

[July 1961]

THOSE GLEN CANYON TRANSMISSION LINES -- SOME FACTS AND
FIGURES ON A BITTER DISPUTE

A Special Report by Rep. Morris K. Udall

Since I came to Congress in May, my office has been flooded with more mail on one single issue than the combined total dealing with Castro, Berlin, Aid to Education, and Foreign Aid. Many writers, it soon became apparent, did not have complete or adequate information about the issues or facts involved in this dispute. The matter has now been resolved by the House of Representatives, and it occurs to me that many Arizonans might want a background paper on the facts and issues as they appeared to me. I earnestly hope that those who have criticized my stand will be willing to take a look at the other side of the story -- for it has received little attention in the Arizona press.

It is always sad to see a falling out among reputable and important Arizona industrial groups. In these past months we have witnessed a fierce struggle which has divided two important segments of the Arizona electrical industry. For many years Arizona Public Service Company (APSCO) and such public or consumer-owned utilities as City of Mesa, Salt River Valley Water Users Association, the electrical districts, REA co-ops, etc. have worked harmoniously solving the electrical needs of a growing state. Since early 1961, however, APSCO has been locked in deadly combat with the other groups. Charges and counter-charges have filled the air.

The largest part of my mail has directly resulted from a very large, expensive (and most effective) public relations effort by APSCO, working in close cooperation with the Arizona Republic and Phoenix Gazette. Speakers for APSCO have fanned out from its headquarters into every county courthouse and to hundreds of service clubs and civic groups.

Let me hasten to add that I bear APSCO no ill-will. It has every right to present its case to the public in any legitimate fashion. As far as I know, its extensive lobbying and public relations programs have been conducted with propriety and are above reproach. Its representatives have treated me with courtesy and friendliness, and I have carefully listened to their arguments. No threats, reprisals, or pressure tactics have been directed against me.

On the other hand there is a strong case to be made for construction of the lines by the Bureau of Reclamation as I shall outline below. The many Arizonans who favor this approach have not been as well organized or financed as APSCO, and they have had meager newspaper support. For these reasons their contentions have not been widely heard or understood.

BACKGROUND OF THE CONTROVERSY

The most important single factor in the growth and economic success of Arizona and the West has been the federal reclamation program which Theodore Roosevelt began in

1902 with the authorization of the Salt River Valley project -- a model multi-purpose reclamation job. This was followed by Hoover, Davis, Parker and other dams.

These projects -- and future ones like Central Arizona, Buttes Dam, Charleston Dam -- may be the key to our future. All of them have been attacked by their opponents as unsound waste of tax dollars; yet every project has been so designed and planned that it would be completely self-liquidating over the life of the project.

The latest chapter in reclamation was written in 1956 when Congress authorized the Colorado River Storage Project. This project calls for construction of four large dams:

1. Glen Canyon - Page, Arizona.
2. Flaming Gorge - On Green River in northeastern Utah.
3. Curecanti - On Gunnison River in western Colorado.
4. Navajo - On San Juan River in northwestern New Mexico.

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In addition the 1956 law authorized more than 35 participating irrigation projects. These will eventually be constructed in Colorado, New Mexico, Utah and Wyoming.

The plan Congress approved provides a financing system which will return to the taxpayers -- over an 86 year period -- the FULL COST of these dams and participating projects. While the project is designed principally to promote irrigation and water control, it has important recreation and other by-products. But ELECTRICITY is the key, for most of the revenue to "pay out" the cost must come from sale of the electric energy produced by the dams. The federal government will own and operate the dams and generators, and will sell the energy to (a) publically-owned and consumer-owned utilities, and (b) to private utilities. The public and consumer-owned groups are designated by law as "preference customers," meaning that they have first right to buy available power. Any power not claimed by the preference groups is sold to private utilities. This is the identical arrangement under which the Bureau of Reclamation sells energy from Hoover, Davis and Parker Dams to APSCO, Tucson Gas Electric Company and to various preference customers. The Bureau has never delivered power to homes or businesses. It sells only to utility companies.

The preference customers in Arizona include cities like Mesa, Safford and Thatcher which own their own electric system; Irrigation Districts like Roosevelt Water Conservation District in Maricopa County; REA co-ops like Trico, Sulphur Springs Valley, Graham County, Mohave, and Navopache; and Electric Districts such as the four which serve the farmers of Pinal County.

The 1956 Act directed the Bureau of Reclamation to build the dams (as it is now doing at Glen Canyon), install the necessary generators (now on order) and "construct, operate, and maintain ... powerplants, transmission facilities and appurtenant works." In addition, Section 7 of the Act provided that ... "the hydroelectric powerplants and transmission lines authorized by the Act to be constructed, operated and maintained by the Secretary shall be operated in conjunction with other Federal powerplants, present and potential, so as to produce

the greatest practicable amount of power and energy that can be sold at firm power and energy rates ..."

The 1956 Arizona delegation to Congress (Hayden, Goldwater, Rhodes and Udall) unanimously supported the bill. APSCO and other utilities favored and urged the project.

When Glen Canyon Dam was begun Interior Secretary Seaton undertook to plan and design a "backbone" transmission network which would:

- (a) interconnect the new dams, as well as the one in Green Mountain, Colorado, and
- (b) move the power to population centers in Arizona, New Mexico, Colorado, Utah and Wyoming where it could be sold.

In 1959 and 1960 five large private utilities (Arizona Public Service Company, Pacific Power and Light Company, Public Service Company of Colorado, Public Service Company of New Mexico, Utah Power and Light Company) in these five states undertook a campaign to persuade Secretary Seaton that he should build some of the federal lines contemplated, but not all of them. They offered to build certain lines -- including two from Glen Canyon to the distribution point at Pinnacle Peak north of Phoenix. They offered to make "wheeling" agreements under which they would transmit the government's power over private utilities' lines for a fee or "wheeling" charge.

Secretary Seaton studied the offer, sought private consultant's advice, and, just before leaving office, rejected the offer. Seaton contended that acceptance would result in (a) higher power costs, and (b) would fail to produce the revenue necessary for the whole project to "pay out", and build the participating irrigation projects.

In early 1961 the new Secretary of Interior, Stewart Udall, was urged by the utility companies to review this decision. After a careful review and another opinion from private consultants, he confirmed Seaton's findings and decision.

BATTLE MOVES TO CONGRESS

The power companies then carried their fight to the Congress. The 1961 Public Works Appropriation bill contained an item of some \$5 million for first-phase construction of the federal "backbone" lines. The utilities asked the Congress to delete

this item. This would have left the Bureau of Reclamation without funds to build the federal system, forcing it to negotiate wheeling agreements with the five private utilities.

The House Appropriations Committee in early September, 1961, after full consideration and lengthy hearings, defeated 27-17 an amendment sponsored by Rep.

Rhodes to remove this item from the appropriation. When the bill came to the House floor on September 12, Rep. Jensen of Iowa, supported by Rep. Rhodes and others, offered an amendment to delete the \$5 million item. After a thorough debate the House voted 134 to 114 in Committee of the Whole to retain it. After passage of the bill, Rep. Jensen moved to recommit the entire Public Works Appropriation bill to the committee with instructions to delete the money for these lines. This motion was defeated 224 to 182. I voted with the majority.

The APSCO proposal had been fully debated in the House. The utilities had had their "day in court" and had been defeated. I felt with many other Congressmen that the motion to recommit would only re-open a controversial matter which had been settled, would probably throw the entire matter into the 1962 session -- thus delaying and threatening the timing of this gigantic project -- and would imperil about \$3.6 billion of other important public works projects financed by the bill.

Among the projects which would have been delayed were the Camelsback reservoir near Safford (\$800,000), planning for the Tucson diversion channel (\$149,000), Colorado levee system near Yuma (\$1,590,000) Gila project in Yuma Irrigation District (\$800,000), Glen Canyon Dam construction (\$19,895,000).

THE NUB OF THE DISPUTE

In the framework of this background let me now try to summarize the basic problem as I approached it:

1. At the outset I recognized that the Colorado River Storage Project (CRSP) is an irrigation and reclamation project. Electricity is secondary, important only as the source of revenue to build the reclamation works.
2. IF (and this is the big argument) APSCO and its partners could build the particular lines and wheel power for the government without endangering "pay out" of the dams and irrigation works, I would favor giving them the job.
3. On the other hand, if handing these profitable lines to APSCO and its associates would drain the project "basin fund" of revenue to pay out and develop water projects as intended in the Act -- the Bureau should build the lines.

Since May I have spent hundreds of hours reading the contentions of the two factions. I have attended more than ten briefing sessions sponsored by one side or the other. Dozens of Arizonans have come to my office to present their views, and hundreds more have written. These expressions have been considered. I listened to every word of the House debate.

Both sides have impressive figures. Both can't be right! Someone is wrong:

- A. APSCO presented beautifully documented brochures and charts which analyzed its proposed construction of lines and "wheeling" charges. Its figures, if correct, proved that the wheeling arrangement would not result in increased power rates for the preference customers, and would permit the Bureau of Reclamation to "pay out" on schedule.

B. The Bureau of Reclamation and the public and consumer-owned utilities present beautifully documented brochures and charts which analyzed the results under federal construction as against the "wheeling" arrangement. These figures, if correct, prove that the APSCO proposal would result in either higher power rates for consumers, or deficient "pay out" funds, or both.

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The House Appropriations Committee, after extensive hearings found the Bureau figures more persuasive. The committee's decision was supported by the House of Representatives. This seemed the safe course to a substantial majority of my colleagues from other states. If APSCO's proposal had been accepted -- and if its figures turned out to be wrong -- irreparable damage would have been done to a billion-dollar project. Reclamation -- never a popular subject with Eastern congressmen -- would have been discredited. Substantial appropriations would be required to bail out an unsound project. Future projects for Arizona and other Western states would have been imperilled.

On the other hand, everyone has agreed that "payout" would be guaranteed under the federal system. We have a large enough federal deficit without gambling on the return of this \$1 billion investment.

PARTICULAR ARGUMENTS DISCUSSED

In the balance of this memorandum I will briefly discuss under 15 headings some of the major arguments dividing the disputing forces, and some of the important conclusions which I have reached.

1. APSCO's Proposal Would Discriminate in Favor of Maricopa County.

In making my decision on this issue I have sought a solution which would distribute impartially within Arizona the benefits of this important project. In my judgment, the APSCO proposal would have given one large private utility in the Phoenix area distinct advantages over other utilities in other parts of the state. These advantages would have included the privilege of integrating government power into the APSCO system and borrowing it in times of greatest need. This could result in reducing APSCO's construction costs for generation facilities -- all to the advantage of APSCO stockholders and its electric customers. Southern Arizona and the second congressional district should not suffer at the expense of Phoenix. The Arizona Power Authority, as our state's independent broker in delivering Colorado River power, has made a proud record working in cooperation with both private and public power interests. If the Glen Canyon energy were controlled not by the Arizona Power Authority but by APSCO, the result, in my judgment, would have been a tremendous disadvantage to the electric consumers in Pima, Cochise, Santa Cruz and Pinal counties who now receive through the APA a proportionate share of the Hoover-Parker-Davis energy. I was most anxious that my congressional district not be discriminated against in the distribution of this power or the benefits and I became convinced that APSCO's proposal might well have this result.

2. Construction of the Federal "Backbone" Transmission System is the Traditional Accepted Pattern. of Reclamation Projects.

Historically, the Bureau of Reclamation has always constructed its own transmission lines connecting large dams in an area with each other and with the population centers where the power is delivered. The government has never gone into the business of selling power to consumers. It has never constructed steam plants but develops power from water sources only. It builds only the "backbone" or skeleton transmission systems. The flesh and muscle lines are filled in by private and public utility companies. This pattern has been followed with power generated at Parker, Hoover, Davis and other dams in our area. This Bureau of Reclamation power has been sold to APSCO, Tucson Gas, Electric Light and Power Company, and other Arizona utilities. The lines from the dams to population centers were designed and built by the Bureau of Reclamation, but the U.S. is repaid in full with interest from power revenues over a period of years.

3. APSCO Proposal Would Not Save Taxpayers Money.

It has been broadly claimed that APSCO, by building the lines, would save U.S. taxpayers some \$175 million. This is true only from a short-range standpoint. The money to build the Colorado River Storage Project dams and lines will be fully repaid with interest to the taxpayers in the same fashion as other reclamation projects. In addition, these projects will generate new business and new wealth which will create, as the Salt River Project created, large new tax sources. More importantly, however, we should note this: the utilities do not offer to build the lines and transfer the electricity free of charge for the federal government. They are asking the government to pay them every year for the life of the project a "wheeling" charge. The House Appropriations Committee staff estimates that the federal government would pay APSCO and its partners over the life of the project 575 million dollars in wheeling charges.

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These monies would have to be appropriated every year and paid by the taxpayers to these utilities. Thus the U.S. taxpayer ends up with a drawer full of rent receipts rather than a revenue producing asset owned by the government. True the U.S. taxpayers might make an immediate saving of \$175 million by letting APSCO and the other companies build the lines, but will pay the private utilities \$575 million for wheeling services. This does not seem like any bargain for taxpayers, and explains why the private utilities can speak so generously about the taxes they will pay.

4. The APSCO Proposal Would Give it Control of a \$1 Billion Taxpayer Investment.

The taxpayers of the U.S. will have an investment of \$1 billion in the dams and works making up the Colorado River Storage Project. APSCO and its partners proposed to spend about \$100 million building the key transmission lines. Yet these lines would effectively control the whole system. The unfairness of this argument was noted in a recent Herblock cartoon in the Washington Post where the private utilities were shown telling the U.S. taxpayer "we generously let you pay for the cow -- all we ask is that you let us take the cream."

5. APSCO Would Have the Government Build Isolated Unprofitable Transmission Lines.

One single important fact has been almost entirely overlooked in all of the controversy. APSCO and its partners have never said to the government, "Let us build all of the lines you will need for this system." On the contrary, they have

always urged that Uncle Sam must and should build many of the transmission lines required to properly interconnect the system. Many of these lines are under construction now. APSCO asks to build only the profitable key lines which are vital to control of the whole system. For example, APSCO still urges Congress to appropriate taxpayers' money to build a line from Glen Canyon to Four Corners. This line runs across the most desolate parts of Arizona, where electrical consumers are as scarce as parking meters. On the other hand, APSCO demanded the right to build the Glen Canyon-Phoenix line because it is the single most profitable part in the system. If it is right for APSCO to build one line, it ought to be willing to build the other.

6. APSCO's Proposal Would Endanger Participating Projects.

As noted above, the Colorado River Storage Project was primarily intended and designed to finance reclamation and irrigation works in the Upper Colorado Basin states. The officials of these states strongly objected to the APSCO proposal on the grounds that their participating projects could not be financed. It was estimated in the House debate that the "Basin Fund" which pays for the participating projects would be \$273 million short if the wheeling arrangements were to be made. The Water Conservation Board of the State of Colorado (the official agency of that state in matters pertaining to reclamation development) made an intensive study and took a strong stand for Bureau of Reclamation construction of the lines. Governor Steve McNichols of Colorado urged Gov. Fannin and every Member of Arizona's delegation to oppose the APSCO proposal. Chairman Wayne Aspinall (Colorado) of the House Interior Committee, a man with more knowledge of reclamation than any other member of the House, said in the course of the House debate that he had been confused by the conflicting claims and had undertaken to obtain the advice of independent engineering consultant:

"On the basis of his study, the dollar amounts which would be received as net revenues in the basic fund and available for development of participating projects. . . would be about \$117 million more under an all federal system than under the private utilities proposal, and the financial advantage of the all federal system after the year 2049 would be about \$4.8 million per year. Again I point out that this is based upon using the utilities' figures. The Bureau's study comparing the utilities' proposal with the so-called modified system, shows a difference in favor of an all federal system of \$275 million over the same period."

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7. APSCO Proposal Might Result in Higher Power Rates for Thousands of Arizona City Consumers, Farmers, and REA Users.

One of the major difficulties I had in making a decision was the completely contradictory claims made by the two sides. APSCO strongly claimed that its wheeling proposal would not result in higher rates for customers of the municipally-owned systems, of Salt River Project, of the REA co-ops, and of the electrical districts. On the other hand the organized consumer groups directly affected expressed deep concern over this prospect and had figures tending to support their views. I have had hundreds of letters from consumers in Mesa, in Pinal County, and elsewhere expressing these fears. For example, Paul Pearce, Mayor

of Eloy, said in a telegram: "As a farmer in Eloy area firmly believe federal construction of Glen Canyon Dam transmission system is only method to retain present cheap power rates for irrigation pumping. Suggest and urge your leadership in coming days."

8. This is not a "private enterprise vs. socialism" issue.

APSCO and the other private utilities have raised the cry, "Let free enterprise do the job," and all of us can support this slogan as a general proposition. However, this is an emotional argument which bears little weight because APSCO is not engaged in free enterprise as we ordinarily understand it. It is a regulated monopoly with no competitors, with a guaranteed rate of return to its stockholders. Its investments are subsidized in part by quick tax write-offs. APSCO and its partners did not ask to build the dams; indeed they urged the United States to build them in order to promote the economy of these Western states. They did not cry "socialism" or "government handout" when the government built Glen Canyon Dam, nor when it undertook to purchase and install the huge generators there. "Socialism" became the issue only when the government undertook to build all of the transmission lines needed to sell the electricity to pay for the dams. The Colorado River Storage Project is a related, interconnected series of dams, generators, lines and irrigation works. It seems hardly logical to split off one small, profitable part of an integrated whole and give it to a regulated monopoly in the name of free enterprise.

9. Bureau of Reclamation has an excellent record. It does not seek to dominate private enterprise.

We hear many criticisms of our federal government and of "bureaucrats," yet Arizonans have nearly always placed the Bureau of Reclamation above criticism. It has an international reputation for building such dams as Hoover, Bonneville, Grand Coulee, etc. and its hard-working personnel have constructed more dams and transmission lines than any organization in the world. Interior Secretary Fred Seaton and President Eisenhower thoroughly considered the arguments of APSCO and rejected their proposal. Certainly Mr. Seaton, a prominent Republican Nebraska businessman, has a belief in free enterprise and an opposition to socialism which are beyond question. His decision was made on a non-partisan basis and it was reaffirmed when the present Democratic Administration and the present Interior Secretary reached the same conclusions.

10. The federal "backbone" system is no threat to APSCO and the private utilities.

APSCO and its partners have made extreme charges in the heat of battle, going so far as to contend that the Bureau of Reclamation is trying to dominate the electrical industry throughout the United States. I would fight such an effort if it were ever made, but the argument ignores the facts: when all the dams in the Colorado River Storage Project are fully operating, they will generate about 1 million kilowatts. APSCO in a booklet filed with my office estimates that the five private utilities involved in this controversy will generate and sell in 1980 a total power load of 20 million kilowatts, or about 20 times the capacity of these dams. I cannot understand how anyone can seriously claim that the power production of these dams could be any threat to private enterprise. The tail will not wag the dog. In the United States more than 80% of all electrical customers are served by private power, and this is as it should be. The Bureau of Reclamation now has harmonious interconnection arrangements with APSCO in other Arizona areas. Even under the all-federal system, there will be particular phases where wheeling arrangements will be made with private utilities in the Upper Colorado basin.

11. What about the \$750,000 in taxes APSCO would pay Arizona?

APSCO has aroused many leaders in northern Arizona by holding out the bait of an estimated \$750,000 in taxes which it claims it would pay if it constructed the proposed lines. The estimate is highly exaggerated, according to independent sources, and is nothing more than a guess. Even Rep. Rhodes, who has supported the position of

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the private utilities in this controversy, could not accept APSCO's claim that it would pay \$750,000 in taxes to Arizona. He placed the figure, in a report to his constituents, at "somewhere between \$350 and \$450 thousand annually." In any event, this money was not offered as a charitable contribution from the generosity of APSCO. This tax money would have come from utility charges paid by consumers located principally in Phoenix and southern Arizona. These proposed lines would not have been located in Maricopa, Pima or any of the large population centers. For the most part, they would have traversed remote, mountainous areas where there are no cities, or crowded school districts with high tax rates, mostly on federal lands. Taking average taxes for the Phoenix area and applying them to improvements in remote areas is absurd.

Furthermore, APSCO is already building two new generating plants at Four Corners and Joseph City, and is already under way with definite plans for a large transmission line from Four Corners to Phoenix. These lines will pay taxes, even though they don't carry federal power.

12. The House Vote was Decisive and Bi-Partisan.

The decision by the House of Representatives against the APSCO proposal was decisive and bi-partisan. Five states were directly concerned: Arizona, New Mexico, Colorado, Utah and Wyoming. These states have 11 congressmen. Ten of the eleven voted for the federal transmission system: Republicans Harrison of Wyoming, Chenoweth and Dominick of Colorado, and Democrats Aspinall and Rogers of Colorado, Morris and Montoya of New Mexico, King and Peterson of Utah, and Udall of Arizona. It is apparent that Colorado Basin Senators will vote likewise with the exceptions of Senator Goldwater and Senator Bennett (R. Utah).

In the House these Republicans, in addition to those named above, voted to reject the APSCO plan: Andersen of Minnesota; Corbett of Pennsylvania; Cunningham, Martin, and Weaver of Nebraska; Ellsworth, McVey and Shriver of Kansas; Horan, May, and Tollefson of Washington; Merrow of New Hampshire; Mosher of Ohio; O'Konski of Wisconsin; Reece of Tennessee; Reifel of South Dakota; Stafford of Vermont.

13. Many Prominent, Intelligent Arizonans Oppose APSCO Plan.

From some of the newspaper publicity one might conclude that APSCO's proposal was opposed only by a few "bureaucrats" and misguided "liberals." This is not the case.

My office has received hundreds of communications from prominent, intelligent and sincere business, farm and civic leaders who favor Bureau of Reclamation construction.

Here is a sample of their comments and a cross section of the prominent leaders who support the Bureau of Reclamation position:

Mayor E. J. Brown, Mesa, commenting on appropriation committee action including funds for the federal grid: "We are sure that the committee has made the move after full consideration of all the factors involved. We commend the committeemen for their action."

William T. Elliott, chairman, Electrical District No. 4, Pinal County: "The directors of Electrical District No. 4 individually and collectively urge your support for federal construction . . . We believe this is the only salvation for our members."

Dewey Farr, Navopache Electric Co-Operative, Inc., Lakeside: "Relative to the transmission lines connecting the various Bureau hydro-electric generating plans, I think that those already constructed should remain the property of the federal government and that the federal government should continue to construct those facilities, for the purpose of transmitting power from generating plants to the points of distribution."

Paul H. Jones, prominent insurance executive, Tucson: "I believe that it would be a mistake to reverse the thinking of the current and past administrations by turning this over to the private power companies. I am a great believer in private enterprise, but I question the advisability of using large amounts of government funds to build a project and then 'turn it over' to private industry, particularly one who has not always worked completely in the public interest."

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W. R. Whitman, director, Yuma Irrigation District: "We would like to go on record that we are not supporting public utilities position and want to endorse the building of such transmission lines by the Bureau of Reclamation who are well qualified in all respects to do this job."

A. M. Ward, Casa Grande, secretary-treasurer, National Farm Loan Associations advisory committee: "In as much as the Bureau has built both Hoover and Glen Canyon, I cannot see Arizona Public Service Company going in and building a line between the two. I feel it would create confusion and not be to the best interest of all concerned."

Senator David H. Palmer, Yavapai County: "We would appreciate very much your support of the House Bill which provides for the erection of Glen Canyon power lines by the Bureau of Reclamation. Although I am personally a stockholder in Arizona Public Service, I feel that in my capacity as State Senator, I should advocate what appears to be in the best interest of the citizens of this state."

Clarence J. Duncan, attorney, Phoenix: "I am hopeful you will use your best efforts to secure an appropriation for the building by the Bureau Of Reclamation of the Glen Canyon transmission lines into Central Arizona."

Among others who have written to support the Bureau plan are Mayor Don Hummel of Tucson; Mayor C. W. Kirtland of Safford; H. S. Hansen of Coolidge; A. O. Bicknell, Tucson, president of Grand Canyon State Electric Cooperative, Inc.; Arthur J. Faul,

chairman of Electrical District No. 2, Pinal County; Edward J. Farrell, chairman, Electrical District No. 3, Pinal County; and Edward Pretzer, chairman, Electrical District No. 5, Pinal County.

14. Leading National Newspapers Favored The "Backbone" System.

Many of the nation's leading newspapers, far removed from the West and local pressures, supported the federal transmission system.

The St. Louis Post-Dispatch said in an editorial: "The controversy over the Upper Colorado Project is, as we see it, not an ideological one of public vs. private power. The question is how to develop most fully the power resources in which public funds are invested for public purposes. If the Federal Government is able to invest nine-tenths of the total cost to build the productive plant, it is certainly able, and has the obligation, to invest the remaining one-tenth for transmission lines to make sure that the product best serves the broad national purpose of resource development for which it was created."

The Washington Post declared: "There is no objection to private companies tying in marketing lines for consumers in the area. But should private companies be allowed to cream off the chief advantage of a public investment by acquiring control of the basic power grid? The plan approved by Congress in 1956 certainly did not provide for such an arrangement; instead it followed the existing pattern of Federal construction."

Similar comments were made in other sections of the country.

The Mesa Tribune, an independent daily in our own state, said: "Official actions of the (Mesa) council and of the (Salt River) project's governing board support public ownership of the lines ... The Power at Glen Canyon will be produced by publicly owned utilities. Customers of publicly-owned utilities have first preference on its use. Why should privately-owned utilities be allowed to establish a "toll gate" for delivery of that power? Federal ownership of the power lines is in the best interest of the whole nation as well as this area, when the long range is considered."

Later, the Mesa Tribune added;

"Mayor Brown...took issue with statements of leaders in several northern areas of the state regarding the possible tax losses that political subdivisions in that section may incur because of federal ownership of the lines. He pointed out that the lines will be built across non-taxable publicly owned lands for the most part and he also questioned the \$750,000 figure that has been widely quoted as the amount of taxes that would result from the lines being under private ownership."

15. Arizona Must Not Endanger Its Future -- Central Arizona Project, Buttes Dam, Charleston Dam are Vital to Our State.

I believe that issues before the Congress should be decided, as a general

proposition, on their individual merits and I have tried to follow this policy. On the other hand the welfare and the future of my state are an important concern to me. As your representative, if I do not plan ahead for vital Arizona legislation, who will? With ground water supplies running out and our exploding population making increasing demands on limited water supplies, I think we must recognize that long-term water planning is essential for future growth. With victory in sight in our long controversy with California, Arizona must begin planning now a campaign to obtain from Congress the necessary appropriations for the Central Arizona Project, Buttes Dam, Charleston Dam, future Yuma projects and other related proposals.

The two key men in any such legislation will be Chairman Wayne Aspinall (Colorado) of the House Interior Committee and Chairman Clarence Cannon (Missouri) of the House Appropriations Committee. No Arizona project will have any chance for success without the enthusiastic cooperation and sponsorship of these two key men. Congress is in an economy mood and reclamation projects have little appeal to the Eastern members of Congress and to those from the big cities. Both Aspinall and Cannon are veteran fighters for reclamation. Both carried the flag for the CRSP and both committed their prestige and resources in behalf of the federal transmission system. The same thing applies to Senator Anderson, Chairman of the Senate Interior Committee.

Arizona will have enough difficulties with our future reclamation projects without its delegation attempting to dispute these important key chairmen on this side issue. While we might hope that future Arizona projects would be considered entirely on their own merits one must recognize the realities of the law-making process.

CONCLUSION:

I hope that those who have read this memorandum will better understand the complex factors which led me to vote as I did. Now that it is settled, let all Arizonans, including APSCO and the consumer-owned utilities, resolve their differences and unite in support of reclamation measures which will promote a successful future for our state.

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