

MINUTES OF THE MEETING
NATURAL RESOURCES
STATE SENATE

January 31, 1979

The fifth meeting of the Natural Resources Committee was called to order by Senator George F. Roskie, Chairman, at 12:45 P.M., on the above date in Room 405 of the State Capitol Building.

ROLL CALL: Upon roll call all members were present.

CONSIDERATION OF SJR 8: A joint resolution of the Senate and the House of Representatives of the State of Montana urging the completion of the reregulating dam on the Kootenai River.

Chairman Roskie called on Senator William Hafferman, District 11, to explain to the Committee why he introduced SJR 8. Senator Hafferman made some brief comments concerning SJR 8 and then asked Chairman Roskie if he could introduce the witnesses he brought to speak as proponents to SJR 8. With Chairman Roskie's permission, Senator Hafferman first introduced Representative Aubyn Curtiss, District 20, to speak in behalf of SJR 8.

Representative Curtiss read a news release from Senator John Melcher's office dated October 20, 1978 (see attachment) and also submitted an itemized statement from the Corps of Engineers for the Committee to consider (see attachment).

Senator Hafferman then called on Senator Cornie Thiessen, co-sponsor of SJR 8, District 27, to speak in behalf of SJR 8 and to encourage the expeditious completion of the reregulating dam.

Senator Hafferman then introduced Senator Carroll Graham, District 29, who also spoke in favor of SJR 8. Former Senator Gordon McGowen followed Senator Graham and spoke in favor of SJR 8 (see attachment).

Senator Hafferman then introduced the following individuals to the Committee to speak in favor of SJR 8: Charlie Welch, Lumber and Sawmill Workers Local 2581; Joe Crosswhite, President, Western Environmental Trade Association and Operating Engineer Unions; Peter Jackson, Western Environmental Trade Association; Gerald Neils, Independent Logging Contractors; Everett Shuey, Montana Power Company; Richard Hork, Ravalli County Electric Coop (see attachment); William Nordeen, Northern Lights, Inc., Ray Wayrenen, Montana State Council of Building and Construction Trades; Gene Phillips, Pacific Power

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and Light; Terry Bass, Montana Contractors Association; Harvey Jewett, International Brotherhood of Electrical Workers (Kali-spell), Jerry Driscoll, Laborers Local #98; Sam Silverthorn, Montana State Building and Construction Trades Council; Ray Loveridge, Montana People for Progress.

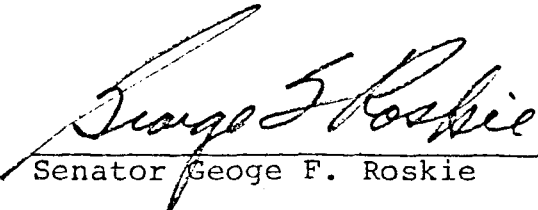
Chairman Roskie then called for any opponents to SJR 8 and Representative Arthur Shelden, District 22, spoke (see attachment).

With no further opponents to SJR 8, Chairman Roskie called on Senator Hafferman to make a closing statement. Senator Thiesen also made some closing remarks by addressing some of the comments that Representative Shelden had made.

Senator Roskie then opened the hearing to questions from the Committee and a brief discussion followed.

Mr. John Wilson, Montana Council for Trout Unlimited, spoke and expressed some concern about the mitigating measures with regard to fisheries.

ADJOURNMENT: There being no further business, the meeting adjourned at 2:15 P.M.



Senator George F. Roskie

Date 1/31/79

ROLL CALL

Natural Resources COMMITTEE

46th LEGISLATIVE SESSION - 1979

NAME	PRESENT	ABSENT	EXCUSED
ROSKIE, George F., Chairman	✓		
DOVER, Harold L., Vice-Chairman	✓		
BROWN, Steve	✓	✓	
ETCHART, Mark	✓	✓	
JERGESON, Greg	✓		
LOCKREM, Lloyd C., Jr.	✓		
LOWE, William R.	✓	✓	
MANLEY, John E.	✓	✓	
STORY, Pete	✓		
THIESSEN, Cornie R.	✓		

Each Day Attach to Minutes.

BILL SSR 8

VISITORS' REGISTER

DATE 1/3/70

Please note bill no.

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOSE
Everett Shurey	Mont Power HSPG		<input checked="" type="checkbox"/>	
Robert Vojteski	I.U.O.E. local # 400	✓	<input checked="" type="checkbox"/>	
Richard A. HORIK	Ravalli County Electric		<input checked="" type="checkbox"/>	
Don Dougherty	Missoula Elec. Cooperative		<input checked="" type="checkbox"/>	
Don Worthington	Heppner Elec. Cooperative		<input checked="" type="checkbox"/>	
Rep. Wm. R. Baeth	myself		<input checked="" type="checkbox"/>	
Charles M. McCall	L.H. #11 Local 2581		<input checked="" type="checkbox"/>	
Robert Liddle	L.H. #11 Local 2581		<input checked="" type="checkbox"/>	
Pat Stewart	W.H. Civil Service		<input checked="" type="checkbox"/>	
Paul Rainey	Northern Lights		<input checked="" type="checkbox"/>	
Wm J. Fordeen	Northern Lights		<input checked="" type="checkbox"/>	
GEO. J. J. J.	Weta Mtn.	✓	<input checked="" type="checkbox"/>	
Shelley Thompson	Montana Mining Assoc.		<input checked="" type="checkbox"/>	
Ray Lawrence	Montana People's League		<input checked="" type="checkbox"/>	
Jim Driscoll	Laborer's Local 98 Billings		<input checked="" type="checkbox"/>	
Art Whitney	MT D 2170	SSR-8		
John Wilson	MT Council of Trout Unlimited			
Gene Phillips	Pacific Power & Light		<input checked="" type="checkbox"/>	
Art Sheldon	Representative Dist 22			
Bill Horbrecht	Env. Quality Council			
SAM SILVERTHORN	Mt. St. Rd & TRADES	SSR 8	<input checked="" type="checkbox"/>	
Harvey Jewett	IBEW	"	<input checked="" type="checkbox"/>	
Gordon McHown	Self	SSR	<input checked="" type="checkbox"/>	
Connie Krautser	Env. Information Center	SSR 8	<input checked="" type="checkbox"/>	

NAME: Rep Aubyn Curtis DATE: 1/31/79

ADDRESS: Justice, Mass

PHONE: 443-0451

REPRESENTING WHOM? _____

APPEARING ON WHICH PROPOSAL: STP 8

DO YOU: SUPPORT? ✓ AMEND? OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

ADDRESS: _____

REPRESENTING WHOM? Wassell

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Gordon McIlwain

DATE: 1/31-79

ADDRESS: Highwood Mount

PHONE: 733-2541

REPRESENTING WHOM? Self

APPEARING ON WHICH PROPOSAL: 5JR8

SUPPORT?

X

AMEND?

OPPOSE?

COMMENTS :

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME:

Charles M. Welch

DATE:

1/31/79

ADDRESS:

P.O. Box 1665 Liberty 207.59923

PHONE:

293-5240

REPRESENTING WHOM?

I. L. W. Local 2581

APPEARING ON WHICH PROPOSAL:

^{draft}

Resolutions 8

DO YOU:

SUPPORT?

✓

AMEND?

OPPOSE?

COMMENTS:

I feel we need to produce all
the energy we possibly can and this is
an opportunity to produce more.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME:

Joe Cornubio

DATE:

1-31-79

ADDRESS:

Cal Hall, Mont.

PHONE:

892-5055

REPRESENTING WHOM?

WETA - Oper. Engineers

APPEARING ON WHICH PROPOSAL:

HJR 8

DO YOU:

SUPPORT?

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME :

DATE: 1-31-79

ADDRESS :

PHONE :

REPRESENTING WHOM?

APPEARING ON WHICH PROPOSAL:

DO YOU :

SUPPORT?

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: G T Neils DATE: _____

DATE: _____

ADDRESS: -8 Howie

PHONE: _____

REPRESENTING WHOM? Mont Legg Assn

APPEARING ON WHICH PROPOSAL: _____



AMEND? _____

OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME:

DATE: _____

ADDRESS :

PHONE :

REPRESENTING WHOM?

APPEARING ON WHICH PROPOSAL:

DO YOU:

SUPPORT?

AMEND?

OPPOSE?

COMMENTS :

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Richard A. Hork DATE: 1-31-78

ADDRESS: 521 S. 8th Hamilton

PHONE: Bus. 961-3211
Home 363-2192

REPRESENTING WHOM? Ravall County Electric Coop.

APPEARING ON WHICH PROPOSAL: SJR 8

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: W^m T Norden DATE: 11/31/78

ADDRESS: 338 So 4th Sandpoint, Idaho

PHONE: 208 263 2906

REPRESENTING WHOM? Northern Lights Inc

APPEARING ON WHICH PROPOSAL: Re Reg Dam

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: Thanks to the Committee and Staff
for your courtesy and cooperation
W^m Norden

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: RAY WAYRYNE

DATE: 1/30

ADDRESS: 3916 East Shore Drive Helena.

PHONE: 475-3436

REPRESENTING WHOM? Mt. St. Building & Construction Trades

APPEARING ON WHICH PROPOSAL: 54.R.8

SUPPORT?

AMEND?

OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Gene Phillips

DATE: 1/31/79

ADDRESS: Kalspell, Mont

PHONE: 755-6644

REPRESENTING WHOM? Pacific Power & Light

APPEARING ON WHICH PROPOSAL: H I R 8

DO YOU: SUPPORT? X AMEND? OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Larry Bass

DATE: 1-31-79

ADDRESS: P.O. 4519

PHONE: 442-4162 ✓

REPRESENTING WHOM? MONTANA CONTRACTORS ASSOC

APPEARING ON WHICH PROPOSAL: SLR-8

SUPPORT?

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Harvey C. Stewart

DATE: 1/31/72

ADDRESS: PO Box 768 Klamath Falls, Oregon 97601

PHONE: 755-5295

REPRESENTING WHOM? International Brotherhood of Electrical Workers

APPEARING ON WHICH PROPOSAL: 5th 8

DO YOU: SUPPORT? X AMEND? OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Jerry Driscoll DATE: 1-31-79

ADDRESS: 345 Calhoun Lane

PHONE: 259-4471

REPRESENTING WHOM? Labore's Local #58

APPEARING ON WHICH PROPOSAL: SJ 8

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: ROY LOVERIDGE

DATE :

ADDRESS: Box 775 Colton Mont

PHONE :

REPRESENTING WHOM? Montana People for Progress

APPEARING ON WHICH PROPOSAL:

DO YOU :

SUPPORT?

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Art Shelden

DATE: 1/31

ADDRESS: Libby mt.

PHONE: In Helena - 443-6063

REPRESENTING WHOM? Self

APPEARING ON WHICH PROPOSAL: _____

DO YOU: SUPPORT?

AMEND? /

OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Mike Jahn DATE: _____

ADDRESS: 1836 Elmwood

PHONE: 442-0032

REPRESENTING WHOM? ASGM

APPEARING ON WHICH PROPOSAL: SJR8

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? _____

COMMENTS: present testimony from Dr. Ron
Eisenstein who could not attend

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATOR JOHN MELCHER
440 Russell Senate Ofc. Bldg.
Washington, D. C. 20510

For Immediate Release:
October 20, 1978

*Carroll
Bartman*

CONGRESS REGARDS WHOLE LIBBY DAM PROJECT AUTHORIZED, MELCHER SAYS

WASHINGTON -- Congress and the President regard Libby Dam and appurtenant works, including the re-regulating dam, as legally authorized, Senator John Melcher says in a statement issued Friday. The statement said:

"Out of respect for Federal Judges, and in particular Judge W.D. Murray, I have refrained until now to ^{publicly} point out that both Congress and the Executive Branch regard all of the components of the Libby Dam project to be legally authorized.

"Various acts of Congress authorized Libby Dam, starting in 1950, and were supported strongly and advocated then by Judge Murray's father, the late Senator James E. Murray, and by Mike Mansfield, then Western District Congressman. The late Senator Lee Metcalf, both in the House and Senate, and the entire Montana Congressional delegation, has successfully obtained over the years numerous appropriations by Congress for the Libby project, approved and signed by seven different Presidents.

"If the decision is to be made to bobtail the project and cut out some of the main dam generators and halt the re-regulating dam and its generators, it is a decision to be made by Congress and it is up to the Montana Congressional delegation.

"Appropriations to continue to work were requested by the President this year for the Libby Dam project. It is not on the "hit list" of water projects that he vetoed earlier this fall. The President requested funds in his budget for Libby, additional generators, road-work, haul bridge, recreation, fish hatchery, and the final engineer-

ing work for the re-regulating dam.

"Congress, including the Montana delegation, approved and it has been signed by the President. Both Congress and the President have acted in the firm belief that the entire project is authorized.

"I do not mind weighing the facts as to the relative merits of utilizing the renewable sources of power at Libby as compared to power generation by coal-fired plants or development of newer power sources such as solar or wind. I would object to a replacement of this power with nuclear and I would object to disregarding the power needs of the seven electric co-ops in the area served by Libby power, as well as the power needs of Anaconda Aluminum at Columbia Falls and the Stauffer Chemical plant near Anaconda which get their electricity from both Hungry Horse and Libby. Montana has a reservation for 426,000 kilowatts from these two dams.

"Part of our consideration must be the need for aluminum to provide necessary material for solar ^{power} units and lighter weight material for cars and trucks and trains to conserve fuel.

"In the next Congress the Montana delegation, having weighed the relative merits of sources of power, will either approve or disapprove a further request for appropriations for the project but is present clearly on record for continuing the completion of the project by providing the funds for it."

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Submitted by
Rep. Carlson
Gardner, Mont.

From: Report to Accounting
H.R. 12928

24-555 O - 78 - 6

CORPS OF ENGINEERS - CONSTRUCTION, GENERAL

Type of Project	Project Title	Budget Estimate Construction	Budget Estimate Planning	House Allowance Construction	House Allowance Planning
MONTANA					
(FC)	FLATHEAD RIVER NEAR KALISPELL.....	---	---	---	100,000
(FC)	GREAT FALLS.....	3,600,000	---	3,600,000	---
(MP)	LIBBY ADDITIONAL UNITS & REGULATING DAM.....	21,000,000	---	21,000,000	---
(MP)	LIBBY DAM, LAKE KOOCANUS.....	5,755,000	---	5,755,000	---
NEBRASKA					
(FC)	PAPILLION CREEK & TRIBUTARIES LAKES.....	100,000	---	100,000	---
NEVADA					
(FC)	HUMBOLDT RIVER & TRIBUTARIES.....	---	---	---	50,000
NEW JERSEY					
(FC)	ELIZABETH.....	\$ 3,500,000	\$ ---	\$ 3,500,000	\$ ---
(N)	MANASQUAN RIVER (REHAB).....	1,150,000	---	1,150,000	---
NEW MEXICO					
(FC)	ABIQUITU DAM (REHAB).....	2,200,000	---	2,200,000	---
(FC)	LOS ESTEROS LAKE.....	3,445,000	---	3,445,000	---
(FC)	SANTA FE RIVER & ARROYO NASCARAS.....	---	190,000	---	190,000
NEW YORK					
(N)	ARDSLEY (SEC. 201).....	---	---	---	100,000
(N)	CATTARAUGUS HARBOR.....	---	---	1,640,000	---
(FC)	DANVILLE & VICINITY.....	---	70,000	---	70,000
(N)	DUNKIRK HARBOR.....	---	---	650,000	---
(BE)	EAST ROCKAWAY INLET - ROCKAWAY INLET & JAVAIKA BAY (PART I).....	1,000,000	---	1,000,000	---
(FC)	ELLICOTT CREEK.....	---	---	1,000,000	---

January 31, 1979

Gordon McGowan

The point of ~~the project~~^{Station} is that the reregulating dam will supply power in periods of peak power consumption. The forecast used in ~~this~~⁴¹⁻¹¹⁻¹² shows power deficits beginning as early as 1980-81. The reregulating dam would come on-line in 1983-84 and supply power in periods of peak consumption.

~~For the purpose of~~^{That} a transition is taking place in the Northwest electrical generating system. It is being converted into a hydro-thermal system, where large thermal plants will supply the initial power demands while hydroplants concentrate on meeting loads in periods of peak consumption. Without hydroplants to meet peak power demands, expensive fossil fuel thermal plants would have to be built to supply power at times of peak consumption.

The use of hydropower, represented by the reregulating dam, can conserve the use of valuable nonrenewable resources. The reregulating dam project will result in increased energy by allowing production of secondary energy during period of high flow by using water that would otherwise be spilled.

The reregulating dam project will make power supply more reliable in the 1980's, provide power by using water that would otherwise be spilled, aid in conserving fossil fuels and avoid the necessity of building even larger thermal plants to meet peak energy demands.

RAVALLI COUNTY
ELECTRIC COOPERATIVE, INC.

CORVALLIS, MONTANA 59828

LIBBY REREGULATION DAM HEARING

Testimony of Richard A. Hork, Manager
Ravalli County Electric Cooperative, Inc.

My name is Richard Hork, Manager of the Ravalli County Electric Cooperative, Inc., Chairman of the Western Montana Electric Cooperative Manager Group, Western Montana Representative to the Executive Committee of the Public Power Council and Chairman of the Participants Committee of the Kootenai River Hydroelectric Project.

It is a well documented fact that Bonneville Power Administration, in June of 1976, issued a "Notice of Insufficiency" advising their customers, including seven electric cooperatives and the Flathead Irrigation Project, all serving Western Montana, that they will be unable to serve their full requirements after July 1, 1983.

Since this letter of insufficiency was released, thousands of man-hours and large sums of money have been expended in an effort to counteract the impending energy deficiency. Legislation has been drafted with emphasis placed on a give and take proposition trying to satisfy all segments of the industry. Much opposition has been encountered. Water storage sites and potential hydroelectric sites have been explored. Again, much opposition has been encountered. Construction of fossil fuel projects have come under heavy opposition.

RAVALLI COUNTY
ELECTRIC COOPERATIVE, INC.

CORVALLIS, MONTANA 59828

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It is continually voiced and printed that renewable energy sources should be utilized for electric energy generation. What better source of renewable energy do we have available than water power?

We believe the construction of the Libby Reregulation Dam should be given the go ahead and urge that the State of Montana consider favorably the adoption of such a resolution or legislation.

The Libby Dam is there. The impounded water is there. The construction of a reregulation dam would allow the installation of four generating units of four 105,000 K.W. each or 420,000 K.W. In addition, three units could be installed in the reregulation dam with a capacity of 76,400 K.W. depending on the available water storage.

Western Montana is experiencing a very rapid rate of growth of new consumers requiring electric service. The Ravalli County Electric Cooperative, a relatively small utility, constructed services to 427 new electric accounts in the year of 1978. This represented a 14% increase in that one year alone. Energy requirements increased 10,529,000 kilowatt hours over the previous year or 16%. It is interesting to note that the average residential and farm consumer used 328 kilowatt hours less than the consumer in 1977.

RAVALLI COUNTY
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CORVALLIS, MONTANA 59828

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Conservation is another word that is voiced continually as a panacea to eliminate all of our problems. Naturally it is beneficial, but in no way can conservation offset the influx of new or additional consumers that are finding their way to Western Montana from areas outside of the region.

A prime responsibility of an electric cooperative manager is to do his utmost to provide adequate and reliable electric service for his members. The only way to accomplish this task is to project and promote the capacity required to fulfill the need. To do otherwise is down right spooky. For instance, on the morning of January 7th, a transmission failure interrupted electric service for two hours in practically all of Ravalli County. The weather was a chilly 29 to 35° below zero. Frozen water pumps and water lines, unmilked cows, freezing cold houses, and uncooked breakfast and lunch was the rule of the day. Some houses are still without water due to burst~~ed~~ pipes under five feet of frozen ground. A short outage of two hours can result in outages of from two to eight hours for sectionalizing required to regain the load.

Again may I repeat, lets get on with the Libby Reregulation Project, a portion of the generation that will be required in the upcoming years.

I am writing about the Libby Additional Units and Re-regulating Dam (LAURD) project on the Kootenai River near Libby, Montana. It appears to me and to many other long-time citizens of the area that the justification for spending \$275 million to obtain an additional short time peaking capability has never been clearly established.

The main Libby Dam has a live storage capacity of nearly five million acre feet of water and the four generating units now operating produce approximately 1.75 billion kilowatt hours annually. In doing so all the stored water is passed through the turbines and on downstream to all the power dams on the main Columbia. It is a very efficient operation with a combination of base and peaking power being produced.

In the LAURD project the Corps of Engineers (COE) propose to add four more generating units to give the dam almost 100% peaking capability. This creates a flow fluctuation from zero to 45,000 cfs in as little as 15 to 30 minutes and makes necessary a re-regulating dam about ten miles downstream. The re-reg dam and reservoir in turn require the moving and reconstruction of about nine miles each of the Burlington Northern mainline, Highway 37, and a major logging haulroad.

The latest estimate of total cost is \$255 million. The COE has been authorized and has received appropriations to install the additional four units and this work is now under contract and under construction. In the authorization bill there was apparently no mention of the re-reg dam and the attendant railroad and highway reconstruction. Work on the re-reg was started but has been halted by a temporary injunction (now under appeal) brought in Federal

court by the Libby Rod and Gun Club and others.

In addition to the above, Bonneville Power Administration (BPA) proposes a third 230 kv power line from Libby to Albeni Falls, Idaho. BPA explains that the two existing lines will carry the power from eight generators.' However, one line would not; therefore, they propose a third line for backup or near 100% reliability. BPA is considering a two-circuit line, one of which would carry LAURD power, the other local services. It seems reasonable that at least one-half of the \$30 million estimated cost should be charged to LAURD, or \$15 million dollars. This brings the total LAURD cost to \$270 million dollars not including probable cost overruns. Neither does it include values lost when ten miles of free flowing Kootenai River are destroyed. These lost river values should be determined for the hundred year life of the LAURD project.

It should be clearly understood that the LAURD project will not add any additional kilowatt hours to the 1.75 billion already generated by the existing four units. These four units can use nearly twice the water available. The four additional do provide the capacity of producing twice as much power in half the time, and that is all they can do. The existing four units operate at about 38% of their capability. [That means that they utilize 45% of their peaking capability on an average annual basis.] The addition of four more units will reduce that figure for the eight units to 20%. So we end up with an installed capacity of some 966 megawatts (MW) which will be used at 20% of its capability or 193 MW. [966 = 1.15 nameplate -turbines and generators are designed to operate at 15% over nameplate.] In other words that is the average power capability of the available water at Libby Dam in a normal year. For short periods the full 966 MW can be

generated.

So now come the questions:

What is the real need for this kind of capability? In amount it represents about 2.7% of demand capability on the entire Columbia System. The COE justifies the need from figures in an energy needs forecast by the Pacific Northwest Utilities Power Policy (PNUCC). This forecast calls for a growth rate of 4.2 to 4.8 percent per year to beyond 1990. However, other studies just as sophisticated but with different basic assumptions come up with growth rates of 3% or less. The Northwest Energy Policy Project (NEPP), a joint federal, Oregon, Washington and Idaho study came up with an annual growth rate forecast of 2.7%. The general accounting office (GAO) in a report to Congress (#EMD-78-76) dated August 10, 1978, did an in-depth study of the spread between 2.7% and 4.8%. This study and others, while admitting room for much difference of opinion, conclude that an increase of 3% or less is realistically possible and most likely. This rate of increase will require serious but not traumatic pressures and incentives toward conservation and alternate energy. The point here is that the COE basically ignores or downgrades any but the PNUCC forecast. Incidentally even that forecast sees a need only in short water years.

If there is no need there is no value. If there is a need what is its true value. I am not an economist but I note that COE gives a value of \$.00408 (4.08 mils) per kwh to the electricity now being generated at Libby Dam. Then in order to justify the LAURD project they ascribe a value of \$.02024 (20.24 mils) to the same electricity when generated by the eight units (Policy Paper, LAURD, Appendix A, page 20, October 1978). I wonder why the latter is worth five times

much. The COE assumes a nuclear thermal plant is the least cost alternative to LAURD. In doing so they did not seriously consider alternatives such as added insulation, time of day and other rate structures, cogeneration, etc. This may have been a tenable position in 1976 and earlier. Today these alternatives deserve serious consideration and cannot be ignored. Pacific Power and Light is investing its own money in home insulation because today it considers that a better investment than building new power plants.

After September 1984 the Canadians can divert 1.5 million acre-feet of Kootenai River water from Libby. (The water will go directly to the Columbia and flow through British Columbia hydro plants instead of coming down the Kootenai.) The COE says this diversion is unimportant, yet it will reduce the output at Libby by 18% annually. It will make the time the added units can operate even less. The Canadians may negotiate for a cash payment instead of diversion but either way the value of the return from Libby will be reduced.

In the suit brought by the Libby Rod and Gun Club one of the preliminary findings is that the rereg dam was not authorized by Congress. If this finding is upheld on appeal it appears that Montana will be "allowed" to contribute several million dollars towards its construction costs. In the same suit mentioned above the other finding was that COE had not complied with the requirements of the National Environmental Policy Act (NEPA). This could and should require public hearings and new studies.

Regardless of the outcome of the suit it seems to me that enough questions have been raised about the LAURD project that Congress

should call a halt to any further expenditures, even though authorized. Congress should then instigate an in depth study of the cost effectiveness of the LAURD project. This study should be done by an agency that is totally independent of COE or BPA. In view of the GAO Study mentioned above, I would think that GAO should be the lead agency.

There are some disturbing parallels between LAURD and the Tenn-Tom project in Tennessee and Alabama.

1. The economic justification is questionable under today's conditions. No objective, in depth study of cost-benefit.

2. Appropriations are made annually in a piece meal fashion (a common practice) so that very few if any members of Congress have a clear and complete picture of total costs and returns.

3. It apparently was not clearly understood in 1974 when four additional units were authorized and appropriations made for them that they were only the tip of the iceberg.

4. Someone in Congress with sufficient influence supports the project under the assumption that federal money spent in a state or district is desired by the people because it "creates" jobs and "builds" the economy. People are beginning to question the long-term value of the temporary type of jobs created by many construction projects. They question the inflationary pressures and disturbed local economy effects. They want to know all the costs before commitments.

I believe that there should be full state participation and input into decisions that lead to projects such as LAURD. This aspect may be decided in the Northwest Energy Bill which will be

considered by the upcoming Congressional session. This is another reason for delaying construction on the LAURD project. Once the project is built, the money spent, and the river destroyed, any further discussion is academic.

To Summarize:

1. The project is being handled in a piecemeal manner with no clear picture of the final cost.
2. Values lost, including such things as added property values if the river is not destroyed should be carefully studied.
3. Consideration of alternatives to the proposed peaking capability was based on pre-1974 philosophy and did not fully realize the fast changing conditions of the 1970s and foreseeable conditions of the 1980s, including insulation, co-generation, new rate structures, etc.
4. The effect of the Canadian diversion should be more carefully evaluated.
5. The number and permanence of jobs created by other uses of \$270 million should be carefully and thoroughly studied. Almost any alternative such as installing insulation, more stringent building codes, construction of plants with co-generation or for the manufacturers of necessary equipment will create more jobs.
6. The project will produce a peaking capability that is less than 27% of the total capability on the Columbia system, at a cost of \$560,000 per installed megawatt, and will actually be available 20% of the time.

I believe the project should be stopped by Congress until

1. The Northwest Energy Bill is law.
2. An independent and objective study can be done by such an