated development of the Columbia Basin. Construction and operation of the power facilities by the Eugene Water and Electric Board would in no way adversely affect the integrated plan, but would accelerate its progress.
Operation of space for flood control and release of water for downstream benefits would be under the direction of the Corps of Engineers in any case. Power generated would be a benefit to the entire area, including the Northwest power pool. Regarding the operation of the Northwest power pool, Eugene’s system is permanently connected to the pool, and the capacity of our municipal electric-generating facilities would simply add to the supply available in the Northwest. If the power available to other utilities power which Eugene does not draw from the pool, the chairman of the Pacific Northwest Utilities conference committee, the operating arm of the pool, has submitted a statement to Congress which emphatically says the operation of the Cougar powerplant by the Eugene Water and Electric Board would materially increase the effectiveness of the pool.

As of this date we have spent approximately $41,000 on this project. Our proposal has been submitted to Congress with the firm conviction that the construction and operation of the Cougar power facilities by the Eugene Water and Electric Board will in part meet the needs of this rapidly growing area and is sound from engineering, economic, and financial standpoints.

Copies of this telegram are being sent Senator Edward Martin, chairman of the Senate Public Works Committee, and to Senator Cordon. Other copies will be released locally.

EUGENE WATER AND ELECTRIC BOARD,
LIONELL W. TROMMLITZ, President.

JUNE 25, 1954.

EUGENE WATER AND ELECTRIC BOARD,
Eugene, Oreg.:

Thank you for your wire of June 22. I shall place it in the Congressional Record today and shall also submit it to the Senate Public Works Committee. It in no way answers the point which I raised in my Senate statement on June 17. You are asking for construction approval of a project before you submit to the Congress accurate and full information on comparative costs and comparative rates as between your proposed partnership plan and construction of the entire project by the Federal Government with power sales through Bonneville. You do not meet the issue of the effect of McKay's April 7 order on new projects, such as the proposed Cougar project. I respectfully request that you submit to me at an early date an analysis of your contract with Bonneville as it relates to the April 7 order. It is my judgment that the Cougar Dam bill you are urging, in its present form, is not in the best interest of the people of the Eugene area to be served by the project or the State of Oregon. The Cougar Dam bill which I have introduced keeps faith with the long-established Federal power policy, and I regret that interests in my home community are proposing a plan which, in my judgment, will serve as a precedent for turning over the rivers of our State to selfish interests, thereby jeopardizing the possibility of providing the people of our State with more cheap power.

WAYNE MORSE.

Mr. Chairman, that is the position that I shall continue to take. It is a position that has the support of an overwhelming majority of the people of my State. I regret we are about to report a bill to the Senate like this. We do not have a copy of the Eugene Water Board contract with Bonneville, which is important on the question of integration. We do not have the rates. The rates claimed by backers of this bill just do not square with what the experts say. What we are proposing here in this project will result in higher electric power rates for the people of Eugene. There is bitter feeling in Lane County because they see what has been pointed out that the Eugene Water Board is going away beyond its municipal functions and will take over the power in that agricultural area. I have a wire reciting the resolution just adopted by the Oregon State Grange, and I have an additional wire I have to submit from the Oregon State CIO, in line with a wire from the Farmers Union. I ask that they be made part of this record.

Mr. Chairman, that is all.

(The wires referred to above are as follows:)}
We approve that portion of the master's address regarding partnership, subject to elimination of specific recommendation therein and subject to the following statement of general policy.

That the Oregon State Grange continue its accepted policy of Federal planning and development of our major river resources and that it oppose partnerships or other proposals, such as the John Day proposal by Senator Cordon and Representative Coon, that would directly or indirectly turn the power or generating facilities over to private control.

That we further urge the executive committee to carry out these recommendations.

[Telegram]

PORTLAND, OREG., June 19, 1954.

Senator WAYNE MORSE,
Senate Office Building, Washington, D. C.: On behalf of the Oregon State Industrial Union Council I wish to again advise you that we are opposed to the many partnership bills that are before Congress, and again urgently request you support that extensive hearings be held on the policies and principles involved in these proposals before Congress takes action on any one of them as an individual case.

Respectfully,

GEORGE BROWN,
Executive Secretary.