

INCREASING THE APPROPRIATION AUTHORIZATION FOR THE
COMPLETION OF THE CONSTRUCTION OF THE IRRIGATION
AND POWER SYSTEMS OF THE FLATHEAD INDIAN IRRIGATION
PROJECT, MONTANA

JUNE 16, 1964.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

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

R E P O R T

[To accompany H.R. 6151]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 6151) to increase the appropriation authorization for the completion of the construction of the irrigation and power systems of the Flathead Indian irrigation project, Montana, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment is as follows:

Page 1, line 5, strike out all of the line and insert in lieu thereof:

to "\$6,200,000 (December 1962 prices) plus or minus such amount, if any, as may be required by reason of changes in construction costs as indicated by engineering cost indices applicable to the types of construction involved therein,".

PURPOSE

The purpose of H.R. 6151, as amended, introduced by Representative Olsen of Montana, is to increase the appropriation authorization from \$1 million to \$6,200,000 for continuing the construction of the irrigation and power systems of the Flathead Indian irrigation project in Montana. The amounts expended will be added to project construction costs and will be reimbursable.

NEED

The Flathead Indian irrigation project is located on, and entirely within, the Flathead Reservation. Roughly 12 percent of 138,000

acres of irrigable land in the project is held in trust for the Indians. The project was authorized in 1904 and has been under construction since 1907. About \$12 million have been appropriated for the project over the past 60 years.

Most of the requested funds will be used to develop an adequate power distribution system. The load growth of the power system has doubled in the past 7½ years until today some 5,800 customers are dependent on it as the sole supplier of electricity. The remaining funds will be utilized for extension of facilities on irrigable lands that have not been served. During 1962 the 108,000 acres under irrigation produced crops valued at \$5,185,000.

COST

H.R. 6151 will authorize the expenditure of \$6,200,000 in reimbursable Federal funds.

COMMITTEE AMENDMENT

The committee added an amendment at the end of the bill in recognition of the changes in construction and engineering costs that have accrued since the preparation of the report during the 87th Congress and that may accrue hereafter.

DEPARTMENT REPORTS

The favorable report from the Secretary of the Interior and a supplementary letter dated August 30 and December 17, 1963, respectively, are set forth below:

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., August 30, 1963.

HON. WAYNE N. ASPINALL,
*Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.*

DEAR MR. ASPINALL: This responds to your request for a report on H.R. 6151, a bill to increase the appropriation authorization for the completion of the construction of the irrigation and power systems of the Flathead Indian irrigation project, Montana.

We recommend that the bill be enacted.

The bill increases the appropriation authorization for continuing the construction of the irrigation and power systems of the project. The amounts expended will be added to project construction costs and will be reimbursable.

The Flathead Indian irrigation project is located on, and entirely within, the Flathead Indian Reservation, in the extreme western portion of Montana. Approximately 12 percent of the irrigated land of the project is held in trust for the Indians, and 88 percent is in non-Indian ownership.

The feasibility study for the Flathead Indian irrigation project, Montana, was authorized under the act of April 23, 1904 (33 Stat. 302). As a result of a favorable feasibility determination an arrangement was made between the Bureau of Indian Affairs and the Reclamation Service whereby the Reclamation Service would furnish the engineering organization to make the surveys and carry on the construction work. This arrangement remained in effect until 1924

when the project, by secretarial order, was transferred to the Bureau of Indian Affairs for completion and operation.

The surveys which were started on July 8, 1907, not only dealt with the irrigation project but also investigated the possibilities of developing power to be used to operate pumps which would supplement the gravity water supply.

The first funds for project construction were appropriated under the act of April 30, 1908 (35 Stat. 70, 84). The amount appropriated was \$50,000. In 1909 work was started on two irrigation laterals and a tunnel which would divert the Flathead River during construction of the powerplant. The tunnel was completed in 1911. Other than the completion of the tunnel no further work was done on the power development, as the small acreage irrigated could be supplied by gravity. By the act of May 10, 1926 (44 Stat. 464-465), \$395,000 was appropriated for continuing construction of a powerplant. This revival of the power construction had been brought about because the total project acreage developed had reached the point where it would be necessary to supplement the gravity water supply by pumping.

The expenditure of the funds for the actual construction of the powerplant was delayed subject to the formation of irrigation districts by the non-Indian landowners and their execution of repayment contracts. Subsequently the non-Indian landowners organized three irrigation districts in accordance with the laws of the State of Montana and executed contracts for the repayment of project construction costs.

During the period that the contracts were being negotiated the possibility of leasing the powersite on the Flathead River to a private utility was under consideration. Such a lease would provide reimbursement of the funds already invested in the power development by the project and provide a means for securing power to be used and sold for the benefit of the project. On May 23, 1930, license No. 5, Montana, was issued by the Federal Power Commission to Rocky Mountain Power, a subsidiary of the Montana Power Co. The licensee secured the right to construct a dam (Kerr Dam) and large hydroelectric generating station at the river site where the Flathead irrigation project had planned its much smaller installation. The license further provided for repayment to the United States of the cost invested in the tunnel, required the licensee to make certain blocks of power available to the United States for and on behalf of the irrigation project, and an annual rental payment to the Flathead Tribe for the site which is entirely on the reservation.

In 1930 the project commenced construction on its electrical transmission and distribution system, and operation was initiated in 1931. Today approximately 5,800 customers are dependent upon the project's power system which is the sole supplier of electricity within the boundaries of the Flathead Reservation.

Since 1940 the program on the irrigation project has in a large part been one of rehabilitation and betterment, with new construction consisting primarily of extending irrigation facilities to irrigable lands that had not yet been served.

On May 25, 1948 (62 Stat. 269, Public Law 554), legislation was enacted concerning the Flathead Indian irrigation project which revised legislation then in effect. This law, besides providing for adjustment of irrigation charges on the project, governs the operating practice in regard to the district's contracts and repayments as well as the administration of the project's power system.

For the purpose of this proposed legislation, only section 5 of the act of May 25, 1948, is of concern. This section authorizes the appropriation of specified amounts of money for certain purposes to be reimbursed to the United States by adding them to the construction costs of the project. Those purposes by sections are as follows:

Sec. 5(a): Funds to be used to repay the Confederated Salish and Kootenai Tribes as the balance remaining due them under the appropriations act of May 18, 1916 (39 Stat. 123, 141), which required that tribal funds used for the constructing of irrigation systems be returned to the tribe.....	\$64, 570. 56
Sec. 5(b): For full settlement to the tribes of all claims on account of the past use of tribal lands for the physical works and facilities of the irrigation and power systems of the project, or for wildlife refuges, and for a permanent easement to the United States for the continuation of any and all of the foregoing uses.....	400, 000. 00
Sec. 5(c): For continuing the construction of the irrigation and power systems of the project.....	1, 000, 000. 00

In fiscal year 1949 the \$464,570.56, as set forth in section 5 (a) and (b), were appropriated for payment to the tribe and this amount was added to the amount of loans due the United States by the project.

Since the enactment of the 1948 act, \$3,265,639.63 have been appropriated and expended for the construction and rehabilitation of the project's irrigation and power systems.

As a result of an intensive study and analysis of the irrigation and power systems it has been determined that in addition to amounts expended to the end of fiscal year 1962, an additional \$2,820,452 are required to complete the construction and rehabilitation of the two systems. This amount when added to the amount already expended makes a total of \$6,086,091.63 that would be expended to complete the construction and rehabilitation of the project, since the passage of the act of May 25, 1948.

An analysis of the construction costs incurred to June 30, 1962, and estimated costs for completion and rehabilitation follows:

Total construction expenditures to June 30, 1962:	
Irrigation.....	\$11, 535, 344. 83
Power.....	2, 008, 383. 36
Total costs to June 30, 1962.....	13, 543, 728. 19
Less total costs for preliminary surveys and construction to June 30, 1948.....	9, 813, 518. 00
Total reimbursable costs incurred during period July 1, 1949 to June 30, 1962.....	3, 730, 210. 19
Less amount returned to Flathead Tribes in accordance with secs. 5 (a) and (b), act of May 25, 1948, supra.....	464, 570. 56
Costs for construction and rehabilitation of the irrigation and power systems of the project since the passage of the act of May 28, 1948, supra.....	3, 265, 639. 63
Estimated amount needed to complete the project construction and rehabilitation exclusive of any increases in construction costs during programed period:	
Irrigation.....	1, 200, 300. 00
Power.....	1, 620, 152. 00
Total.....	2, 820, 452. 00
Total amount (unadjusted) of appropriative authority required for completion of the project program.....	1 6, 086, 091. 63

¹ Exclusive of increases in construction cost indexes.

As of June 30, 1963, the amount of \$2,972,761.39 of the investment in the irrigation system and \$162,652.17 of the power investment have been repaid in accordance with the procedures prescribed in the act of May 25, 1948, *supra*. During the calendar year 1962, approximately 108,000 acres were irrigated and produced crops valued at \$5,184,928.

The irrigation system already constructed consists of six main canals totaling 194 miles, 775 miles of laterals, and three pumping plants with lifts of 335 feet, 43 feet, and 79 feet. The power systems consist of 420 miles of transmission and distribution lines, a 320-kilowatt generating plant, and several substations.

As indicated in the title of the bill, but not in its text, the increase in appropriation authorization will provide for the "completion of the construction of the irrigation and power systems." It should be pointed out, however, that even though this authorization will complete the irrigation project and the major construction, rehabilitation, and betterment of the power system, a certain amount of new construction and enlargement will always be necessary on the power system in order to provide electricity to new customers and added power loads of existing customers. When this need develops, a further authorization will be required.

The three irrigation districts have by resolution agreed (1) to the proposed increase in appropriations to \$6,200,000 and (2) to support the necessary revisions in their repayment contracts in order to accomplish the completion program.

As a technical and perfecting amendment, we recommend the addition of the following language before the period at the end of the bill: "(December 1962 prices) plus or minus such amounts, if any, as may be required by reason of changes in construction costs as indicated by engineering cost indices applicable to the types of construction involved therein."

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

JOHN A. CARVER, Jr.,
Assistant Secretary of the Interior.

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF INDIAN AFFAIRS,
Washington, D.C., December 17, 1963.

HON. JAMES A. HALEY,
House of Representatives,
Washington, D.C.

DEAR MR. HALEY: At the hearings recently on H.R. 6151, a bill to increase the authorizations for completion of the Flathead Indian irrigation project in Montana, the question was raised as to how much effect the construction of the Knowles Dam will have upon this project.

As now planned our best information is that construction of the Knowles Dam would eliminate approximately 9,000 acres of irrigable land from this project. Also approximately 300 waterpower customers would be affected by the construction of the dam.

The total irrigable land in the project is approximately 138,000 acres. Of the 9,000 acres flooded by the dam only about 600 acres are unimproved. Should new funds be used to improve all unimproved land in the taking area only this 600 acres would be involved. However, it is not contemplated that additional land within the 9,000 acres will be improved for irrigation until the final decision is made concerning Knowles Dam. If it is determined that Knowles Dam will be constructed then no funds from this authorization are planned for the improvement of the 600 acres.

The 300 power customers who will be required to move by reason of the construction of the dam will in all probability resettle in the area and probably within the power system of this project. We would therefore anticipate some disturbance but no real effect on the repayment of the project from power sources. As it has already been pointed out 9,000 acres is a small amount and would not in any manner seriously affect the repayment ability of this project.

The principal reason for the necessity for an increase in the authorization is in improvement of the project power distribution system. The load growth of the power system has doubled in the last 7½ years and based on past experience it is estimated that the system growth in the future will at least equal the national average. If Knowles Dam is constructed it is a possibility that the increase will be above the national average. At the present time the system is dangerously overloaded and it is imperative that something be done to relieve this situation.

The Flathead project is an excellent one and well able to meet its commitments in the future as it has in the past. It is also well able to meet its reimbursable schedule should increase be allowed and should Knowles Dam be built.

Sincerely yours,

JOHN O. CROW, *Deputy Commissioner.*

COMMITTEE RECOMMENDATION

The Committee on Interior and Insular Affairs recommends the enactment of H.R. 6151, as amended.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ACT OF MAY 25, 1948 (62 STAT. 269, 272)

SEC. 5. There is hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, the following sums, for the following purposes, to be reimbursed to the United States as hereinafter provided:

* * * * *

(c) The sum of **[\$1,000,000]** *\$6,200,000 (December 1962 prices)* plus or minus such amount, if any, as may be required by reason of

changes in construction costs as indicated by engineering cost indices applicable to the types of construction involved therein, to continue the construction of the irrigation and power systems of the project. Amounts expended pursuant to this subsection shall be added to the construction costs of the project and shall be reimbursable.

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