

NOTES ON CONFERENCES AND HEARINGS

IN WASHINGTON, D. C.

March 26 - 31, 1956

MONDAY, MARCH 26, 1956 10:00 A.M. Conference with Corps of Engineers, Room 1223, Building 7--7 at Gravelly Point.

Members of Conference: General Charles Holle and Hand Armstrong of the Army Corps of Engineers, Herb West, Charles Baker, Herb Powell and Burt Curtis.

Herb West opened the conference by stating that \$8,000,000 was needed for Ice Harbor rather than the \$5,000,000 suggested in the bill. He stated that he had recently talked to some of the contractors at Ice Harbor and they stated that the first coffer dam would be in by January of next year which would use the \$5,000,000 and that \$3,000,000 more should be available to continue the project and not leave a short duration of time in which work could not go forward because of lack of finance. The best way to plan these Federal projects is after they are started to get them completed as soon as possible. General Holle concurred in this viewpoint and stated that additional money would be very agreeable and highly desirable.

West and Herb Powell pointed out that shipments of wheat out of the Lewiston region would be big as soon as navigation was available and that Ice Harbor would do a lot for navigation problems on the Snake, making water transportation available to the ocean. He said that besides wheat, there would be other agricultural products, forest products, such as pulp and lumber, as well as considerable lime as the Northwest developed. Mr. West asked the reason the locks at Ice Harbor have been planned smaller than locks on the main stem of the Columbia River. He also mentioned that the handling of goods to smaller barges because of the smaller locks at Ice Harbor will be very costly and unnecessary. General Holle said he did not know why the Ice Harbor had been designed smaller than the ones downstream and that it was an important subject which should be seriously considered.

Some discussion came along shoreline property owned by the Government making it difficult for industry to locate in some areas. It was mentioned that Phillips Petroleum was thinking of a location in the Snake River area. General Holle said that it was a real problem, but preferred private ownership of shoreline property to get the Government out of trouble in administering who should locate where.

Lower Monumental Dam was discussed and while it has been authorized for some time work should be gotten underway at the earliest possible date. Mr. West mentioned that we would have to be in after construction money next year and that there would be quite a job of selling on this project. He mentioned that \$12 to 14 million dollars will be needed for relocation of railroads and so on at Ice Harbor and \$23,000,000 was estimated to be necessary for the Lower Monumental site.

The dams at Lord Granite, Little Goose should be started as one package job. This will provide slack water into Lewiston, Idaho. Mr. West stated that this should come up at the earliest possible date to get the Snake River projects all underway. Mr. West stated that 38% of the money had been repaid to the Government and that the Federal investments have returned considerable money to the treasury.



Upon being quizzed about the Libby Project, General Holie stated that the project is taking repeated turns for the worst. Conferences with Canada are very slow and action from Canadian authority is hard to obtain. Their position on water diversion is important before the U. S. can go ahead.

Bruces Eddy - Penny Cliffs : Some strategy was discussed in getting these projects underway. Curtis mentioned that Northwest Power company was interested in Bruce's Eddy and the people of the area felt very strongly on the importance of local tax base. Herb West suggested that we might split the two projects up, the Bruces Eddy going partnership and the Penny Cliffs straight Federal. Holie did not know if this could be worked out or not and said he would refer this to General Itschner. Holie mentioned that he knew of the local utility companies desire to participate and strongly endorsed that method of construction. He thought the best psychology would be to get these two projects underway in a one package job. General Holie stated that he would have a talk with the power companies and see what they thought about splitting them up, that we would certainly need their cooperation to get anywhere.

A.B.C. give General Holie a copy of a partnership bill. He said they looked very good and liked the cooperation on this project. A.B.C. asked General Holie if he had knowledge of letter from Secretary of the Army Stevens regarding the partnership possibilities. The General mentioned that he had written the letter for Secretary Stevens, that it had originated in his office. He looked upon the possibilities as very favorable if the complexion of Congress would consider it favorably. He thought it was a very fair bill and he would be very agreeable for the cooperation for this project. He stated that the language in the bill might be checked, however, and that this was primarily a matter of importance to the local people. That the local people must hang together for a tax base project, and as long as we had solid thinking in our area our biggest hurdle would be cleared.

Wildlife Discussion - Considerable discussion was held on wildlife matters which have been so prominent recently. The General mentioned that the wildlife fellows had gotten entirely out of line and very unreasonable. That they had looked into wildlife matters very thoroughly and were well satisfied that their contentions did not have a realistic solution to the problem. He stated that it was very important that we keep local wildlife organizations in approval. Generally speaking there was not too much to worry about the wildlife he did not think.

2:00 P.M. - INTERSTATE COMMERCE COMMISSION - Honorable Owen Clarke Commissioner.

Mr. West <sup>asked</sup> about the 5% horizontal rate increase recently granted railroads, Commissioner Clarke asked if it resulted in a loss of any business and the reply to this was, it could not be immediately foreseen or determined.

The financial needs of the railways were discussed and it was mentioned that the N.P. and U. P. passenger service revenue was bad. It was mentioned at this time by Commissioner Clarke that the freight revenue has for some time been used to pay deficits incurred by passenger revenue.

64% of freight revenue is used for deficits of passenger.

Commissioner Clarke mentioned that all <sup>airways</sup> ~~revenue~~ of the U. S. had a revenue of from 8 to 9 billion dollars and that 700 million dollars is the deficit for passenger service. It was presumed that the 700 million dollars would represent 64% of the passenger deficit.



Generally speaking freight revenue subsidise passenger business throughout the country and the question is whether or not the public wants a public subsidy for passenger revenue.

Agriculture pays the lower rate than other freight - 25% - of freight service tonage. The meaning here is that 25% of the tonage is agriculture, yet it pays but 15% of the freight revenue. Commissioner Clarke mentioned also that coal was 21% of the tonage, yet coal pays but 12% of the revenue. The tonage verses revenue percentages in both agriculture and coal are ~~two~~ good examples.

Manufacturing commodity pay more freight revenue than others and have less tonage. He mentioned such itess as vacuum cleaners, washing machines, driers household items, etc. All of which pay greater freight rates. Other items of the cigarette, candy, etc. nature.

The question was asked why should east Oregon be 5% less than in 1931 and the Commissioner replied that there was a zone of reasonable rates and that reasonable rates to be defined properly must be something <sup>more</sup> than reasonable cost. That is the overall picture, but certain items may not be particularly compensatory. It was brought out at this time that much tonage in the lower Snake River area will be by private carriers.

The car shortage was discussed. Commissioner Clarke mentioned that 145,000 cars are on order but they will not be built in time to prevent a shortage which will develop in 1956. The car builders simply cannot get this steel and are now operating at about 50% capacity.

The Interstate Commerce Commission has an order to stop slow schedules in car movements, that the circuit routes must be stopped. He noted that a good example of this was in the case of Oregon lumber going east where 390 days were consumed in the routeing of the material to Ohio. In some cases cars in route have been used for storage and this is very bad and develops bad car shortages. Interstate Commerce Commission has orders out to stop such flagrant abuse. He said that last year 1/3rd of all lumber from West to East was on slow schedules. The comments made here were that freight rates must come down or private carriers would be doing the hauling. I don't know who made the statement, but think it was Herb West. Statements was also made that the movement from West to East by railway would have to get line with barge rates and trucks.

Commissioner Clarke mentioned that the I.C.C. have only 30 car service agents in the U. S. and that they need at least 50. They had over 100 during the Korean War.

Waste car days is bad. There was some suggestion that a per diem charge of \$27.70 by Magnuson be initiated. The present I. C.C. service order during shortages is \$2.40 per day. This means that the railway company with few cars can rent a car cheaper than they can own it and that there is no incentives to buy cars. The rate may go to \$25.00 a day which would be helpful to initiate car manufacturing. Some railways have 400% non-owned cars on their lines. They cost is about \$8,000.00 to build a car today.

TUESDAY, MARCH 27, 10:00 A.M. - CONFERENCE WITH FEDERAL POWER COMMISSION.

A very fine conference was held with Jerry Kuykendall (Jerome Kykendall), Room 2047, Government Accounting Office Building, 441 G. Street Northwest.

S.B. 1574 Goldwater Bill provides for downstream benefits. Heretofore it has been a one way street on downstream benefits with upstream dams federally owned receiving credits for water used by private owned downstream dams. The Goldwater Bill provides for upstream dams to receive benefits from downstream federal owned dams. Mr. Kykendall doubts if Congress will o.k. the Goldwater bill.



It was mentioned that 50 years is an arbitrary period of time formula used to amortize Federal hydro-projects. There is nothing in the law about it only that 50 years has been commonly used and seems to work out alright.

Atomic energy will be coming into the picture in about 30 years and will compete with hydro energy at about that time.

Kykendall suggested that I talk to John Mason or Mr. Gatschell, legal counsils for the Federal Power Commission, on the subject of our Bruce Eddy bill. We asked Mr. Kykendall his opinion of the bill and he thought these two fellows would give us a good opinion.

statements at the  
Herb West ran out of A.B.C./federal Power Commission Office and luckily A.B.C had a few extra copies, so passed one across to Mr. Kykendall at the embarrassment of Mr. West. I presume he junked them all after reading them Monday evening to find that they did not particularly help his Ice Harbor case.

It was mentioned at this time that 26 million dollars were used at the McNary Dam for fishing facilities and 22 million dollars were for navigation.

It was mentioned here that money earned by Federal projects goes back to the U.S. Treasury. Costs to operate the project must be reappropriated for operation.

\$390,000,000 has been paid back already.

It was mentioned that rates may never be reduced even when a project is completely amortized.

11:00 A.M. CONFERENCE WITH SHERMAN ADAMS, ASSISTANT TO THE PRESIDENT, EXECUTIVE OFFICE, THE WHITE HOUSE.

Congressman Hal Holmes of Washington escorted us to the Whitehouse for this conference. We went one half hour early since it was necessary to clear security. Promptly at 11:30 we were sent to the conference room and very promptly Sherman Adams arrived and we went into the business at hand immediately. Mr. West pointed out to Sherman Adams very fine investments the federal government has been making in the Columbia River system, and that these projects were paying the government good dividends. Sherman Adams promptly replied that the Federal Government has been putting a lot of money into the Northwest and there was a limit on how far they could go and thought that local utility participation was absolutely necessary in all cases possible if we were to keep on top of the job. He mentioned that the administration's policy at this time. The conference lasted about one half hour, after which time we were shown through the whitehouse and into President Eisenhowers Administrative Office. We met many of the secretaries and employees of the president and given very courteous attention and welcome throughout the visit.

3:30 P.M. SECRETARY OF INTERIOR, DOUGLAS MCKAY.

Secretary McKay gave us an hour or better of his time and we discussed the various projects for the Columbia River system. Mr. McKay mentioned the necessity of staying with the administration's program of water resources development. He mentioned that the wildlife and fish objections had been most violent, he questioned very seriously whether or not things would be slowed down because of such unrealistic action by wildlife groups. We asked the Secretary who would take his place and he said that he had no word of it as yet but that he was getting ready to go out to Oregon and work to unseat Senator Morris.



Considerable other things were discussed at this time, not necessarily important for the diary.

WEDNESDAY, MARCH 28, 10:00 A.M. CONFERENCE WITH PERSIFUL F. BRUNDAGE, Deputy Director, Bureau of the Budget, Executive Office Building. Robert E. Merriman Assistant to the Director and Karl H. Schwartz, Jr., Chief Resource and Civil Works Division and Charles C. Warner, Assistant Chief of Resources and Civil Works Division.

This meeting was held in Room 246, Executive Office Building 10:00A.M., March 28. Herb West mentioned that \$8 was being asked rather than \$5 to better the continuity of orderly development at Ice Harbor. Deputy director of the budget, Brundage asked why and the same information was given him as was given General Holle. No comment was made at this time. The matter of navigation on the Columbia was discussed and it was mentioned that there was 21 port districts between Pasco and the ocean. It was also mentioned that 15 of 1340 million bushel of wheat were shipped by barge and that there was considerable truck transportation through pasco through inland regions. 650 bushels of wheat to the truck.

It was mentioned that 99% of the wheat comes from dry land.

The channel from McNary to The Dalles is now 7 feet at Cellico, and that navigation benefits will be great for moving inland commodities to the Ocean.

Considerable discussion was held on the Chinook Salmon in the straight on the Columbia. Mr. West mentioned that 70% of the 148,000 Chinook counted at Bonneville were lost at Cellico. Most of these being taken by Indians of three reservations who have the right to fish at this location since it is their old traditional tribe fishing grounds. He also mentioned that when McNary is finished the upstream passage of fish will be considerably improved do to the loss of the Cellico fishing grounds, since this area will be flooded. The indians have been paid off by the government.

2:00 P.M. HEARINGS - SUBCOMMITTEE ON PUBLIC WORKS, COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, The Capital Bldg., Room B.23. We were given one hour to submit testimony. There were only four of us and each of us took only ten to fifteen minutes, with Mr. West perhaps taking a little longer time. Testimony came off in pretty good shape, except that Representative Don Magnuson asked me to stay on the script and not talk about un-authorized projects when A.B.C. attempted to discuss Bruces Eddy and Penny Cliffs. He stated that my testimony was not germain to the call. I replied that these projects have been recommended to the Army Corps of Engineers. After my brief appearance, written testimony and exhibits were handed to the clerk for the record and it was admitted. There was no important happenings at this hearing.

WEDNESDAY, 3:00 P.M. CONFERENCE WITH JOE MARTIN, House Minority leader. Joe Martin was very receptive and listened to our case quite attentively. We gave him a briefing on our problems and he seemed very sympathetic, particularly with the need of utility participation.

5:00 P.M. PERSONAL CONFERENCE WITH CLARENCE DAVIS, UNDERSECRETARY OF THE INTERIOR.

Clarence Davis was very understanding and sympathetic to our case and emphasised the necessity of keeping local wildlife clubs on our side. He also emphasised the necessity of working with the Administration on water resources development. He gave personal regards to Ben Bear of Orofino, an old school friend.

THURSDAY, 10:00 A.M. CONFERENCE WITH SAM COON, CONGRESSMAN FROM OREGON.



Sam Coon thought that his John Day bill would probably not have a hearing at this session. He said that the public power complexion of congress was such that a partnership bill in this session would have rough sledding. He wasn't just sure yet, but he was going to try and have a hearing on the bill. We had a very fine exchange of ideas on water resources development and after he looked it over, our Bruce Eddy measure, thought it was well in line with the Administration's thinking.

THURSDAY, ~~NOON~~ 11:00 A.M. CONFERENCE WITH SENATOR DWORSHAK.

The Senator advised me that our utility participation desired would have no consideration in this Congress. He stated that he would call Bob Kerr, Senator of the Public Works Committee for his attitude, and that I would soon receive a letter from the Senator in which it would be stated that such a measure if introduced into Congress/~~remains~~<sup>would</sup> in the committee without action. After considerable discussion on the possibility of the partnership or private bill, no decision was made and lunch was held in the Senate Office Building.

1:30 P.M. CONFERENCE WITH WARREN G. MAGNUSON. In his office at the Senate Office Building. Senator Magnuson gave us a ~~xxx~~ brief run down on the testimony he welcomed. To me he appeared like a dictator on the Northwest water policy. It was mentioned at this time that he and Senator Jackson can take care of Senator Neuberger and Morris, With reference to wildlife problems.

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3:00 P.M.- HEARING BEFORE THE SUBCOMMITTEE ON PUBLIC WORKS, COMMITTEE ON APPROPRIATIONS, U.S. SENATE, in the capital.

At this hearing several Senators were present, some staying a brief time and leaving. Those who ~~stayed~~ were there were Magnuson, Mund of South Dakota, another Senator from Dakota, Nolen of California, Ellenger and a few others.

No difficulty was had at this hearing, although Senator Magnuson broke into A.B.C. Testimony frequently for further questioning and strengthening, the case of water resources development particularly with his viewpoint.

GRACIE PFOST CONFERENCE.

A two hour conference was held with Gracie Pfof without much being accomplished. Only a better understanding of our different viewpoints. Gracie told me that she was so committed with Hells Canyon that she could think of little else, but that. I mentioned that she should diversify her thinking in the interest of Idaho development and mentioned that she get back of the partnership proposal. She said that was utterly impossible and felt that the benefits to the region would be far greater by public development due to the industry that would come for cheap power. I mentioned that cheap power was a small cost of the finished product of most industries. Gracie mentioned to me the hearing held in Lewiston earlier in 1955 and cleared up the viewpoints that she had made, particularly in that the Columbia River development program had returned a profit if you consider the ~~investment~~ investment rather than the 99 million dollar deficit that I had mentioned.

I asked Gracie if she and Senators Neuberger and Morris have any idea of introducing a public power project on the Clearwater. She stated that they had been thinking about it but had not reached a decision. She also stated that she did not take too much stalk in wildlife objections. I asked her what she thought about the expressions of the Clearwater Basin being a substitute for the Hells Canyon and she said she didn't think it was so. The conference broke up 6:45 P.M.



CONFERENCE WITH EXECUTIVE SECRETARY IRVIN HOFF OF SENATOR MAGNUSON.

Considerable discussion was held on the Clearwater being a substitute for Hells Canyon and he said that he did not think that was so. He also mentioned that there was considerable discussion on the Clearwater projects being introduced in this Session of Congress as a public power project, and that something might occur soon in this regard. I mentioned that if such a bill should go into Congress there will be work in the next administration to de-authorize and go for cooperative development. This drew a large burst of indignation from the Secretary and stated that such would be impossible.

He mentioned that the wildlife protests were not being taken serious and that they knew considerable more about the fish and wildlife situation than we realized, thinking that it was not a matter of importance.

CONFERENCE WITH HENRY DWORSHAK.

The Senator mentioned that before a hearing of the Senate Committee on Appropriations on Tuesday Mr. Neuberger was quizzed considerably about his attitude of Fish and Wildlife. After it was discussed that we might have to <sup>some</sup> make a decision on whether we wanted resources development and a strong economy for the people, we might have to give up some of the wildlife desires. Senator Neuberger said that when ~~he~~ it got down to voting he had long ago reached a decision that fish could not vote. The implication was here that he would support a Clearwater development if Federally authorized.

FRIDAY CONFERENCE WITH KYKENDALL

Kykendall stated that he had been in the Clearwater and knew how ridiculous wildlife claims were. He said that he had received great ~~f~~ volumes of resolutions and material in protest of Clearwater, but most of it was filed without the intent of having reference to it. He said it was very important that we keep local wildlife clubs favorable to the Clearwater development. I presented him ~~with~~ maps and material giving more factual information which he very much appreciated.

CONFERENCE WITH JOHN MASON, Federal Power Commission Legal Consil.

After considerable discussion on the desires of local people, the counsiler advised me on the feasibility of our Bruce Eddy bill. He made a number of corrections and changes and suggested that this bill be fixed up a little and introduced. He thought it ~~was~~ was sound and feasible and would do the job we wanted. Considerable other discussions were held on this and the Hells Canyon case, not appropriate for this diary. He also mentioned that a hearing would be held in the region this spring on the Mountain Sheep, Pleasant Valley project and asked my opinion of strategy. I suggested that the hearing be held in Grangeville, Idaho rather than Lewiston or Baker, Oregon and that if they didn't want to go to Grangeville - Orfino would be o.k. and they would surely be welcome there. This will be a 2 day hearing, and he asked my assistance in connection with this important meeting.

CONFERENCE WITH ALLEN SMITH, GUY GORDON, KINSEY ROBINSON, PAUL MCKEY

Considerable discussion was held on the Bruce Eddy and other Northwest projects. It was mentioned here that if the Goldwater Bill, which referred to is S.B. 1574 were passed, the Pacific Northwest power companies would build Bruce ~~and~~ Eddy and Penny Cliffs entirely from private funds and pay the taxes which would accrue. This bill provides for downstream benefits to private construction



and makes benefits a two way stretch rather than one favorable to public interest.

I was advised by legal council to proceed with all of my testimony, particularly with that of the taxation nature if at all possible. And that I would not have to fear the humility of being taken off the witness stand. The thing to do is not get scared and keep right on going to tell the committees what the people want.

It was brought out that the local people in the community must be steadfast in their thinking and expressions on the need of local participation. The complexion of the Congress at this time is not good for private development.

Other items were discussed for which no record should be made.

#### CONFERENCE WITH CONGRESSMAN BUDGE

Considerable discussion was held with Congressman Budge, Herb Powell of Lewiston accompanied me with this conference. Budge was very interested in the water resources development in North Idaho and stated that he wished to be as helpful as possible. Some thought was given to he introducing a local utility participation bill and should such action by he be desirable it was our opinion that he would cooperate.

A copy of our bill and testimony was left with Mr. Budge for his review. A close check of our proposed legislation seemed good to Mr. Budge.

#### CONFERENCE WITH LEN JORDAN, UNITED STATES CHAIRMAN, INTERNATIONAL JOINT COMMISSION.

About one and one-half hours was spend with Len Jordan going over water resources development. Of prime importance to us was the possibility of a utility participation in the Clearwater program. Jordan had done some research work for us since I had talked to him earlier in the week. He mentioned that from 1906 to 1953 27 partnership projects had been completed in 13 states. 12 of these were by republican administrations and 15 by democrat administrations.

He referred particularly to one or two of the more recent ones being the Coosa River project in Alabama which for many years has been Federally authorized but no money has been allocated by Congress. Last year Sparkman and Hill, along with all of the Alabama Congressmen managed to get a bill through Congress to deauthorize the Federal Coosa River Project and permit a private utility, the Alabama Power Company to proceed with the construction.

An other recent partnership project was in Oklahoma where the Grand River dam was federally authorized many years ago. After a ten year wait for federal money, last year the legislation was deauthorized and a Grand River Authority, a state of Oklahoma agency was permitted to go through with the construction.

Another more recent instance was the Niagra development in New York which was sponsored by Lahman to permit a local utility participation at Niagra.

Len Jordan thought that Henry Dworshak should show more fight in Congress and if he would take the position of leadership could get a lot more done in council with ~~xxxxxxx~~ some of his democratic friends. He feels that Henry has taken a position of not desiring to fight or argue and prefers to have others do the spade work so he can move in on the easy jobs. He said he had taked the matter over with Henry many times and was quite disappointed.

Other matters were discussed without records being made.