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SENATE

{ REPORT
No. 312

AUBURN-FOLSOM SOUTH UNIT, AMERICAN RIVER DIVISION, CENTRAL VALLEY PROJECT, CALIFORNIA

JUNE 10, 1965.—Ordered to be printed

Mr. KUCHEL, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. 599]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 599) to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom South unit, American River division, Central Valley project, California, under Federal reclamation laws, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

Committee action in ordering S. 599 reported favorably to the Senate was unanimous, and the executive agencies concerned recommend enactment. This project was approved by this committee in the 87th Congress and the 2d session of the 88th Congress. Time did not permit final congressional action. S. 599 was introduced at the beginning of the 89th Congress by Senator Kuchel and co-sponsored by Senator Murphy.

PURPOSE OF MEASURE

The purpose of S. 599 is to help meet the urgent need for water, power, fish and wildlife preservation, and recreational facilities in the great, fertile Central Valley of California. The bill would accomplish this purpose by authorizing the Secretary of the Interior to construct and operate, under Federal Reclamation law, a multi-purpose project consisting of a principal dam and reservoir, with hydroelectric powerplant, on the American River east of Sacramento, the State capital, and including a canal and ancillary facilities to supply urgently needed supplemental water for irrigation, municipal and industrial uses in Sacramento, San Joaquin, Placer, El Dorado and other counties in northern California.

The project will provide the additional flood control which will protect the Sacramento metropolitan area against all future probable floods. It will firm up the water supplies and restore the rapidly dropping ground water levels of a large segment of the agricultural valley lands, improve municipal water supplies, provide greatly increased recreational opportunities for the rapidly expanding population of northern California, and develop the remaining hydroelectric power capabilities of the American River to assist in meeting the ever-increasing demand for electric power and energy.

The Auburn-Folsom South unit will be integrated, as to both financing and operation, with other features of the Central Valley project, a comprehensive water development which represents one of the finest undertakings of the Federal reclamation program.

This project does not impinge upon the interests of any other State. The waters involved are solely intra-California. No part of this project is involved with any other, except other units of the wholly intra-California Central Valley project.

The project has the exceptionally favorable cost-benefit ratio of 3.6 to 1 and is financially, as well as engineeringly, feasible. Attention is invited to the factual description of the several individual works in the project set forth in the official report of the Department of the Interior, dated March 26, 1965, printed in full below. It is the next logical addition to the outstanding Central Valley project to give to the people of California the assistance they need to meet their water deficiencies.

COMMITTEE AMENDMENTS

The committee adopted the following amendments:

(1) On page 3, lines 10, 13 and 16 capitalize the words "East Side Division."

(2) Delete section 5.

This section contains language relating to the project water supply and provides that this legislation does not authorize an allocation of water and that recommendations for the use of water in connection with the Auburn-Folsom South unit shall be in accord with State water laws. The committee concurred with the position of the Secretary of the Interior that, as this is to be an integrated unit of the Central Valley project and the feasibility report of January 15, 1962, and the supplemental report of October 21, 1963, on the Auburn-Folsom South unit, make adequate allowances for future water uses in the upstream foothill areas, the section is unnecessary and should be deleted.

(3) Page 2, line 18, add the following proviso:

Provided further, That no facilities, except those required for interconnecting the Auburn powerplant and the Folsom switchyard and those interconnecting the Folsom switchyard and the Elverta substation, shall be constructed for electric transmission or distribution service which the Secretary determines, on the basis of a firm offer of a fifty-year contract from a local public or private agency, can be obtained at less cost to the Federal Government, than by construction and operation of Government facilities.

This language is similar to language adopted by the committee and approved by the Congress in connection with the authorization of the San Luis unit of the Central Valley project several years ago. The committee understands that, with respect to the San Luis unit, the Department has negotiated a contract with the Pacific Gas & Electric Co. which is favorable to the United States.

The San Luis unit transmission lines were needed to bring electric energy to the unit works for project pumping whereas the transmission lines for the Auburn-Folsom South unit are for interconnecting a generating plant with the Central Valley project power system, a difference which prompted the committee to exempt the lines connecting the Auburn powerplant and the Folsom switchyard and the Folsom switchyard and the Elverta substation from the required finding. However, it should be pointed out that transmission service in lieu of these exempted lines is not prohibited should the Secretary find that (1) it can be obtained at less cost than by construction of these lines and (2) that project power operations would not be adversely affected.

The committee did not adopt the amendment recommend by the Secretary of the Interior which would have made the bill consistent with the provisions of general legislation covering cost allocation and cost-sharing policies with particular reference to recreation and fish and wildlife because the legislation (S. 1229) has not yet been enacted.

BACKGROUND OF PROPOSED LEGISLATION

California, with a population of over 18 million people, is the most populous State of the Nation, and at present rates of growth in just a little over 15 years--by 1980--some 27½ million persons will reside in the State. In addition, California is the home of a great number of wide-ranging industries and its highly specialized, intensive agriculture makes it one of the country's leading food producers.

All of these factors require tremendous and ever-increasing supplies of water. Clearly, California's population and economic growth give rise to water requirements that now are outstripping the combined efforts of local agencies, the State itself, and those of the Federal Government to date.

Local agencies, private enterprise, and the State and Federal Governments have all made a significant contribution toward meeting the water needs of a burgeoning population. California is in the midst of construction of its \$1,750 million bond-financed State project. But it will not serve the area to be served by the Auburn-Folsom South Federal project and is unrelated thereto. A sense of urgency for this project is stated by Secretary of the Interior Udall in his report on S. 599. The Secretary says that there is an urgency to the Auburn-Folsom South unit as a logical next addition to the Central Valley project, for many of the areas it will serve are plagued persistently by drought, while much needed water flows unused and often destructively down the American River to the sea. The State of California cannot undertake this merited project because of its tremendous obligation of \$1.7 billion in other critically needed water supply works.

It is the Secretary's opinion that because of the urgent water and power needs, the benefits to the State and to the Nation, and the leadtime between authorization and actual construction, we should

move forward on this proposal as soon as possible. It is his hope that the Congress will agree that the Auburn-Folsom South unit is the next logical addition to the Central Valley project where the Federal Government has been so successful in making an investment in multiple-purpose projects which have in turn greatly enhanced the economy of the Nation.

LEGISLATIVE HISTORY

S. 599 is based upon and is a direct outgrowth of S. 351, 88th Congress, and S. 103, 87th Congress, both sponsored by Senator Kuchel and the late Senator Engle. Both were reported favorably to the Senate, but the press of other legislative business prevented action on the measures prior to adjournment.

Authorizing legislation for the Auburn-Folsom South unit has been before successive Congresses and has been studied by this committee on several different occasions. The Folsom Dam itself was initially authorized in the wide-ranging Flood Control Act of 1944 as a Corps of Engineers project.

In a special message to Congress on January 12, 1948, President Harry Truman urged the 80th Congress to expand the authorization to provide for transfer of the dam and reservoir to the Bureau of Reclamation for construction of a powerplant and transmission lines, and for water distribution works for irrigation and municipal purposes.

The 80th Congress did not act. President Truman, on February 25, 1949, renewed his recommendations to the 81st Congress. Hearings were held by this committee on H.R. 165, sponsored by the then Congressman Engle, which authorized what was described as the American River Basin development, keyed to Folsom Dam and Reservoir.

As reported and enacted on October 14, 1949, the legislation—Public Law 356, 81st Congress—also directed the Secretary of the Interior to make studies to develop plans for disposing of the water and power made available by the project.

The Secretary's report pursuant to the congressional directive was submitted to Congress on January 15, 1962, and printed as House Document 305, 87th Congress. It formed the basis for S. 103, 87th Congress, and S. 351, 88th Congress, sponsored by Senators Kuchel and Engle, which are the predecessors of the present bill.

DESCRIPTION OF THE UNIT

The project includes a beneficial reservoir of 2½ million acre-foot capacity. An electric power generating plant with a capacity of 240,000 kilowatts, initially, with provision for expansion to 400,000 kilowatts, would now be authorized. This will add 613 million kilowatt-hours of electricity to the hydroelectric capability of the Central Valley project area.

The Folsom-South Canal, to run some 67½ miles from the existing Nimbus Reservoir below Folsom Dam and Reservoir, all on the American River, would provide approximately 852,000 acre-feet of supplemental water to serve nearly 400,000 acres in Sacramento and San Joaquin Counties. Some 420 acre-feet per day of water would go into municipalities for residential and industrial uses.

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As the committee approved last Congress, the canal would be built large enough to accommodate the needs of the East Side division of the Central Valley project, a logical next facility of the Central Valley project.

This bill would also authorize the Sugar Pine Dam and Reservoir for the Forest Hill Divide area—in compatibility with plans contemplated by the local public utility district and the Placer County Water Agency.

County Line Dam and Reservoir, together with the appurtenant diversion works, conduits, and other necessities for water delivery, would also provide multipurpose water development. The County Line facilities would serve a rapidly expanding area in western El Dorado and eastern Sacramento Counties.

COST AND ALLOCATION

The estimated cost of the Auburn-Folsom South unit, as authorized in this legislation, is \$424,670,000. A breakdown of this amount among features and units is given in the following tabulation:

Auburn Dam and Reservoir.....	\$231,312,000
Auburn powerplant.....	25,233,000
Switchyard and transmission.....	13,866,000
Operating facilities.....	750,000
Fish and wildlife mitigation lands.....	141,000
Recreation lands and basic facilities.....	10,803,000
Auburn subtotal.....	282,105,000
Folsom South area.....	86,086,000
Foresthill Divide area.....	7,523,000
Folsom-Malby area.....	11,916,000
East Side Canal enlargement.....	23,540,000
Subtotal.....	411,170,000
Foundations and penstock for future power installation.....	13,500,000
Total.....	424,670,000

Cost allocation

The investment cost for the Auburn-Folsom South unit, not including the foundation and penstock for future power installation, is \$427,170,000, derived as follows:

Construction costs.....	\$411,170,000
Interest during construction:	
Municipal and industrial.....	2,091,000
Commercial power.....	12,012,000
Recreation and fish and wildlife.....	474,000
Total.....	14,577,000
Central Valley project power transfer for Auburn-Folsom South unit pumping.....	1,423,000
Total investment cost.....	427,170,000

A tentative allocation of the investment cost of the Auburn-Folsom South unit is as follows:

Reimbursable costs: ¹	
Irrigation.....	\$170,637,000
Municipal and industrial water.....	29,655,000
Commercial power ²	148,855,000
Recreation and fish and wildlife enhancement.....	6,200,000
Subtotal ²	355,347,000
Deferred use: East Side division.....	23,540,000
Nonreimbursable costs: ¹	
Flood control.....	9,324,000
Recreation and fish and wildlife enhancement:	
(a) Joint costs ³	32,782,000
(b) Separable costs ⁴	6,177,000
Subtotal.....	48,283,000
Total investments cost ²	427,170,000

¹ The allocations to recreation and fish and wildlife enhancement have been assigned to the reimbursable or nonreimbursable category in accordance with the proposed Federal Water Project Recreation Act. (S. 1229).

² Should the \$13,500,000 cost for providing basic facilities for future power installations be incurred, these amounts would be increased accordingly.

³ All joint costs allocated to recreation and fish and wildlife enhancement would be nonreimbursable.

⁴ Includes \$5,727,000, one-half of separable recreation costs, plus \$450,000 representing the cost of recreation facilities at the Sugar Pine Reservoir which will be in a national forest and be under the jurisdiction of the Secretary of Agriculture.

Repayment

It is proposed that water be made available in the Folsom South service area at \$2.75 per acre-foot for irrigation water and \$14 per acre-foot for municipal and industrial water. In the Folsom-Malby area, municipal and industrial water service would be provided at \$32 per acre-foot. Water service in the Foresthill area would be made available at \$2.50 per acre-foot for irrigation water, and \$85 per acre-foot for municipal and industrial water. These rates are in accordance with general policy and provisions of reclamation law under which irrigators repay in accordance with their computed ability and municipal and industrial water users are expected to pay the entire costs allocated to that function with interest over a period of not more than 50 years. The repayment analysis shows that the Auburn-Folsom South unit irrigation water users would be able to repay about two-thirds of the costs allocated to that purpose, the other one-third being derived from other project sources. The power developed at Auburn powerplant that is not utilized for pumping of irrigation water for project purposes would be marketed through the existing commercial power system of the Central Valley project.

The Auburn-Folsom South unit, being an integral part of the Central Valley project, is analyzed for financial feasibility as an increment of that project. All reimbursable costs of the project, including the Auburn-Folsom South unit, will be repaid within 50 years from the date construction of the last feature is completed. The date when full repayment would be accomplished is estimated to be fiscal year 2022. The analysis shows that, on that date, all reimbursable costs, including over \$147 million in interest payments on the power and municipal water investments, would have been repaid to the United States and a surplus of about \$462 million would be available to assist in the development of additional increments of the Central Valley project or return to the U.S. Treasury.

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LOCAL SUPPORT AND INTEREST

The project was supported before the committee by Members of Congress and by a large delegation of individuals representing irrigation districts, municipalities, and other interests. Representatives of the State of California also appeared before the committee to support the Auburn-Folsom South unit and to urge the enactment of this legislation. The committee received no testimony in opposition to the legislation.

COMMITTEE CONCLUSIONS AND RECOMMENDATION

As stated earlier in this report, the benefit-to-cost ratio of the Auburn-Folsom project authorized by S. 599 is the unusually high one of 3.6 to 1. This means that every million dollars invested by the Federal Government in this unit of the Central Valley project will produce nearly \$4 million in benefits. The project will pay all operation and maintenance costs and will return to the Federal Treasury, within a 50-year repayment period, the entire capital investment allocated to commercial power and to municipal and industrial water supply, each with interest, and also the entire capital investment allocated to irrigation in accordance with long-established reclamation law.

The committee finds the investment a most sound one and urges prompt adoption of the amended bill.

EXECUTIVE AGENCY REPORTS

The favorable reports of the Department of the Interior and the Bureau of the Budget are set forth in full below.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., March 26, 1965.

HON. HENRY M. JACKSON,
*Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.*

DEAR SENATOR JACKSON: This responds to your request for the views of this Department on S. 599, a bill to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom South unit, American River division, Central Valley project, California, under Federal reclamation laws.

We firmly support the Auburn-Folsom South addition to the Central Valley project, and urge early enactment of S. 599 with amendments set out hereafter.

This project is in the heart of rapidly growing California, where the need for more water and for additional electric power is great. Auburn-Folsom South unit would assure more water and additional low-cost power along with many other benefits in an area where

population is fast increasing. Here water is an ever-precious commodity. Progress can be aided or impeded by the vagaries of seasonal precipitation. Among the benefits that would accrue from the unit are the addition of millions of additional kilowatt-hours of electricity annually to meet ever-growing power needs, the recapture and reuse of drainage water and the provision of water for industrial and municipal growth as well as for agriculture. Further, there will be recreation benefits, enhancement of fish and wildlife habitat and, finally, additionally needed flood protection for Sacramento. The value of this proposed project, a model of multipurpose water resource development, is demonstrated by its unusually high benefit-to-cost ratio of 3.6 to 1 (100-year period of analysis, $3\frac{1}{8}$ percent interest rate).

Auburn Dam, the key feature of the \$425 million project, will block the American River about 30 miles northeast of Sacramento and create a $2\frac{1}{2}$ million acre-foot reservoir to store water for power for municipal and industrial purposes, and for irrigation. Its basic generating plant of 240,000 kilowatts will add 613 million kilowatt-hours of electricity to the hydroelectric capability of the Central Valley project area. Even greater returns will be realized when the ultimate generation capacity of 400,000 kilowatts is reached. The damsite being ideally located near gravel and other deposits will help to keep construction costs to a minimum.

From Auburn Reservoir will flow 390,000 acre-feet of water annually to meet municipal, industrial, and irrigation requirements in a region that features some of the most productive land in the world—if assured adequate moisture.

Equally important, but not as spectacular as Auburn Dam, is the Folsom South Canal. This 67-mile canal, passing through the rich East Side area of the Central Valley from the American River south to Stockton, would bring 852,000 acre-feet of water annually to serve nearly 400,000 acres in Sacramento and San Joaquin Counties, most of which is presently irrigated from wells where ground water tables are dropping. Some 420 acre-feet per day of water would funnel into municipalities for residential and industrial uses as the canal meets its dual-purpose role.

The fast-growing Forest Hill Divide area, lying between the arms of the Auburn Reservoir, will benefit through construction of Sugar Pine Dam and Reservoir on Shirltail Creek. This facility will provide municipal, industrial, and irrigation water for a mountain community of 5,000 acres which has no other foreseeable source of water. Additional benefits would result for recreation and wildlife.

The Folsom-Malby segment of the Auburn-Folsom unit, lies between the American and Consumnes Rivers. This area, like others in the project, is burgeoning and requires more water for suburban growth and industry. The service area includes sections of western El Dorado County and eastern Sacramento County lying higher than the Folsom South Canal. A pumping plant would be built at the

existing Folsom Reservoir and a pipeline some 10 miles long would deliver water to the proposed County Line Reservoir on Deer Creek, near the Folsom-Malby service area. Here again there will be fish and wildlife benefits, important recreation benefits, and minor flood control.

There is an urgency to the Auburn-Folsom South unit as a logical next addition to the Central Valley project, for many of the areas it will serve are plagued persistently by drought, while much needed water flows unused and often destructively down the American River to the sea. The State of California cannot undertake this merited project because of its tremendous obligation of \$1.7 billion in other critically needed water supply works.

In previous cost allocations and financial analysis for the Auburn-Folsom unit and for the Central Valley project as a whole, the operation, maintenance, and replacement costs allocated to nonreimbursable functions were assigned to reimbursable functions. A corresponding increase was made in the allocation of construction costs to the non-reimbursable functions. As a result of the adjustment in both reimbursable and nonreimbursable functions, equity of cost allocations among functions was maintained. This procedure was adopted many years ago as a bookkeeping and administrative convenience.

In compliance with views expressed in hearings by congressional committees, this procedure was changed, beginning with our fiscal year 1966 budget justifications to the Congress, to recognize the allocated operation, maintenance, and replacement costs as a direct charge against each function of the project. This change in procedure for assignment of operation, maintenance, and replacement costs does not affect the estimated construction costs of the Auburn-Folsom South unit or the overall Central Valley project.

The construction costs for the Auburn-Folsom South unit are as follows:

Auburn Dam, Reservoir, powerplant and appurtenant facilities	\$282,105,000
Folsom South features	86,086,000
Forest Hill Divide features	7,523,000
Folsom-Malby features	11,916,000
East Side enlargement	23,540,000
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Total basic unit	411,170,000
Provision for power installation	13,500,000
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Total construction authorization	424,670,000
Rounded to	425,000,000

The investment costs for the Auburn-Folsom South unit is \$427,170,000, derived as follows:

Construction cost	\$411,170,000
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Interest during construction:	
Municipal and industrial	2,091,000
Commercial power	12,012,000
Recreation and fish and wildlife	474,000
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Total	14,577,000
Central Valley project power transfer for Auburn-Folsom South unit pumping	1,423,000
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Total investment cost	427,170,000

A tentative allocation of investment costs of the Auburn-Folsom South unit, reflecting the foregoing change in procedure for assignment of operation, maintenance, and replacement costs, is as follows:

Reimbursable costs: ¹	
Irrigation.....	\$170,637,000
Municipal and industrial water.....	29,655,000
Commercial power.....	148,855,000
Recreation and fish and wildlife enhancement.....	6,200,000
Subtotal.....	<u>355,147,000</u>
Deferred use: East Side division.....	23,540,00
Nonreimbursable costs: ¹	
Flood control.....	9,324,000
Recreation and fish and wildlife enhancement:	
(a) Joint costs ²	32,782,000
(b) Separable costs ³	6,177,000
Subtotal.....	<u>48,283,000</u>
Total investment cost ⁴	<u>427,170,000</u>

¹ The allocations to recreation and fish and wildlife enhancement have been assigned to the reimbursable or nonreimbursable category in accordance with the proposed Federal Water Project Recreation Act (S. 1229).

² All joint costs allocated to recreation and fish and wildlife enhancement would be nonreimbursable.

³ Includes \$5,727,000, one-half of separable recreation costs, plus \$450,000 representing the costs of recreation facilities at the Sugar Pine Reservoir which will be in a national forest and be under the jurisdiction of the Secretary of Agriculture.

⁴ Should the \$13,500,000 cost provision of facilities for future power installations be incurred, these amounts would be increased accordingly.

The proposed charges for municipal and industrial water would repay all costs allocated to that purpose with interest. Power and energy generated by the Auburn powerplant would be marketed through the Central Valley project at project rates. The irrigation water rates at canalside would meet all costs of operation and maintenance of the works and contribute toward the capital costs allocated to irrigation.

Revenues from power and municipal and industrial water sales of the entire Central Valley project would be used to repay within 50 years the portion of the irrigation allocation of the project which is beyond the repayment capacity of the water users.

We suggest that the following amendments be made to the bill:

A. Page 3, lines 10, 13, and 16 capitalize the words "east side".

B. To conform this bill to the proposed Federal Water Project Recreation Act the following changes should be made in section 3:

(1) Delete the word "basic" from line 9, page 4.

(2) Delete the words "additional development" in lines 18 and 19, page 4, and substitute the word "replacement".

(3) Strike all of section 3 after the word "operation" in line 11, page 5.

(4) Renumber section 3 as subsection 3(a) and add new subsections reading as follows:

"(b) Joint costs allocated to recreation and fish and wildlife enhancement shall be nonreimbursable.

"(c) Costs of recreation facilities at Sugar Pine Reservoir shall be nonreimbursable.

"(d)(1) If, before commencement of construction of the unit, non-Federal public bodies agree to administer unit land and water areas for recreation and fish and wildlife enhancement pursuant to a plan

of development and to bear not less than one-half the separable cost of the unit allocated to those purposes and all the costs of operation, maintenance, and replacement of recreation and fish and wildlife enhancement lands and facilities, not more than one-half the separable capital costs allocated to recreation and fish and wildlife enhancement shall be nonreimbursable.

"(2) In the absence of such a preconstruction agreement recreation facilities and facilities and project modifications for fish and wildlife enhancement (other than minimum facilities for the public health and safety at reservoir access points) shall not be provided, and the allocation of unit costs shall reflect only the number of visitor days and the value per visitor day estimated to result from such diminished recreation and fish and wildlife enhancement development without reference to lands which may be provided pursuant to subsection (f) of this section.

"(e) The non-Federal share of the separable investment costs of the unit allocated to recreation and fish and wildlife enhancement shall be borne by non-Federal interests, under either or both of the following methods as may be determined appropriate by the Secretary: (i) payment, or provision of lands, interests therein, or facilities for the unit; or (ii) repayment, with interest, within 50 years of first use of unit recreation or fish and wildlife enhancement: *Provided*, That the source of repayment may be limited to entrance and user fees or charges collected at the unit by non-Federal interests if the fee schedule and the portion of fees dedicated to repayment are established on a basis calculated to achieve repayment as aforesaid and if the fee schedule and the portion of fees dedicated to repayment are made subject to review and renegotiation at intervals of not more than five years.

"(f) In the absence of preconstruction agreements as specified in subsection 3(d)(1) lands may be acquired in connection with construction of the unit to preserve the recreation and fish and wildlife enhancement potential of the unit.

"(1) If non-Federal public bodies agree within ten years after initial unit operation to administer unit land and water areas for recreation and fish and wildlife enhancement pursuant to a plan of development and to bear not less than one-half the costs of lands acquired pursuant to this subsection and facilities and project modifications provided for those purposes and all costs of operation, maintenance and replacement of recreation and fish and wildlife enhancement facilities, not more than one-half the costs of such lands, facilities, and project modifications may be borne by the United States and such costs shall be nonreimbursable. Such agreement and subsequent development shall not be the basis for any reallocation of joint costs of the unit to recreation or fish and wildlife enhancement.

"(2) If, within ten years after initial operation of the unit, there is not executed an agreement as specified in paragraph (1) of this subsection the Secretary may convey the possession and control of any lands acquired pursuant to this subsection by deed, lease, or otherwise, to any Federal agency or to any person or non-Federal

body, for the purpose of recreation, fish and wildlife enhancement, or use as a summer residence, or for the operation on such lands of pleasure resorts for boating, fishing, or any similar purpose, or for any other purpose which would not conflict with the purposes for which the unit was constructed: *Provided*, That no transfer authorized herein, except transfer by conveyance at fair market value under the then existing conditions, shall be made without approval of the President of the United States.

"(g) As used in this Act, the term 'nonreimbursable' shall not be construed to prohibit the imposition of entrance, admission, and other recreation user fees or charges.

"(h) Costs of means and measures to prevent loss of and damage to fish and wildlife resources shall be treated as project costs and allocated among all unit purposes."

The management and cost-sharing requirements of subsections 3(d), 3(e), and 3(f) would, of course, be inapplicable to Sugar Pine Reservoir, which will be administered by the Secretary of Agriculture.

C. Section 5 of the bill is unnecessary and should be deleted.

D. In section 7, after the figure \$425,000,000, add "(1962 prices)".

The feasibility report of January 15, 1962, and the supplemental report of October 21, 1963, on the Auburn-Folsom South unit make adequate allowances for future water uses in the upstream foothill areas. If it is deemed essential to include assurances on this point in the authorizing legislation, we would have no objection to substitution of the following language for the existing section 5:

"Sec. 5. Before initiating any diversions of water from the American River Basin in connection with the operation of the Auburn-Folsom South unit, Central Valley project, the Secretary shall determine the quantity of water required to satisfy all existing and anticipated future needs within that basin and the diversions shall at all times be subordinate to the quantities so determined."

It is my opinion that because of the urgent water and power needs, the benefits to the State and to the Nation, and the leadtime between authorization and actual construction, we should move forward on this proposal as soon as possible. It is my hope that the Congress will agree that the Auburn-Folsom South unit is the next logical addition to the Central Valley project where the Federal Government has been so successful in making an investment in multiple-purpose projects which have in turn greatly enhanced the economy of the Nation.

A statement of personnel and other requirements that enactment of this legislation would entail is enclosed in accordance with the provisions of Public Law 801, 84th Congress.

The Bureau of the Budget has advised that enactment of legislation to authorize the Auburn-Folsom South unit would be consistent with the objectives of the administration.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

AUBURN-FOLSOM SOUTH UNIT, CALIFORNIA

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AUBURN-FOLSOM SOUTH UNIT, CENTRAL VALLEY PROJECT, CALIFORNIA
*Estimated additional man-years of civilian employment and expenditures for the
 1st 5 years of proposed new or expanded programs*

	1st	2d	3d	4th	5th
Estimated additional man-years of civilian employment:					
Executive direction:					
Executive.....	2	2	2	2	2
Clerical.....	2	2	2	2	2
Total, executive direction.....	4	4	4	4	4
Administrative services and support:					
Accountant.....	5	8	11	12	12
Clerical.....	9	16	22	23	24
Property management.....	8	13	16	16	16
Records maintenance.....	5	8	8	8	8
Total administrative services and support.....	27	45	57	59	60
Substantive (program):					
Engineering aids.....	38	84	120	120	120
Engineers.....	33	70	96	96	96
Geologists.....	5	7	9	9	9
Total, substantive.....	76	161	225	225	225
Total, estimated additional man-years of civilian employment.....	107	210	286	288	289
Estimated additional expenditures:					
Personal services (in thousands of dollars).....	749	1,470	2,175	2,200	2,305
All other (in thousands of dollars).....	4,403	10,931	24,557	45,446	55,946
Total estimated additional expenditures (in thousands of dollars).....	5,152	12,401	26,732	47,736	58,251

EXECUTIVE OFFICE OF THE PRESIDENT,
 BUREAU OF THE BUDGET,
 Washington, D.C., March 31, 1965.

HON. HENRY M. JACKSON,
 Chairman, Committee on Interior and Insular Affairs,
 U.S. Senate,
 Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of February 26, 1965, requesting the views of the Bureau of the Budget on S. 599, a bill to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom South unit, American River division, Central Valley project, California, under Federal reclamation laws.

The purpose of the bill is stated in its title.

The Department of the Interior, in a letter being submitted to the committee, recommends enactment of S. 599 with certain perfecting amendments. The Bureau of the Budget concurs in the recommendations of the Department.

Accordingly, the Bureau of the Budget would have no objection to the enactment of this measure if amended as recommended by the Department of the Interior.

Sincerely yours,

PHILLIP S. HUGHES,
 Assistant Director for Legislative Reference.

89TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
 1st Session } } No. 295

AUBURN-FOLSOM SOUTH UNIT, AMERICAN RIVER DIVISION, CENTRAL VALLEY PROJECT, CALIFORNIA

MAY 6, 1965.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROGERS of Texas, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H. R. 485]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 485) to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom South unit, American River division, Central Valley project, California, under Federal reclamation laws, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

Page 2, lines 17 and 18, strike out "the Secretary determines that it is economically justified and engineeringly feasible;" and insert "duly authorized by an Act of Congress:"

Page 2, line 18, add the following proviso:

Provided further, That no facilities, except those required for interconnecting the Auburn powerplant and the Folsom switchyard and those interconnecting the Folsom switchyard and the Elverta substation, shall be constructed for electric transmission or distribution service which the Secretary determines, on the basis of a firm offer of a fifty-year contract from a local public or private agency, can be obtained at less cost to the Federal government than by construction and operation of government facilities;

Page 4, line 8, through page 6, line 18, strike out all of section 3 and insert the following:

SEC. 3. (a) Subject to the provisions of subsections (b), (c), (d), and (e) of this section, the Secretary is authorized in connection with the Auburn-Folsom South unit (i) to construct, operate, and maintain or provide for the construction,