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Aug 28, 2025

DEPARTMENT OF  
WATER RESOURCES

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*Attorney for Falls Irrigation District*

**BEFORE THE DEPARTMENT OF WATER RESOURCES  
OF THE STATE OF IDAHO**

IN THE MATTER OF THE MITIGATION  
PLAN FILED BY FALLS IRRIGATION  
DISTRICT FOR THE DISTRIBUTION OF  
WATER TO WATER RIGHTS HELD BY  
THE SURFACE WATER COALITION

**CM-MP-2024-002**

**JOINT MOTION TO APPROVE  
STIPULATION REGARDING FALLS  
IRRIGATION DISTRICT’S RULE 43  
MITIGATION PLAN**

COMES NOW, Falls Irrigation District (“Falls” or “District” of “Project”), by and through its counsel of record, IdaH20, PLLC, and AFRD#2, A&B, etc., the SURFACE WATER COALITION, (“SWC” or “Coalition”) by and through their respective undersigned counsel of record, and hereby submits this joint motion for the Hearing Officer to approve the stipulation in the above captioned matter for Falls’ ground water rights: 29-2262, 29-2267, 29-2288, 29-2306, 29-2307, 29-2310, 29-2341, 29-2380, 29-2568, 29-2614, 29-11167, 29-11168, 29-11169, 29-13388, 29-13389, 29-13426, and 29-13427.

As detailed below, diversion of ground water under Falls’ water rights subject to any future curtailment orders issued by the Director in response to the Surface Water Coalition delivery call will be fully mitigated so long as the terms of the attached Stipulation between Falls and SWC are fully complied with by the parties.

## BACKGROUND

Falls filed a mitigation plan on May 7, 2024. Falls desires to add water right no. 29-2380 to the list of rights covered under this mitigation plan and subject to the stipulation filed with the hearing officer<sup>1</sup>. The mitigation plan asserts among other actions, that Falls' ground water consumptive use within the project boundaries is offset by the existing return flows of the project to the Snake River, including returns flows from storage water deliveries that would not occur but for the existence of the irrigation project. Hence, from a water budget perspective, Falls' operations historically have had no impact on the water available to SWC at the time of need as the return flows exceed any impact on the river that occurs due to the groundwater pumping. Therefore, Falls requests that the IDWR recognize that Falls should not have additional mitigation obligations so long as this water budget conclusion is maintained as stipulated to by the SWC.<sup>2</sup>

Research of the congressional history regarding the authorization, funding and development of the Michaud Flats Project (Falls Irrigation District) clearly documented that the regional water budget for Falls was one of the bases for Congressional approval and funding for project development. *See Attachment A*. That is Congress approved this Project premised upon the water use and water budget. Further, downstream senior water right holders testified in support of the project acknowledging that any potential impact from the development and operation of limited ground water wells on the Project would be offset by the new return flows resulting from the irrigation project, and other benefits received from the Michaud Flats and

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<sup>1</sup> Falls ground water rights covered by this stipulation are 29-2262, 29-2267, 29-2288, 29-2306, 29-2307, 29-2310, 29-2341, 29-2380, 29-2568, 29-2614, 29-11167, 29-11168, 29-11169, 29-13388, 29-13389, 29-13426, and 29-13427

<sup>2</sup> Falls' mitigation plan also included other actions, including water right leases, recharge and providing storage water as potential mitigation.

Michaud Fort Hall project developments. *Id.*

This justification for funding and construction of the Project was consistent with the Bureau policy that development occurs only where existing rights/projects are not impacted. Further, the water budget analysis was consistent with the Minidoka project credit recognized in the early 1900s through the development of Minidoka dam and the Burley and Minidoka Irrigation Districts.

The historical acknowledgements referenced above support the attached Stipulation. *See Attachment B.* The key elements of the Stipulation are: 1) so long as Falls' net impact on the Snake River flows is positive, that is return flows exceed ground water consumptive use, SWC stipulates and consents to the modeled impacts that Falls' water rights are allocated by the Idaho Department of Water Resources' (IDWR) methodology; 2) if going forward, Falls' return flows fail to exceed Falls' ground water consumptive use, Falls agrees to make up the deficit with storage water; and 3) SWC recognizes that IDWR may reduce methodology order material injury determinations by the amount of injury allocated to Falls' exercise of its ground water rights.<sup>3</sup> Hence, no other water right holder is assigned this modeled impact. While not directly referenced in the Stipulation, Falls has historically measured return flows and consumptive use over the life of the Project. These measurements provided the foundation for SWC's continued acceptance of this water budget approach. The Stipulation provides for the continued measuring of diversions and return flows.

Another aspect of the Stipulation is an agreed upon irrigation efficiency assigned to Falls' groundwater use. It is important to note that this efficiency is factually specific to the Project and isn't intended to create a "precedent" for other systems. Falls' conveyance system is relatively

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<sup>3</sup> The parties reserve the right to review IDWR's calculated injury figure associated with Falls' diversions and the proportionate share assigned to said pumping and further appeal such findings.

unique through the use of a common ditch system for ground water conveyance, well locations and geological characteristics of the ground within the Project.

**CONCLUSION**

Falls and SWC hereby request that the hearing officer approve this joint motion to approve the Stipulation for Falls’ mitigation plan

DATED this 28<sup>th</sup> day of August, 2025.

**IdaH20, PLLC**

*/s/ John K. Simpson*

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John K. Simpson

*Attorney for Falls Irrigation District*

DATED this 28<sup>th</sup> day of August, 2025.

**Parsons Behle & Latimer**

*/s/ Travis Thompson*

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Travis L. Thompson

*Attorney for A&B Irrigation District, Burley Irrigation District, Milner Irrigation District, Northside Canal Company and Twin Falls Canal Company*

DATED this 28<sup>th</sup> day of August, 2025.

**Parsons Behle & Latimer**

*/s/ Norman M. Semanko*

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Norman M. Semanko

*Attorney for American Falls Reservoir District No. 2 and Minidoka Irrigation District*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 28<sup>th</sup> day of August, 2025, the above and foregoing **JOINT MOTION TO APPROVE STIPULATION REGARDING FALLS IRRIGATION DISTRICT'S RULE 43 MITIGATION PLAN** was sent to the following by the method indicated:

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Garrick Baxter  
Idaho Department of Water Resources  
322 E. Front Street  
P.O. Box 83720  
Boise, Idaho 83720-0098  
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*/s/ John K. Simpson*

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John K. Simpson

# ATTACHMENT A

MICHAUD FLATS  
PROJECT  
IDAHO

DEFINITE PLAN REPORT

VOLUME 1 GENERAL PLAN

MARCH 1956.

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## CHAPTER VI

### FINANCIAL ANALYSIS

The Michaud Flats Project has economic justification with benefits exceeding costs by a 2.10 to 1.00 ratio. This is based on a 50-year period of analysis. On a 100-year period of analysis, benefits exceed costs by a ratio of 2.59 to 1.00. All reimbursable costs would be repaid with the assistance of power revenues from the Palisades Project within the economic life of the project works.

#### ECONOMIC JUSTIFICATION

##### National Benefits

The average annual equivalent benefit from development of the project would total \$538,900 on the basis of a 50-year period of analysis and \$557,000 for a 100-year period. These amounts include \$4,700 which represents the annual fish and wildlife benefit.

##### Irrigation Benefits

The direct irrigation benefits consist of the increase in cash income to the farm operator after deducting production expenses for farm investment and farm operation and an allowance for accumulation of farm equity. Direct annual irrigation benefits under full development would total \$355,100. Indirect irrigation benefits totaling \$241,800 would be the increased profits from local sales, processing farm products, and from farm purchases by the farm operators. An additional public benefit of \$27,200 would result from improved community facilities and services associated with the irrigation development.

The total of these benefits under full development would be \$624,100 annually. The average annual equivalent irrigation benefit, computed over a 50-year period, including a 10-year development period, would equal \$534,200. Over a 100-year period of analysis, the irrigation benefits would be \$552,300.

In the above analysis the lands now irrigated from ground water were considered the same as new land. The full benefits were claimed for the reasons noted below.

The present ground-water development in the Michaud Flats Project area is not considered on a firm basis because the irrigated lands receive their water from wells which deplete natural river flow subject to downstream prior rights. There is good reason to believe that in times of critical water shortages the owners of the downstream prior rights would take action to stop the ground-water pumping above. The

## Financial Analysis

downstream prior right holders, however, are utilizing river water, part of which originates as spring flow on the Fort Hall Indian Reservation above the town of American Falls.

When the Bureau of Reclamation suggested a division of the unsold Palisades and American Falls space which was reserved for new lands, the Bureau of Indian Affairs indicated that since it would be cheaper to develop the spring water originating on the reservation, they were not interested in storage space in Palisades or American Falls Reservoir. There was ample reason to believe that the Indians could demonstrate title to the water contributed by the springs even though it had been subject to downstream beneficial use.

After some negotiations the Bureau of Indian Affairs agreed that they would utilize Palisades and American Falls storage to develop their lands which are within the reservation, provided financial assistance from the Palisades Project could be made available to the Indian lands on the same basis as proposed for the Michaud Flats Project. This would, in effect, give them a supply of water which would probably be about as cheap as that which would result from the development of the spring flows on the reservation. Such a proposal was looked upon favorably by the downstream water users and they in turn agreed that they would not interpose objection to limited ground-water pumping in the Michaud Flats area as proposed in the Michaud Flats Project feasibility report. Therefore, through this basic understanding the ground-water pumpers in the Michaud Flats are assured of reliable supplies. The downstream prior right holders were assured of no interference and the question of the disposition of the remaining unsold space was resolved.

The authorization was made on this basis and the understanding involved is spelled out in the record of the hearings. The Michaud Flats Project and the considerations involved in its development have confirmed the legality of existing uses of water. It is for this reason that it is reasonable to claim the entire benefit resulting from the irrigation of the Michaud Flats Project as if it were new land.

### Fish and Wildlife Benefit

The Fish and Wildlife Service estimated that annual benefits amounting to \$4,700 would accrue from development of the project. This figure represents the estimated annual gain to wildlife. Fishery resources would not be affected significantly by the project.

### Annual Equivalent Cost

The annual equivalent cost of the project would be \$256,200. This includes the annual equivalent cost of the net Federal investment

# Calendar No. 2350

83D CONGRESS }  
2d Session }

SENATE

{ REPORT  
{ No. 2321

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## PROVIDING FOR THE CONSTRUCTION, MAINTENANCE, AND OPERATION OF THE MICHAUD FLATS PROJECT FOR IRRIGATION IN THE STATE OF IDAHO

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AUGUST 6 (legislative day, AUGUST 5), 1954.—Ordered to be printed

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

### R E P O R T

[To accompany H. R. 5499]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 5499) to provide for the construction, maintenance, and operation of the Michaud Flats project for irrigation in the State of Idaho, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### THE PURPOSE OF THE BILL

The bill would authorize the Secretary of the Interior to construct the Michaud Flats project for irrigation in the State of Idaho and sets forth the relationship of the project and its division to the available water supply in the Snake River Basin and particularly from the Palisades and American Falls Reservoirs.

#### EXPLANATION OF THE BILL

The Michaud Flats project is located in Power County, Idaho, and provides for the development of 11,035 acres of irrigated lands on the loess-covered valley and benchlands of the Snake River in the vicinity of the American Falls Reservoir. About 2,000 acres of these lands have been irrigated although water supplies, in some instances, have been inadequate. The remaining area would be developed as new irrigated units providing for the establishment of 100 new farms. The Michaud division of the Fort Hall Indian project provides for the irrigation of 21,000 acres within the Indian reservation along the southeastern shore of the American Falls Reservoir east of the Michaud Flats project.

The economy of the project area at present is based largely on dry-farmed wheat which is marginal and has been successful only in relatively short periods of high demand and prices and sufficient rainfall. Adverse combinations of these factors have contributed to economic distress in the past. Development of irrigation will create a more profitable and stable agriculture in the area and provide significant opportunity for settlement. After project development, grains would occupy only about one-eighth of the area. About half the developed acreage would be devoted to forage crops, largely alfalfa, and the remainder to such row crops as dry beans, sugar beets, and potatoes.

There is intense local interest in and support for the Michaud Flats project and the Falls Irrigation District was organized in 1949 for the purpose of contracting with the Government for construction of the irrigation facilities. The project is economically justified in that the expected benefits exceed estimated costs in the ratio of 2.83 to 1.

Water supply would be obtained from storage reserved for the project in the Palisades and American Falls Reservoirs and from ground water. Under section 3 of the act of September 30, 1950, (64 Stat. 1083), 71,000 acre-feet of the capacity of American Falls Reservoir is set aside "for use under contract for the benefit of those lands in the Michaud area which may hereafter be feasible of development under irrigation." An additional 124,800 acre-feet of space in the Palisades Reservoir has been allotted for the same purpose as a result of engineering studies and negotiations with the prospective users of Palisades water. Division of the 195,800 acre-feet of reserved space in Palisades and American Falls Reservoirs previously assigned to the Michaud area between the Michaud Flats project and the Fort Hall Indian Reservation would provide a solution to the controversy that has existed for many years relating to a water supply for the irrigation of lands of the Indian reservation.

Water to serve 7,077 acres of land in the Michaud Flats project would be pumped directly from storage in American Falls Reservoir and delivered to project lands by 2 main canals. The remaining 3,958 acres would be served by pumping from ground water, a supply which would be more than replenished by percolation on the lands served from the reservoir. Project works would consist of the main pumping plant at American Falls Reservoir, canals, laterals, drains, and wells with associated equipment. Water to serve the 21,000 acres of land on Michaud Flats within the Indian reservation would be pumped on an exchange basis from Fort Hall bottoms to reduce pump lift. The actual water supply would be derived from stored water in American Falls (47,700 acre-feet) and Palisades (83,900 acre-feet) Reservoir. Project works would consist of a collecting channel, pumping plant, canal siphon, distribution system, and wells.

The estimated cost of the Michaud Flats project, based on July 1953 prices, is \$4,600,000, all of which is allocated to irrigation and is reimbursable. Included in this cost is \$474,500 which represents the cost of storage in American Falls and Palisades Reservoirs assigned to the Michaud Flats project. The cost of the Michaud division of the Fort Hall Indian project is estimated at \$5 million, all of which would also be allocated to irrigation.

It is estimated that the water users on the Michaud Flats project can be expected to pay a total of \$132,700 annually, or an average of

slightly over \$12 per acre. Of this total \$74,900 would be required for operation, maintenance, and replacement leaving \$57,800 to apply as repayment of the irrigation costs. During a 50-year repayment period, the water users, would thus repay \$2,890,000 or 63 percent of the irrigation costs. The remainder of \$1,710,000 would be repaid from the net power revenues from the Palisades project. (Or if bill is amended from Palisades and American Falls net power revenues.) It would take 2 years of net power revenues from Palisades and American Falls or about 2½ years of net revenue from Palisades alone.

Palisades project revenues are expected to accrue in such manner and in accordance with the project authorization that the irrigation assistance to the Michaud Flats project from those revenues together with revenues from the water users should retire the total irrigation cost within the 50-year repayment period provided in the bill plus the 10-year development period.

The amount assigned to be repaid by the water users of the Michaud division of the Fort Hall Indian project would, subject to the application to the Indian lands of the provisions of the act of July 1, 1932, (47 Stat. 564), and the provisions of the sixth paragraph under the heading "Fort Hall Indians" in the act of March 1, 1907 (34 Stat. 1015, 1024), relating to payment of operation and maintenance charges, be covered by a repayment contract substantially similar to that provided for in the legislation for the Michaud Flats project as in the case of the Michaud Flats project net power revenues from the Palisades project and any developments combined therewith for payout purposes would be available to pay that portion of the cost which is beyond the ability of the water users to repay.

The earliest records of plans for large-scale development of irrigation works at Fort Hall, Idaho, are found in the Annual Report of the Commissioner of Indian Affairs for 1889, page 176, where it is apparent that the irrigation of the Michaud area was conceived and planned from the beginning of irrigation development. Therefore, in connection with authorizing a project for development of white-owned lands outside the reservation in the Michaud Flats area, it is appropriate to authorize the development of the Indian lands in the Michaud division.

One of the principal obstacles to the Michaud division project has been an adequate water supply. Certain natural flow rights to the water have been established under State law. However, the Indians have for many years asserted a right to the water under their treaties, certain acts of Congress, and the doctrine of the case of *Winters v. United States* (207 U. S. 564 (1908)) which is that when Congress creates an Indian reservation adjacent to a stream, it impliedly reserves for the Indians the amount of water necessary for the reasonable irrigation of the reservation lands. Under the doctrine of this case the Indian rights would be superior to natural flow rights established under State law subsequent to the time the reservation was created. The claims of the Indians and the claims of the owners of the natural flow rights established under State law, therefore, conflict.

This bill would not affect the conflicting claims except to the extent of the water rights involved in the project authorized by this bill. It is not to be construed as a waiver by the Indians of any rights to water for any land in the Fort Hall Reservation under the *Winters*

case, their treaties, or acts of Congress except as to the land in the Michaud division of the Fort Hall irrigation project, to the extent provided in the bill, and is not otherwise to be construed as a precedent adverse to Indian claims under the Winters case, their treaties, or acts of Congress.

The Indians and the owners of the natural flow rights under State law have agreed to a compromise for the purpose of this project only, and the Department of the Interior has approved that compromise embodied in the provisions of this bill.

The conflict is avoided for the Michaud project by making storage capacity available for the Indian lands out of the total capacity of the Palisades and American Falls Reservoirs allocated to the Michaud area. Of this total capacity of 195,800 acre-feet, 131,600 acre-feet (83,900 acre-feet in Palisades and 47,700 acre-feet in American Falls) would be reserved and set aside for the Indian land, which source of water, together with an average amount of 22,400 acre-feet to be obtained by ground-water pumping would by exchange or substitution be the source of water supply for the irrigation of 21,000 acres of land of the Michaud division of the Fort Hall irrigation project.

#### REPORTS OF THE EXECUTIVE AGENCIES

The reports of the Department of the Interior and the Bureau of the Budget are made a part hereof.

DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington 25, D. C., April 30, 1954.

Hon. A. L. MILLER,  
*Chairman, Committee on Interior and Insular Affairs,  
House of Representatives, Washington 25, D. C.*

MY DEAR DR. MILLER: You have requested a report from this Department on H. R. 5499, a bill to provide for the construction, maintenance, and operation of the Michaud Flats project for irrigation in the State of Idaho.

The Bureau of Reclamation has prepared a planning report on this project for review by this Department and other interested Federal agencies and by the States of the Columbia River Basin. Until we have had the advantage of considering the comments of these States and agencies, we will not be in a position to make any firm recommendations with respect to enactment of H. R. 5499. For the present, therefore, we can do no more than outline for the information of your committee the salient facts concerning the proposed development. Even these, I am sure you will understand, are subject to change upon further study.

The Michaud Flats irrigation project is located in Power County, Idaho, in the immediate vicinity of the town of American Falls. The irrigable lands, consisting of 11,035 acres, extend in a narrow strip northeast and southwest from American Falls and lie just south of the American Falls Reservoir and the Snake River.

The economy of the project area today is based largely on dry farming. This is a semiarid area with average annual precipitation of about 13 inches, of which less than 6 occur during the growing season. Dry farming is marginal and is successful only during periods of high demand and prices and sufficient rainfall. The welfare of the community has suffered frequently because of variations in these factors. Irrigation would broaden the agricultural base and stabilize the economy of the area. The local people recognize the need for irrigation and have expressed on various occasions the desire that such a project as is discussed herein be constructed. The project is economically justified in that the expected benefits are well in excess of estimated costs.

Water supply would be obtained from storage reserved for the project in the Palisades and American Falls Reservoirs and from pumping from ground water. Section 3 of the act of September 30, 1950 (64 Stat. 1083), set aside 71,000 acre-feet of the capacity of American Falls Reservoir "for use under contract for the benefit

of those lands in the Michaud area which may hereafter be found to be feasible of development under irrigation." Additional space (approximately 125,000 acre-feet) for the same purpose is available in Palisades Reservoir. Together this space in these two reservoirs will yield about 85,000 acre-feet annually. A division of this water between uses on the Michaud Flats project and the Michaud Flats extension of the Fort Hall Indian reclamation project, which is basic to the Michaud Flats project plan, was established as follows: A total productive area of 13,608 acres of Indian-owned land in the reservation with a diversion demand of 4.2 feet per acre would require 57,200 acre-feet of water annually. The aforementioned yield of 85,100 acre-feet, less the 57,200 acre-feet diverted to the Indian lands, leaves 27,900 acre-feet for use on the Michaud Flats project, and with an average diversion demand of 4.2 feet per acre, a total of 6,652 productive acres could be supplied. Thus, division of the allocated storage space of 195,800 acre-feet in American Falls and Palisades Reservoirs was based upon a full supply for the Indian lands within the reservation and assignment of the balance to the Michaud Flats project.

Storage water would be pumped directly from the American Falls Reservoir to serve 7,077 acres under the Michaud Flats project via two main canals. Pumping from wells tapping the ground-water supply—a supply which would be more than replenished by deep percolation on the lands served from the reservoir—would provide water adequate to serve an additional 3,958 acres. Of the total, approximately 9,500 acres would receive water from surface laterals and about 1,500 acres by sprinkler application. In addition to the main pumping plant, canals, and wells with associated equipment, the project would consist of laterals, drains, and necessary electrical works.

The estimated cost of the project based on July 1952 prices is \$4,578,500. Indexed to July 1953 prices, this would amount to approximately \$4,600,000. Included in the project cost is \$474,500 which is the cost of storage in Palisades and American Falls Reservoirs allocated to irrigation and assigned to the Michaud Flats project. Annual operation, maintenance, and replacement costs, including pumping energy, are estimated to amount to about \$75,000.

All of the estimated cost is allocated to irrigation and is reimbursable. Studies indicate that the irrigators probably could pay about \$12 per acre per year. This would permit payment, in addition to operation and maintenance charges, of \$2,800,000 or 63 percent of the total cost in a 50-year repayment period following a 10-year development period. The bill provides that net power revenues from the Palisades project shall be utilized to repay the costs beyond the water users' repayment ability.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

Sincerely yours,

FRED G. AANDAHL,  
*Assistant Secretary of the Interior.*

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DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington 25, D. C., July 13, 1954.

HON. A. L. MILLER,  
*Chairman, Committee on Interior and Insular Affairs,  
House of Representatives, Washington 25, D. C.*

MY DEAR DR. MILLER: In your letter of April 13 you requested this Department's comments on the language which has been adopted by the Subcommittee on Irrigation and Reclamation as an amendment to H. R. 5499, a bill to provide for the construction, maintenance, and operation of the Michaud Flats project for irrigation in the State of Idaho.

The substitute language appears to be well adapted to carrying out both the program covered by the original H. R. 5499 and the additional proposal to serve approximately 21,000 acres of land in the Michaud division of the Fort Hall Indian Reservation. Both of these developments would, under the terms of the amendment, become beneficiaries of storage in Palisades and American Falls Reservoirs and of the application of net power revenues from the Palisades and associated projects after their payout has been accomplished. Since the Subcommittee on Irrigation and Reclamation has already heard detailed testimony on the works which would be constructed if the amended bill were enacted, it is unnecessary to go into the matter in this letter.

The provision in the amended bill that the water users shall continue their annual payments until those payments and the assistance available from net power revenues cover the irrigation allocation of the Michaud Flats undertakings is basically consistent with the recommendations of the Department in another case—that of the Fryingpan-Arkansas project, Colorado—which is now before your committee. In the present instance it is likely that negotiations with respect to the disposition of Palisades project power output will be completed before repayment arrangements are made with the Michaud Flats water users. If so, there will be a firm basis on which the water users can estimate the period over which they will probably have to pay. It would be understandable if they asked that this period be specified in the repayment contract. In order to be certain that this can be done, your committee may wish to consider amending section 2 of the substitute language to read along the following lines:

"The project's water users shall be required to assume an obligation to repay, out of that part of the total construction cost of the project which the Secretary determines to be properly allocable to irrigation, so much as the Secretary determines to be within their ability to pay within a term of years (including a development period) substantially coterminous with the time when, as estimated by the Secretary, net power revenues from the Palisades project, Idaho, and any developments combined therewith for payout purposes under the provisions of the second sentence of section 2 of the Act of September 30, 1950 (64 Stat. 1083), will have returned, as provided by law, the sum of the power investments therein, the portions of the irrigation allocations thereof assigned for return from said revenues, and such portions of the irrigation allocation of the developments herein authorized as are assigned thereto pursuant to this Act. Such repayment shall be in accordance with the provisions of the Federal reclamation laws as modified with respect to the Michaud Flats project by the following:

"(a) Payments by the contracting organization shall be scheduled, under a contract conforming to the provisions of this Act, on the basis of uniform charges for like classes of land in each project contract unit which will result in the establishment of annual installments which are, as nearly as practicable, of an amount equal to the ability of such water users to pay in each year having regard to the volume of production of such water users, prices they receive for their farm products, and their production and living costs. The objective under this section shall be to provide a plan of repayment that, assuming the existence of normal relationships between farm prices and costs, will result in full repayment of their obligation in the term of years specified above.

"(b) The balance of the construction costs shall be assigned for return from the net power revenues of the Palisades project and any developments combined therewith for payout purposes under the provisions of the second sentence of section 2 of the Act of September 30, 1950.

"(c) The Secretary of the Interior shall require that a replacement reserve of an amount sufficient to meet replacement costs likely to be incurred before the end of the repayment period established under the provisions of part (a) above, shall be established and maintained in connection with such Michaud Flats project."

Such an amendment would accomplish in substance what we understand the subcommittee's wish to have been—namely, assuring that no gap occurs between the time when the water users cease payments and the time when power revenues come in and that payments by the water users continue concurrently with the application of power revenues until full payout is accomplished. It would also permit a finalization, in terms of the best estimates that can be made at the time the water users' repayment contract is negotiated, of the period over which they will be expected to pay and would avoid any possibility of a misunderstanding that they, who will have a comparatively small interest in Palisades Reservoir, are in a position to watch over the operation of its powerplant and those associated with it. (Cf. *Burley Irrigation District v. Ickes*, 116 F. (2d) 529 (App. D. C., 1940), cert. den., 312 U. S. 687 (1941).)

It is our understanding that the language of section 3 of the bill dealing with the development of the lands on the Fort Hall Indian Reservation and, more particularly, with the substitution of water stored in Palisades and American Falls Reservoirs for direct-flow water, has been reviewed by counsel for local interests on the stream and for the Indians. It appears to this Department to offer a reasonable solution to what might otherwise involve a troublesome problem.

Our previous report on H. R. 5499 explained our inability to make any recommendation with respect to enactment of the bill. The reasons there stated still hold good. You will, I am sure, therefore appreciate that nothing said in this

letter is to be understood as either recommending or discouraging enactment of the bill in its original form or as amended.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee. A copy of its letter dated July 6 is, as requested by Assistant Director Belcher, attached.

Sincerely yours,

ORME LEWIS,

*Assistant Secretary of the Interior*

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington 25, D. C., July 6, 1954.

The honorable the SECRETARY OF THE INTERIOR.

MY DEAR MR. SECRETARY: This will acknowledge Mr. Wormser's letter of June 10, 1954, transmitting copies of a report which the Department proposes to present to the chairman of the House Committee on Interior and Insular Affairs regarding an amendment to H. R. 5499, to provide for the construction, maintenance, and operation of the Michaud Flats project for irrigation in the State of Idaho.

As you know, the Department has not yet submitted formally, in final form, a proposed project report on the Michaud Flats project. Until this report has been reviewed in the Bureau of the Budget, we will be unable to make any recommendations concerning the provisions of legislation to authorize construction of the project.

Accordingly, while there would, of course, be no objection to the submission of your proposed noncommittal report to the committee, we would recommend that the committee take no action on H. R. 5499 until a project report has been submitted under the established procedures. It would be appreciated if a copy of this letter is sent to the committee along with your report.

Sincerely yours,

DONALD R. BELCHER, *Assistant Director.*

DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington 25, D. C., July 23, 1954.

HON. JOSEPH W. MARTIN, JR.,  
*Speaker of the House of Representatives,*  
Washington 25, D. C.

MY DEAR MR. SPEAKER: My report on the Michaud Flats project, Idaho, is transmitted herewith pursuant to the provisions of section 9 (a) of the Reclamation Project Act of 1939 (53 Stat. 1187).

The report presents a plan for irrigation development of 11,035 acres of irrigable land extending in a narrow strip northeast and southeast from American Falls, Idaho, in the Snake River Basin. Water supply for the irrigation of these lands would be obtained by pumping from storage reserved for the project in the Palisades and American Falls Reservoirs and by pumping from ground water. The estimated cost of this single-purpose development is approximately \$4,600,000 based on July 1953 prices, all of which is allocated to irrigation. The project is economically justified, with estimated benefits exceeding the estimated costs in a ratio of 2.8 to 1. The total project costs will be repaid by the water users and the use of net power revenues from the Palisades and American Falls power developments.

Copies of the proposed report of the Secretary of the Interior were transmitted to the States of the Columbia River Basin and to the Secretary of the Army in accordance with the provisions of section 1 (c) of the Flood Control Act of 1944 (58 Stat. 887) and to the State of Idaho for comments from the head of the agency exercising administration over the wildlife resources of that State in accordance with the provisions of the act of August 14, 1946 (60 Stat. 1080). Copies of the report were sent also to the agencies represented on the Federal Inter-Agency River Basin Committee for their comments. Comments have been received from all States and agencies to which the report was sent and copies are attached.

The report and copies of all comments were transmitted to the President. A copy of the July 23, 1954, letter from the Director of the Bureau of the Budget is enclosed.

Sincerely yours,

FRED G. AANDAHL,  
*Assistant Secretary of the Interior.*

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DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington, D. C., July 1, 1954.

The PRESIDENT,  
*The White House.*

(Through: The Bureau of the Budget.)

MY DEAR MR. PRESIDENT: My report on the Michaud Flats project, Idaho, is transmitted herewith, pursuant to the provisions of section 9 (a) of the Reclamation Project Act of 1939 (53 Stat. 1187).

Michaud Flats project, utilizing ground water and water regulated by existing American Falls Reservoir and the Palisades Reservoir which is currently under construction, would provide for the irrigation of 11,035 acres of land in the immediate vicinity of the town of American Falls, Idaho. Irrigation of these lands has been contemplated for many years and is necessary to the economic welfare of this semiarid area in which dry farming prevails. This is a single-purpose project and the estimated cost of about \$4,600,000, based on July 1953 prices, is all allocated to irrigation. The project has a benefit-cost ratio of about 2.8 to 1.0, and interested local persons have expressed approval of the general plan. I recommend that the Michaud Flats project be authorized as set forth in my report.

The report has been transmitted to officials of the States of the Columbia River Basin and to the Secretary of the Army for their consideration and recommendations, as required by the provisions of section 1 (c) of the Flood Control Act of 1944 (58 Stat. 887). It was also sent to the State of Idaho for the comments of the head of the agency exercising administration over the wildlife resources of that State, as required by the provisions of the act of August 14, 1946 (60 Stat. 1080), and to the Departments of Agriculture, Commerce, Labor, and Health, Education, and Welfare, and the Federal Power Commission in accordance with interagency agreements. All reviewing agencies have submitted comments and copies are enclosed with the report.

I shall appreciate having advice concerning the relationship of the Michaud Flats project to your program before I transmit the report to the Congress for its consideration and appropriate action in accordance with the provisions of the Reclamation Project Act of 1939.

Sincerely yours,

DOUGLAS MCKAY  
*Secretary of the Interior.*

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DEPARTMENT OF THE INTERIOR,  
BUREAU OF RECLAMATION,  
Washington 25, D. C., June 28, 1954.

The SECRETARY OF THE INTERIOR.

SIR: This is my report on the Michaud Flats project, Idaho. It is based on, and includes, the proposed report on this project which you approved and adopted on March 15, 1954.

Copies of your proposed report were transmitted to the States of the Columbia River Basin and to the Secretary of the Army in accordance with the provisions of section 1 (c) of the Flood Control Act of 1944 (58 Stat. 887) and to the State of Idaho for comments from the head of the agency exercising administration over the wildlife resources of that State in accordance with the provisions of the act of August 14, 1946 (60 Stat. 1080). Copies of the report were sent also to the agencies represented on the Federal Inter-Agency River Basin Committee for their comments. Comments have been received from all States and agencies to which the report was sent and copies are attached.

In view of the favorable nature of the comments received, it does not appear that revision of your proposed report as a result of the review of various agencies is necessary. In particular the officials of the State of Idaho, as well as other

review agencies, advised that they were pleased to recommend the authorization of the Michaud Flats project.

Accordingly, I recommend that you approve and adopt this report as your report on the Michaud Flats project, Idaho, and that you transmit it together with the attached comments to the President and subsequently to the Congress in accordance with the provisions of the Reclamation Project Act of 1939.

Respectfully,

W. A. DEXHEIMER, *Commissioner.*

Approved and adopted: July 1, 1954.

DOUGLAS MCKAY,  
*Secretary of the Interior.*

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DEPARTMENT OF THE INTERIOR,  
BUREAU OF RECLAMATION,  
Washington 25, D. C., February 19, 1954.

The SECRETARY OF THE INTERIOR.

SIR: This is my proposed report on the potential Michaud Flats project, Idaho. It is based on and includes the accompanying report of the regional director, Bureau of Reclamation, Boise, Idaho.

This irrigation project is located in Power County, Idaho, in the immediate vicinity of the town of American Falls. The irrigable lands consisting of 11,035 acres extend in a narrow strip northeast and southwest from American Falls and lie just south of the American Falls Reservoir and the Snake River.

The economy of the project area is based largely on dry farming. This is a semiarid area with average annual precipitation of about 13 inches, of which less than 6 inches occurs during the growing season. Actually, dry farming is marginal and is successful only during periods of high demand and prices and sufficient rainfall. The welfare of the community has suffered frequently because of variation in these factors. Irrigation would broaden the agricultural base and stabilize the economy of the area. The local people recognize the need for irrigation and have expressed on various occasions the desire that such a project as discussed herein be constructed. The project is economically justified in that the expected benefits are well in excess of estimated costs.

Water supply would be obtained from storage reserved for the project in the Palisades and American Falls Reservoirs and from pumping from ground water. The storage water would be pumped directly from the American Falls Reservoir to serve 7,077 acres via two main canals. Pumping from wells tapping the ground water supply would provide water adequate to serve an additional 3,958 acres. Of the total, approximately 9,500 acres would receive water from surface laterals and about 1,500 acres by sprinkler application. In addition to the main pumping plant, canals, and wells with associated equipment, the project would consist of laterals, drains, and necessary electrical works.

As stated in the regional director's report, until such time as energy is available from the authorized Federal powerplant at American Falls Dam, pumping power probably would be furnished by wheeling over Idaho Power Co. lines. Based upon the proposed rates quoted in the report, this interim plan appears to be slightly more favorable than the plan for Federal construction of the electric distribution system. However, the costs of the two plans are such that the finally established rates for the pumping power will determine which plan is actually the cheaper.

The estimated cost of the project based on July 1952 prices is \$4,578,500. Indexed to July 1953 prices, this would amount to approximately \$4,600,000. Included in the project cost is \$474,500 which is the cost of storage in Palisades and American Falls Reservoirs allocated to irrigation and assigned to the Michaud Flats project. Annual operation, maintenance, and replacement costs, including pumping energy, are estimated to amount to \$74,500. This amount would be slightly higher during the period of wheeling of pumping power by the power company.

All of the estimated cost is allocated to irrigation and is reimbursable. Studies indicate that the irrigators probably would repay \$2,890,000 or 63 percent of the total cost in a 50-year repayment period following a 10-year development period. It is recommended that net power revenues from the Palisades project and any associated projects be utilized to repay the costs beyond the water users' repayment ability. The net surplus power revenues from the Palisades project, including the American Falls powerplant, amounting to \$856,000 per year would be sufficient

to pay the reimbursable costs beyond the repayment ability of the Michaud Flats irrigators in approximately 2 years after such revenues become available.

In the preparation of this report, consideration was given to a plan for irrigation of lands in the Fort Hall Indian Reservation in combination with the Michaud Flats area. It was found that it would be more economical and advantageous to handle the Indian irrigation unit separately, although the advantage of making power revenues from the Palisades project available to assist in repayment of the portion of the cost of the Indian project is recognized. This would require legislative authorization, but would be compatible with the overall irrigation plan for this area developed by the Bureau of Indian Affairs and the Bureau of Reclamation.

The Fish and Wildlife Service of this Department has studied the proposed project and has concluded that it would have certain wildlife benefits and would not affect fishery resources significantly.

I concur in and adopt the recommendations of the regional director as set forth in paragraph 21 of this report and the recommendations of the Fish and Wildlife Service, dated January 30, 1953, which is appended to the underlying report.

I recommend that you approve and adopt this report, including the appended fish and wildlife report, as your proposed report on the Michaud Flats project and that you authorize me in your behalf to transmit copies to the States of the Columbia River Basin and to the Secretary of the Army in accordance with requirements of the Flood Control Act of 1944 (58 Stat. 887), to the State of Idaho for the views and recommendations of the head of the agency exercising administration over the wildlife resources of that State in accordance with provisions of the act of August 14, 1946 (60 Stat. 1080), and to other interested Federal agencies for their comments.

Respectfully,

W. A. DEXHEIMER, *Commissioner.*

Approved and adopted: March 15, 1954.

DOUGLAS MCKAY,  
*Secretary of the Interior.*

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington 25, D. C., July 23, 1954.

The honorable the SECRETARY OF THE INTERIOR.

MY DEAR MR. SECRETARY: This will acknowledge receipt of your letter to the President of July 1, 1954, requesting advice concerning the relationship to the program of the President of your proposed report on the Michaud Flats project, Idaho.

The proposed project consists of 11,035 irrigable acres situated just south of the American Falls Reservoir and along the Snake River in southern Idaho. Water supply for the project would be obtained by pumping from storage reserved in the Palisades and American Falls Reservoirs for 7,077 acres and by pumping from ground water for 3,958 acres. Approximately 9,500 acres would receive water from surface laterals and about 1,500 acres by sprinkler application.

The estimated total cost of the project, \$4,578,500 (\$415 per acre), July 1952 price levels, is allocated to irrigation. The Commissioner's letter refers to a total estimated cost of \$4,600,000, indexed upward to July 1953 prices. Amortized over 50 years at 2½ percent, the annual construction cost is \$161,950 and, including \$35,160 for operation and maintenance, \$18,600 for replacement reserve, and \$29,930 for power, results in a total annual cost of \$245,640. Average annual benefits are estimated at \$591,000, of which \$315,300 are direct benefits to irrigation farms and \$275,700 are indirect and public benefits. The benefit-cost ratios are 2.40 on total benefits and 1.28 based on direct benefits, using a 50-year period to amortize construction costs.

The regional director, in his report of October 1953, states that water users can be expected to pay a total of \$132,700 annually, or an average of \$12.03 per acre for irrigation. Annual operating costs of the project are estimated at \$74,900. Hence, an annual installment of \$57,800 would be available for use in repaying the construction cost of the project. Annual payments of this amount by water users would repay all construction costs of the project, including \$474,500 for storage in American Falls and Palisades Reservoirs, in 80 years. During a 50-year repayment period the annual installments would total \$2,890,000 (\$262 per acre) or 63 percent of the \$4,578,500 total cost of the project. A Federal con-

tribution in the amount of \$1,688,500 (\$153 per acre or 37 percent) would be required, unless funds in this amount are obtained from some other source.

The regional director recommends that net power revenues from the Palisades project and any associated projects be utilized to repay the cost beyond the water users repayment ability. The director's report states that the net surplus power revenues from the Palisades project, including the American Falls powerplant, amounting to \$856,000 per year, would be sufficient to pay the reimbursable costs beyond the repayment ability of the Michaud Flats irrigators in approximately 2 years after such revenues become available.

According to information contained in Repayment Histories and Payout Schedules, 1952, the Palisades and American Falls projects would repay all reimbursable costs now assigned to these projects in about 62 years, provided the interest component of power revenues is used to show repayment of irrigation costs associated with the Palisades project. Assuming initial Palisades power generation by 1957 and full power generation of both plants by 1961, these projects would be fully repaid in the year 2019. The inclusion of the \$1,688,500 discussed above for the Michaud Flats project would have the effect of extending this payout period about 2 years, or to the year 2021. It is our understanding that under the present policy of the Department the interest component of power revenues in aid of irrigation is not used on projects recommended for authorization, but no decision in this respect has been made relative to previously authorized projects.

If the interest component is not used, the Palisades and American Falls projects would repay the reimbursable costs now assigned to these projects in about 71 years instead of 62 years. This in turn would make the combined payout for the Palisades-American Falls and Michaud Flats projects in 73 years or to the year 2030. However, there is no assurance at this time that the American Falls powerplant will be built. If the American Falls powerplant is not constructed, the cost of which is allocated mostly to non-interest-bearing irrigation pumping, and the interest component is not used on the Palisades project, the repayment period for the combined projects would be about 83 years or to the year 2040.

In general, the States of the Columbia River Basin favor or offer no objection to the project. The State of Utah has no objection to approval of the project, but makes reference to conflicting evidence relative to the construction of successful pump wells, doubts the adequacy and right to underground water, considers the repayment cost of \$12 per acre per year high for the crops to be grown, and questions the use of sprinkler irrigation in a dry, windy climate.

Federal agencies make no particular comments excepting the Department of Health, Education, and Welfare, which recommends that the Idaho State Department of Health be consulted concerning possible contamination of water-bearing strata resulting from irrigation well construction and that their recommendations concerning this matter be followed. It also strongly recommends that the Bureau of Reclamation utilize the consultant services of the Public Health Service when developing details of construction and operation of the project in order to minimize conditions which may contribute to mosquito production.

The regional director's report indicates that irrigators would be able to repay \$12.03 per acre annually. While this estimate of repayment ability is supported by detailed farm budgets, in view of existing repayment histories of some irrigation districts in the general area of this project, including amendatory contracts, there may be some question that water users would be willing to repay at this proposed level.

The Bureau of the Budget believes that 50 years is a reasonable maximum period for repayments of irrigation construction investments, as was recommended in the case of the Department's report on the Colorado River storage project and participating projects. Considering the indefinite status of the presently proposed power repayment schedule and to protect any Federal investment in the proposed project, it would appear appropriate that authorizing legislation should provide some safeguards. Therefore, requests for appropriations for construction of the irrigation works, if authorized, should be conditioned on a current financial analysis and schedule of power generation and rates demonstrating the availability of power revenues in an amount sufficient to repay that part of the irrigation investment not paid by irrigation water users within 50 years after completion of construction with an allowance for a development period not to exceed 10 years. If sufficient power revenues are not expected to be available for this purpose during the irrigation water users 50-year repayment period, the Michaud Flats project should be deferred accordingly.

It is also believed that, in view of the relatively sizable secondary benefits involved, consideration should be given to a requirement for the establishment of a conservancy district as a means of insuring maximum justifiable contribution or repayment by those to whom secondary benefits of the project will accrue.

Accordingly, you are advised that, while there would be no objection to the submission of your report to the Congress subject to consideration of the above comments, authorization of the proposed project would be without objection only if provision is made to repay all reimbursable costs within a period of not to exceed 50 years as outlined above. No commitment, however, can be made at this time as to when any estimate of appropriation would be submitted for construction of the project, if authorized by the Congress, since this would be governed by the President's budgetary objectives as determined by the then prevailing fiscal situation.

It is requested that a copy of this letter be included with your report when it is submitted to the Congress.

Sincerely yours,

ROWLAND HUGHES, *Director.*



PROVIDING FOR THE CONSTRUCTION, MAINTENANCE,  
AND OPERATION OF THE MICHAUD FLATS PROJECT  
FOR IRRIGATION IN THE STATE OF IDAHO

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JULY 23, 1954.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

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Mr. MILLER of Nebraska, from the Committee on Interior and  
Insular Affairs, submitted the following

REPORT

[To accompany H. R. 5499]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 5499) to provide for the construction, maintenance, and operation of the Michaud Flats project for irrigation in the State of Idaho, having considered the same, report favorably thereon with an amendment and recommend that the bill do pass.

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

That the Secretary of the Interior is authorized to construct, maintain, and operate the Michaud Flats project for irrigation in the State of Idaho substantially in accordance with the plans set forth in the report of the Bureau of Reclamation Regional Director of Region 1, dated October 22, 1953, with such modifications as the Commissioner of Reclamation, with the approval of the Secretary, may find proper in order to provide for the most efficient accomplishment of all the purposes of such plans. Such construction, maintenance, and operation shall be in accordance with the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) as far as such laws are not inconsistent with the provisions of section 2 of this Act.

SEC. 2. The project's water users shall be required to assume an obligation to repay out of that part of the total construction cost of the project which the Secretary determines to be properly allocable to irrigation, so much as the Secretary finds to be within their ability to repay prior to the time when, account being taken of the application of power revenues as provided in part (b) of this section, full return of the irrigation allocation is accomplished. Such repayment shall be in accordance with the provisions of the Federal reclamation laws as modified with respect to the Michaud Flats project by the following:

(a) Payments by the contracting organization shall be scheduled, under a contract conforming to the provisions of this Act, on the basis of uniform charges for like classes of land in each unit of such project which will result in the establishment of annual installments which are, as nearly as practicable, of an amount

equal to the ability of such water users to pay in each year having regard to the volume of production of such water users, prices they receive for their farm products, and their production and living costs.

(b) Net power revenues received from the Palisades project, Idaho, and any developments combined therewith for payout purposes under the provisions of the second sentence of section 2 of the Act of September 30, 1950 (64 Stat. 1083), shall, after payout of said projects is accomplished pursuant to law, be applied (concurrently with continued payments by the water users) to payment of the irrigation allocation of the Michaud Flats project until full repayment of said allocation is accomplished.

(c) The Secretary of the Interior shall require that a replacement reserve of an amount sufficient to meet replacement costs likely to be incurred before the end of the repayment period established under the provisions of part (a) above, shall be established and maintained in connection with such Michaud Flats project.

SEC. 3. (a) To aid in the development of not more than 21,000 acres of irrigable land in the Michaud division of the Fort Hall Indian Reservation, as heretofore authorized by the Act of February 4, 1931 (46 Stat. 1061), and hereby reauthorized for construction, operation and maintenance without regard to the provisions of said Act, the Secretary is authorized:

(1) to reserve for the benefit of those lands when needed, but without prejudice to the interim use thereof for other purposes proper under reclamation laws, 83,900 acre-feet of storage capacity in Palisades reservoir and 47,700 acre-feet of that portion of the storage capacity in American Falls reservoir which was set aside for lands in the Michaud area generally by section 3 of the Act of September 30 1950 (64 Stat. 1083), and

(2) to account for the return of so much of the cost of said development (including the cost of the aforesaid storage space in Palisades and American Falls reservoirs) as the Secretary finds cannot be repaid by the water users on terms substantially similar to those provided in section 2 of this Act, except for the application of the provisions of the Act of July 1, 1932 (47 Stat. 564) and the Act of March 1, 1907 (34 Stat. 1015, 1024), which are specifically made applicable to the project authorized by this section and Indian lands susceptible of irrigation under said project, by application of net power revenues of the Palisades project and any developments combined therewith for payout purposes under the provisions of the second sentence of section 2 of the Act of September 30, 1950, after payout thereof is accomplished pursuant to law.

(b) Construction of works to serve the Michaud division lands shall be undertaken only if, in consideration thereof and of the additional benefits authorized in the preceding sentence of this section, such appropriate arrangements as may be required in the circumstances are first made, by contract or otherwise, with respect to a water supply for said lands which, among other things,

(1) limit that supply to the yield of the space in Palisades and American Falls reservoirs as hereinbefore set forth and to that obtained by the pumping of ground water in an average annual amount of not more than 22,400 acre-feet, and

(2) consent to a priority in time and right in such beneficial consumptive uses of the waters of the Snake River, and its tributaries, as are established under the laws of the State of Idaho prior to the date of this act as against any use of the waters arising on or flowing through the Fort Hall Bottoms within the Fort Hall Indian Reservation, including, but not limited to, the intercepted flow of Ross Fork Creek, the Portneuf River below Pocatello, Big Jimmy Creek, Big Spring Creek, and Clear Creek, for the irrigation of the lands of the Michaud Division of the Fort Hall Indian Reservation.

The United States consents to the making of the arrangements aforesaid, and its construction, operation and maintenance of said works shall constitute a waiver of any of its rights to the use of waters arising on or flowing through the Fort Hall Bottoms within the Fort Hall Indian Reservation, including, but not limited to, the intercepted flow of Ross Fork Creek, the Portneuf River below Pocatello, Big Jimmy Creek, Big Spring Creek, and Clear Creek, for the irrigation of the lands in the Michaud Division of the Fort Hall Indian Reservation.

SEC. 4. The Act of February 4, 1931 (46 Stat. 1061), authorizing the development of the Michaud Division of the Fort Hall Irrigation Project is hereby repealed.

SEC. 5. In crediting the net power revenues from the Palisade project to the projects authorized in sections 2 and 3 of this Act, after payout of the Palisade project pursuant to law, said revenues shall be applied ratably to the two projects in proportion to the total construction costs thereof.

SEC. 6. (a) Except as provided in section 3 (b), nothing in this Act shall affect any rights in and to the waters of the Fort Hall Indian Reservation or the Snake River and its tributaries.

(b) Nothing in this Act shall affect the land tenure, allotment or ownership on the Fort Hall Indian Reservation.

SEC. 7. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, \$5,500,000 for construction of the works authorized in section 1 of this Act, and \$5,500,000 for construction of the works authorized in section 3 of this Act, plus such additional amount, if any, as may be required by reason of changes in the costs of construction of the types involved in these projects, as shown by engineering indices. There are also authorized to be appropriated such sums as may be required for the operation and maintenance of said works.

#### PURPOSE

This bill would (1) authorize the Secretary of the Interior to construct, operate, and maintain the Michaud Flats project for the irrigation of 11,035 acres in southeastern Idaho within the Falls Irrigation District along the southeastern shore of the existing American Falls Reservoir and along the Snake River below the reservoir, and (2) reauthorize the Secretary of the Interior to construct, operate, and maintain the Michaud division of the Fort Hall Indian project for the irrigation of 21,000 acres within the Indian reservation along the southeastern shore of the American Falls Reservoir, east of the Michaud Flats project. By dividing the storage space in the Palisades and American Falls Reservoirs previously assigned to the Michaud area between the Michaud Flats project and the Fort Hall Indian Reservation this legislation would provide a solution to the controversy that has existed for many years relating to a water supply for the irrigation of lands of the Indian reservation.

#### NEED

The economy of the project area is based largely on dry farming. This is a semiarid area with average annual precipitation of about 13 inches, of which less than 6 inches occur during the growing season. Actually, dry farming in the valley is marginal and is successful only during periods of high demand and high prices and sufficient rainfall. The welfare of the community has suffered frequently because of variation in these factors. Irrigation would broaden the agriculture base and stabilize the economy of the area.

#### DESCRIPTION OF THE PROJECTS

*Michaud Flats project.*—The physical works for the Michaud Flats project would consist of a conduit from the existing American Falls Dam to the pumping plant, a primary pumping plant consisting of three 41 cubic-feet-per-second capacity pumps, a distribution system to serve 7,077 acres of project lands, and 25 wells and pumps which deliver 13,900 acre-feet of ground water. The water supply for the 7,077 acres would come from 40,900 acre-feet of storage space in the Palisades Reservoir and 23,300 acre-feet of storage space in the American Falls Reservoir.

*Michaud division of Fort Hall Indian project.*—The physical works of the Michaud division of the Fort Hall Indian project would consist of a collecting channel, pumping plant, canal, siphon, distribution system, and wells. It is contemplated that water would be pumped

for the Fort Hall Bottoms to the irrigable lands on the Michaud Flats within the Indian reservation. Like the Michaud Flats project, the actual water supply would be derived from stored water in the American Falls (47,700 acre-feet) and Palisades (83,900 acre-feet) Reservoirs, but the water would be pumped from the Fort Hall Bottoms to reduce the pump lift. This would be on an exchange basis and the amount of water to be pumped would be that which the lands would be entitled to from the stored water. A total of 21,000 acres would be served.

#### COST AND FINANCIAL ASPECTS

The Michaud Flats project is estimated to cost \$4,578,000, all of which would be allocated to irrigation and would be reimbursable without interest. The water users would pay annually in accordance with their repayment ability. The legislation provides that net power revenues from the Palisades project, and any developments combined therewith for payout purposes, may be applied to payment of the irrigation allocation of the Michaud Flats project. The water users would pay until net power revenues become available and thereafter would continue to pay concurrently with the application of net power revenues until full payout is accomplished. Because of the uncertainty as to when net power revenues will be available, it is not possible to show what portion of the cost of the Michaud Flats project will be returned by the water users. However, based on the Department's repayment study, the water users can return \$2,890,000, or 63 percent, in 50 years. The contribution by the water users will be something above this amount.

The cost of the Michaud division of the Fort Hall Indian project is estimated at \$5 million, all of which would also be allocated to irrigation. As in the case of the Michaud Flats project, net power revenues for the Palisades project and any developments combined therewith for payout purposes would be available to pay that portion of the cost which is beyond the ability of the water users to repay. The amount assigned to be repaid by the water users would, subject to the application to the Indian lands of the provisions of the act of July 1, 1932 (47 Stat. 564), and the provisions of the sixth paragraph under the heading "Fort Hall Indians" in the act of March 1, 1907 (34 Stat. 1015, 1024), relating to payment of operation and maintenance charges, be covered by a repayment contract substantially similar to that provided for in the legislation for the Michaud Flats project.

#### WATER SUPPLY PROBLEMS

For many years, allocations of the limited water supplies of the upper Snake River Basin have taken into account the ultimate necessity for irrigation of the Michaud Flats area. With the reauthorization of the Palisades Dam and Reservoir and the actual initiation of construction in 1950, it became possible for the first time since 1927 to allot storage space to new projects. Negotiations among all of the irrigation districts and canal companies on the river, in connection with the Palisades authorization, resulted in an agreed-upon allocation of 124,800 acre-feet of space in the Palisades Reservoir for irrigation of new lands in both the reservation and nonreservation parts of Michaud Flats. As a part of the settlement of water prob-

blems reflected in the authorizing act of September 30, 1950, the portion of American Falls Reservoir space which was held for new land development was allocated by statute in such a way that 71,000 acre-feet of capacity was allocated to the Michaud area without indicating how the capacity would be distributed between the reservation and nonreservation lands. The plans which would be authorized by this legislation would provide a full water supply to all remaining irrigable Indian and non-Indian lands within the reservation, a total of 21,000 acres, and a full supply to the 11,035 acres of Michaud Flats project lands outside the reservation. A water supply from stored waters in the Palisades and American Falls Reservoirs is assured for these lands without interference with existing downstream rights.

There had previously been unsettled the question as to whether the Indian lands in the reservation might possibly be developed by use of certain claims to natural flow. The assertion of such claims would have resulted in conflict with certain early natural flow rights established under State law. It was determined that such conflict could be avoided by making storage capacity available for the Indian lands out of the total capacity of the Palisades and American Falls Reservoirs allocated to the Michaud area. Of this total capacity of 195,800 acre-feet, 131,600 acre-feet (83,900 acre-feet in Palisades and 47,700 acre-feet in American Falls) would be adequate to supply the lands in Indian ownership in the Michaud area. This amount, coupled with some limited ground-water pumping, would permit the development of the Indian lands without conflict with the downstream natural flow rights. This would leave 64,200 acre-feet of storage capacity (40,900 acre-feet in Palisades and 23,300 acre-feet in American Falls) for the nonreservation lands in the Michaud area and the Michaud Flats project has been planned around this storage capacity.

It is the committee's understanding that the plans herein authorized, whereby the Indian lands would be served by water stored in the Palisades and American Falls Reservoirs on an exchange basis, are acceptable to the Indians. It is also the committee's understanding that H. R. 5499 involves no waiver of Indian water rights other than as set forth in H. R. 5499.

#### AMENDMENTS

The original bill was amended by the committee, at the request of the author, to include reauthorization of the Michaud division of the Fort Hall Indian project. This development was authorized by the act of February 4, 1931, with a limitation of \$2,500,000 placed upon its construction. The project cannot be constructed for this amount at today's prices. The present estimated cost is \$5 million and this legislation authorized \$5,500,000 to be appropriated. In addition to reauthorizing the Michaud division of the Fort Hall Indian project in accordance with present plans and estimated cost, this legislation provides a water supply for these lands from the Palisades and American Falls Reservoirs. Although the Department of the Interior previously determined there was no advantage in these two developments being constructed as a single project, it was considered desirable, and the committee agrees, that the reauthorization act include both developments, the principal reason being that the water supply for each is derived from the same source and under the same arrangements and requirements.

## THE DEPARTMENT'S LEGISLATIVE AND PROJECT PLANNING REPORTS

After the original bill was amended by the committee, the Department of the Interior was requested to report upon the amended bill. The reports of the Department on the original version of H. R. 5499 and on H. R. 5499, as amended, are set forth hereinafter. Subsequent to receipt of these reports on the legislation, review of the Department's planning report on the Michaud Flats project was completed by the States and Federal agencies and the Department's final project planning report was prepared and transmitted to the Congress. This planning report constitutes the Department's recommendation for construction of the Michaud Flats project. The Secretary's letter of transmittal to Congress and the Department's summary report, with the comments of the Bureau of the Budget thereon, are set forth hereinafter.

DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington 25, D. C., April 30, 1954.

Hon. A. L. MILLER,  
*Chairman, Committee on Interior and Insular Affairs,  
House of Representatives, Washington 25, D. C.*

MY DEAR DR. MILLER: You have requested a report from this Department on H. R. 5499, a bill to provide for the construction, maintenance, and operation of the Michaud Flats project for irrigation in the State of Idaho.

The Bureau of Reclamation has prepared a planning report on this project for review by this Department and other interested Federal agencies and by the States of the Columbia River Basin. Until we have had the advantage of considering the comments of these States and agencies, we will not be in a position to make any firm recommendations with respect to enactment of H. R. 5499. For the present, therefore, we can do no more than outline for the information of your committee the salient facts concerning the proposed development. Even these, I am sure you will understand, are subject to change upon further study.

The Michaud Flats irrigation project is located in Power County, Idaho, in the immediate vicinity of the town of American Falls. The irrigable lands, consisting of 11,035 acres, extend in a narrow strip northeast and southwest from American Falls and lie just south of the American Falls Reservoir and the Snake River.

The economy of the project area today is based largely on dry farming. This is a semiarid area with average annual precipitation of about 13 inches, of which less than 6 occur during the growing season. Dry farming is marginal and is successful only during periods of high demand and prices and sufficient rainfall. The welfare of the community has suffered frequently because of variations in these factors. Irrigation would broaden the agricultural base and stabilize the economy of the area. The local people recognize the need for irrigation and have expressed on various occasions the desire that such a project as is discussed herein be constructed. The project is economically justified in that the expected benefits are well in excess of estimated costs.

Water supply would be obtained from storage reserved for the project in the Palisades and American Falls Reservoirs and from pumping from ground water. Section 3 of the act of September 30, 1950 (64 Stat. 1083), set aside 71,000 acre-feet of the capacity of American Falls Reservoir "for use under contract for the benefit of those lands in the Michaud area which may hereafter be found to be feasible of development under irrigation." Additional space (approximately 125,000 acre-feet) for the same purpose is available in Palisades Reservoir. Together this space in these two reservoirs will yield about 85,000 acre-feet annually. A division of this water between uses on the Michaud Flats project and the Michaud Flats extension of the Fort Hall Indian reclamation project, which is basic to the Michaud Flats project plan, was established as follows: A total productive area of 13,608 acres of Indian-owned land in the reservation with a diversion demand of 4.2 feet per acre would require 57,200 acre-feet of water annually. The aforementioned yield of 85,100 acre-feet, less the 57,200 acre-feet diverted to the

Indian lands, leaves 27,900 acre-feet for use on the Michaud Flats project, and with an average diversion demand of 4.2 feet per acre, a total of 6,652 productive acres could be supplied. Thus, division of the allocated storage space of 195,800 acre-feet in American Falls and Palisades Reservoirs was based upon a full supply for the Indian lands within the reservation and assignment of the balance to the Michaud Flats project.

Storage water would be pumped directly from the American Falls Reservoir to serve 7,077 acres under the Michaud Flats project via two main canals. Pumping from wells tapping the ground-water supply—a supply which would be more than replenished by deep percolation on the lands served from the reservoir—would provide water adequate to serve an additional 3,958 acres. Of the total, approximately 9,500 acres would receive water from surface laterals and about 1,500 acres by sprinkler application. In addition to the main pumping plant, canals, and wells with associated equipment, the project would consist of laterals, drains, and necessary electrical works.

The estimated cost of the project based on July 1952 prices is \$4,578,500. Indexed to July 1953 prices, this would amount to approximately \$4,600,000. Included in the project cost is \$474,500 which is the cost of storage in Palisades and American Falls Reservoirs allocated to irrigation and assigned to the Michaud Flats project. Annual operation, maintenance, and replacement costs, including pumping energy, are estimated to amount to about \$75,000.

All of the estimated cost is allocated to irrigation and is reimbursable. Studies indicate that the irrigators probably could pay about \$12 per acre per year. This would permit payment, in addition to operation and maintenance charges, of \$2,890,000 or 63 percent of the total cost in a 50-year repayment period following a 10-year development period. The bill provides that net power revenues from the Palisades project shall be utilized to repay the costs beyond the water users' repayment ability.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

Sincerely yours,

FRED G. AANDAHL,  
*Assistant Secretary of the Interior.*

DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington 25, D. C., July 13, 1954.

Hon. A. L. MILLER,  
*Chairman, Committee on Interior and Insular Affairs,  
House of Representatives, Washington 25, D. C.*

MY DEAR DR. MILLER: In your letter of April 13 you requested this Department's comments on the language which has been adopted by the Subcommittee on Irrigation and Reclamation as an amendment to H. R. 5499, a bill to provide for the construction, maintenance, and operation of the Michaud Flats project for irrigation in the State of Idaho.

The substitute language appears to be well adapted to carrying out both the program covered by the original H. R. 5499 and the additional proposal to serve approximately 21,000 acres of land in the Michaud division of the Fort Hall Indian Reservation. Both of these developments would, under the terms of the amendment, become beneficiaries of storage in Palisades and American Falls Reservoirs and of the application of net power revenues from the Palisades and associated projects after their payout has been accomplished. Since the Subcommittee on Irrigation and Reclamation has already heard detailed testimony on the works which would be constructed if the amended bill were enacted, it is unnecessary to go into the matter in this letter.

The provision in the amended bill that the water users shall continue their annual payments until those payments and the assistance available from net power revenues cover the irrigation allocation of the Michaud Flats undertakings is basically consistent with the recommendations of the Department in another case—that of the Fryingpan-Arkansas project, Colorado—which is now before your committee. In the present instance it is likely that negotiations with respect to the disposition of Palisades project power output will be completed before repayment arrangements are made with the Michaud Flats water users. If so, there will be a firm basis on which the water users can estimate the period over which they will probably have to pay. It would be understandable if they

asked that this period be specified in the repayment contract. In order to be certain that this can be done, your committee may wish to consider amending section 2 of the substitute language to read along the following lines:

"The project's water users shall be required to assume an obligation to repay, out of that part of the total construction cost of the project which the Secretary determines to be properly allocable to irrigation, so much as the Secretary determines to be within their ability to pay within a term of years (including a development period) substantially coterminous with the time when, as estimated by the Secretary, net power revenues from the Palisades project, Idaho, and any developments combined therewith for payout purposes under the provisions of the second sentence of section 2 of the Act of September 30, 1950 (64 Stat. 1083), will have returned, as provided by law, the sum of the power investments therein, the portions of the irrigation allocations thereof assigned for return from said revenues, and such portions of the irrigation allocation of the developments herein authorized as are assigned thereto pursuant to this Act. Such repayment shall be in accordance with the provisions of the Federal reclamation laws as modified with respect to the Michaud Flats project by the following:

"(a) Payments by the contracting organization shall be scheduled, under a contract conforming to the provisions of this Act, on the basis of uniform charges for like classes of land in each project contract unit which will result in the establishment of annual installments which are, as nearly as practicable, of an amount equal to the ability of such water users to pay in each year having regard to the volume of production of such water users, prices they receive for their farm products, and their production and living costs. The objective under this section shall be to provide a plan of repayment that, assuming the existence of normal relationships between farm prices and costs, will result in full repayment of their obligation in the term of years specified above.

"(b) The balance of the construction costs shall be assigned for return from the net power revenues of the Palisades project and any developments combined therewith for payout purposes under the provisions of the second sentence of section 2 of the Act of September 30, 1950.

"(c) The Secretary of the Interior shall require that a replacement reserve of an amount sufficient to meet replacement costs likely to be incurred before the end of the repayment period established under the provisions of part (a) above, shall be established and maintained in connection with such Michaud Flats project."

Such an amendment would accomplish in substance what we understand the subcommittee's wish to have been—namely, assuring that no gap occurs between the time when the water users cease payments and the time when power revenues come in and that payments by the water users continue concurrently with the application of power revenues until full payout is accomplished. It would also permit a finalization, in terms of the best estimates that can be made at the time the water users' repayment contract is negotiated, of the period over which they will be expected to pay and would avoid any possibility of a misunderstanding that they, who will have a comparatively small interest in Palisades Reservoir, are in a position to watch over the operation of its powerplant and those associated with it. (Cf. *Burley Irrigation District v. Ickes*, 116 F. (2d) 529 (App. D. C., 1940), cert. den. 312 U. S. 687 (1941).)

It is our understanding that the language of section 3 of the bill dealing with the development of the lands on the Fort Hall Indian Reservation and, more particularly, with the substitution of water stored in Palisades and American Falls Reservoirs for direct-flow water, has been reviewed by counsel for local interests on the stream and for the Indians. It appears to this Department to offer a reasonable solution to what might otherwise involve a troublesome problem.

Our previous report on H. R. 5499 explained our inability to make any recommendation with respect to enactment of the bill. The reasons there stated still hold good. You will, I am sure, therefore appreciate that nothing said in this letter is to be understood as either recommending or discouraging enactment of the bill in its original form or as amended.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee. A copy of its letter dated July 6 is, as requested by Assistant Director Belcher, attached.

Sincerely yours,

ORME LEWIS,  
Assistant Secretary of the Interior.

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington 25, D. C., July 6, 1954.

The honorable the SECRETARY OF THE INTERIOR.

My DEAR MR. SECRETARY: This will acknowledge Mr. Wormser's letter of June 10, 1954, transmitting copies of a report which the Department proposes to present to the chairman of the House Committee on Interior and Insular Affairs regarding an amendment to H. R. 5499, to provide for the construction, maintenance, and operation of the Michaud Flats project for irrigation in the State of Idaho.

As you know, the Department has not yet submitted formally, in final form, a proposed project report on the Michaud Flats project. Until this report has been reviewed in the Bureau of the Budget, we will be unable to make any recommendations concerning the provisions of legislation to authorize construction of the project.

Accordingly, while there would, of course, be no objection to the submission of your proposed noncommittal report to the committee, we would recommend that the committee take no action on H. R. 5499 until a project report has been submitted under the established procedures. It would be appreciated if a copy of this letter is sent to the committee along with your report.

Sincerely yours,

DONALD R. BELCHER, *Assistant Director.*

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DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington 25, D. C., July 23, 1954.

Hon. JOSEPH W. MARTIN, Jr.,  
*Speaker of the House of Representatives,*  
Washington 25, D. C.

MY DEAR MR. SPEAKER: My report on the Michaud Flats project, Idaho, is transmitted herewith pursuant to the provisions of section 9 (a) of the Reclamation Project Act of 1939 (53 Stat. 1187).

The report presents a plan for irrigation development of 11,035 acres of irrigable land extending in a narrow strip northeast and southeast from American Falls, Idaho, in the Snake River Basin. Water supply for the irrigation of these lands would be obtained by pumping from storage reserved for the project in the Palisades and American Falls Reservoirs and by pumping from ground water. The estimated cost of this single-purpose development is approximately \$4,600,000 based on July 1953 prices, all of which is allocated to irrigation. The project is economically justified, with estimated benefits exceeding the estimated costs in a ratio of 2.8 to 1. The total project costs will be repaid by the water users and the use of net power revenues from the Palisades and American Falls power developments.

Copies of the proposed report of the Secretary of the Interior were transmitted to the States of the Columbia River Basin and to the Secretary of the Army in accordance with the provisions of section 1 (c) of the Flood Control Act of 1944 (58 Stat. 887) and to the State of Idaho for comments from the head of the agency exercising administration over the wildlife resources of that State in accordance with the provisions of the act of August 14, 1946 (60 Stat. 1080). Copies of the report were sent also to the agencies represented on the Federal Inter-Agency River Basin Committee for their comments. Comments have been received from all States and agencies to which the report was sent and copies are attached.

The report and copies of all comments were transmitted to the President. A copy of the July 23, 1954, letter from the Director of the Bureau of the Budget is enclosed.

Sincerely yours,

FRED G. AANDAHL,  
*Assistant Secretary of the Interior.*

10 MICHAUD FLATS PROJECT FOR IRRIGATION IN IDAHO

DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington 25, D. C., July 1, 1954.

The PRESIDENT,  
*The White House.*

(Through: The Bureau of the Budget.)

MY DEAR MR. PRESIDENT: My report on the Michaud Flats project, Idaho, is transmitted herewith, pursuant to the provisions of section 9 (a) of the Reclamation Project Act of 1939 (53 Stat. 1187).

Michaud Flats project, utilizing ground water and water regulated by existing American Falls Reservoir and the Palisades Reservoir which is currently under construction, would provide for the irrigation of 11,035 acres of land in the immediate vicinity of the town of American Falls, Idaho. Irrigation of these lands has been contemplated for many years and is necessary to the economic welfare of this semiarid area in which dry farming prevails. This is a single-purpose project and the estimated cost of about \$4,600,000, based on July 1953 prices, is all allocated to irrigation. The project has a benefit-cost ratio of about 2.8 to 1.0, and interested local persons have expressed approval of the general plan. I recommend that the Michaud Flats project be authorized as set forth in my report.

The report has been transmitted to officials of the States of the Columbia River Basin and to the Secretary of the Army for their consideration and recommendations, as required by the provisions of section 1 (o) of the Flood Control Act of 1944 (58 Stat. 887). It was also sent to the State of Idaho for the comments of the head of the agency exercising administration over the wildlife resources of that State, as required by the provisions of the act of August 14, 1946 (60 Stat. 1080), and to the Departments of Agriculture, Commerce, Labor, and Health, Education, and Welfare, and the Federal Power Commission in accordance with interagency agreements. All reviewing agencies have submitted comments and copies are enclosed with the report.

I shall appreciate having advice concerning the relationship of the Michaud Flats project to your program before I transmit the report to the Congress for its consideration and appropriate action in accordance with the provisions of the Reclamation Project Act of 1939.

Sincerely yours,

DOUGLAS MCKAY,  
*Secretary of the Interior.*

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DEPARTMENT OF THE INTERIOR,  
BUREAU OF RECLAMATION,  
Washington 25, D. C., June 28, 1954.

The SECRETARY OF THE INTERIOR.

SIR: This is my report on the Michaud Flats project, Idaho. It is based on, and includes, the proposed report on this project which you approved and adopted on March 15, 1954.

Copies of your proposed report were transmitted to the States of the Columbia River Basin and to the Secretary of the Army in accordance with the provisions of section 1 (c) of the Flood Control Act of 1944 (58 Stat. 887) and to the State of Idaho for comments from the head of the agency exercising administration over the wildlife resources of that State in accordance with the provisions of the act of August 14, 1946 (60 Stat. 1080). Copies of the report were sent also to the agencies represented on the Federal Inter-Agency River Basin Committee for their comments. Comments have been received from all States and agencies to which the report was sent and copies are attached.

In view of the favorable nature of the comments received, it does not appear that revision of your proposed report as a result of the review of various agencies is necessary. In particular the officials of the State of Idaho, as well as other review agencies, advised that they were pleased to recommend the authorization of the Michaud Flats project.

Accordingly, I recommend that you approve and adopt this report as your report on the Michaud Flats project, Idaho, and that you transmit it together with the attached comments to the President and subsequently to the Congress in accordance with the provisions of the Reclamation Project Act of 1939.

Respectfully,

W. A. DEXHEIMER, *Commissioner.*

Approved and adopted: July 1, 1954.

DOUGLAS MCKAY,  
*Secretary of the Interior.*

# MICHAUD FLATS PROJECT FOR IRRIGATION IN IDAHO 11

DEPARTMENT OF THE INTERIOR,  
BUREAU OF RECLAMATION,  
Washington 25, D. C., February 19, 1954.

The SECRETARY OF THE INTERIOR.

SIR: This is my proposed report on the potential Michaud Flats project, Idaho. It is based on and includes the accompanying report of the regional director, Bureau of Reclamation, Boise, Idaho.

This irrigation project is located in Power County, Idaho, in the immediate vicinity of the town of American Falls. The irrigable lands consisting of 11,035 acres extend in a narrow strip northeast and southwest from American Falls and lie just south of the American Falls Reservoir and the Snake River

The economy of the project area is based largely on dry farming. This is a semiarid area with average annual precipitation of about 13 inches, of which less than 6 inches occurs during the growing season. Actually, dry farming is marginal and is successful only during periods of high demand and prices and sufficient rainfall. The welfare of the community has suffered frequently because of variation in these factors. Irrigation would broaden the agricultural base and stabilize the economy of the area. The local people recognize the need for irrigation and have expressed on various occasions the desire that such a project as discussed herein be constructed. The project is economically justified in that the expected benefits are well in excess of estimated costs.

Water supply would be obtained from storage reserved for the project in the Palisades and American Falls Reservoirs and from pumping from ground water. The storage water would be pumped directly from the American Falls Reservoir to serve 7,077 acres via two main canals. Pumping from wells tapping the ground water supply would provide water adequate to serve an additional 3,958 acres. Of the total, approximately 9,500 acres would receive water from surface laterals and about 1,500 acres by sprinkler application. In addition to the main pumping plant, canals, and wells with associated equipment, the project would consist of laterals, drains, and necessary electrical works.

As stated in the regional director's report, until such time as energy is available from the authorized Federal powerplant at American Falls Dam, pumping power probably would be furnished by wheeling over Idaho Power Co. lines. Based upon the proposed rates quoted in the report, this interim plan appears to be slightly more favorable than the plan for Federal construction of the electric distribution system. However, the costs of the two plans are such that the finally established rates for the pumping power will determine which plan is actually the cheaper.

The estimated cost of the project based on July 1952 prices is \$4,578,500. Indexed to July 1953 prices, this would amount to approximately \$4,600,000. Included in the project cost is \$474,500 which is the cost of storage in Palisades and American Falls Reservoirs allocated to irrigation and assigned to the Michaud Flats project. Annual operation, maintenance, and replacement costs, including pumping energy, are estimated to amount to \$74,500. This amount would be slightly higher during the period of wheeling of pumping power by the power company.

All of the estimated cost is allocated to irrigation and is reimbursable. Studies indicate that the irrigators probably would repay \$2,890,000 or 63 percent of the total cost in a 50-year repayment period following a 10-year development period. It is recommended that net power revenues from the Palisades project and any associated projects be utilized to repay the costs beyond the water users' repayment ability. The net surplus power revenues from the Palisades project, including the American Falls powerplant, amounting to \$856,000 per year would be sufficient to pay the reimbursable costs beyond the repayment ability of the Michaud Flats irrigators in approximately 2 years after such revenues become available.

In the preparation of this report, consideration was given to a plan for irrigation of lands in the Fort Hall Indian Reservation in combination with the Michaud Flats area. It was found that it would be more economical and advantageous to handle the Indian irrigation unit separately, although the advantage of making power revenues from the Palisades project available to assist in repayment of the portion of the cost of the Indian project is recognized. This would require legislative authorization, but would be compatible with the overall irrigation plan for this area developed by the Bureau of Indian Affairs and the Bureau of Reclamation.

The Fish and Wildlife Service of this Department has studied the proposed project and has concluded that it would have certain wildlife benefits and would not affect fishery resources significantly.

## 12 MICHAUD FLATS PROJECT FOR IRRIGATION IN IDAHO

I concur in and adopt the recommendations of the regional director as set forth in paragraph 21 of this report and the recommendations of the Fish and Wildlife Service, dated January 30, 1953, which is appended to the underlying report.

I recommend that you approve and adopt this report, including the appended fish and wildlife report, as your proposed report on the Michaud Flats project and that you authorize me in your behalf to transmit copies to the States of the Columbia River Basin and to the Secretary of the Army in accordance with requirements of the Flood Control Act of 1944 (58 Stat. 887), to the State of Idaho for the views and recommendations of the head of the agency exercising administration over the wildlife resources of that State in accordance with provisions of the act of August 14, 1946 (60 Stat. 1080), and to other interested Federal agencies for their comments.

Respectfully,

W. A. DEXHEIMER, *Commissioner.*

Approved and adopted: March 15, 1954.

DOUGLAS MCKAY,  
*Secretary of the Interior.*

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington 25, D. C., July 23, 1954.

The honorable the SECRETARY OF THE INTERIOR.

MY DEAR MR. SECRETARY: This will acknowledge receipt of your letter to the President of July 1, 1954, requesting advice concerning the relationship to the program of the President of your proposed report on the Michaud Flats project, Idaho.

The proposed project consists of 11,035 irrigable acres situated just south of the American Falls Reservoir and along the Snake River in southern Idaho. Water supply for the project would be obtained by pumping from storage reserved in the Palisades and American Falls Reservoirs for 7,077 acres and by pumping from ground water for 3,958 acres. Approximately 9,500 acres would receive water from surface laterals and about 1,500 acres by sprinkler application.

The estimated total cost of the project, \$4,578,500 (\$415 per acre), July 1952 price levels, is allocated to irrigation. The Commissioner's letter refers to a total estimated cost of \$4,600,000, indexed upward to July 1953 prices. Amortized over 50 years at 2½ percent, the annual construction cost is \$161,950 and, including \$35,160 for operation and maintenance, \$18,600 for replacement reserve, and \$29,930 for power, results in a total annual cost of \$245,640. Average annual benefits are estimated at \$591,000, of which \$315,300 are direct benefits to irrigation farms and \$275,700 are indirect and public benefits. The benefit-cost ratios are 2.40 on total benefits and 1.28 based on direct benefits, using a 50-year period to amortize construction costs.

The regional director, in his report of October 1953, states that water users can be expected to pay a total of \$132,700 annually, or an average of \$12.03 per acre for irrigation. Annual operating costs of the project are estimated at \$74,900. Hence, an annual installment of \$57,800 would be available for use in repaying the construction cost of the project. Annual payments of this amount by water users would repay all construction costs of the project, including \$474,500 for storage in American Falls and Palisades Reservoirs, in 80 years. During a 50-year repayment period the annual installments would total \$2,890,000 (\$262 per acre) or 63 percent of the \$4,578,500 total cost of the project. A Federal contribution in the amount of \$1,688,500 (\$153 per acre or 37 percent would be required, unless funds in this amount are obtained from some other source.

The regional director recommends that net power revenues from the Palisades project and any associated projects be utilized to repay the cost beyond the water users repayment ability. The director's report states that the net surplus power revenues from the Palisades project, including the American Falls powerplant, amounting to \$856,000 per year, would be sufficient to pay the reimbursable cost beyond the repayment ability of the Michaud Flats irrigators in approximately 2 years after such revenues become available.

According to information contained in Repayment Histories and Payout Schedules 1952, the Palisades and American Falls projects would repay all reimbursable costs now assigned to these projects in about 62 years, provided the interest component of power revenues is used to show repayment of irrigation costs associated with the Palisades project. Assuming initial Palisades power

generation by 1957 and full power generation of both plants by 1961, these projects would be fully repaid in the year 2019. The inclusion of the \$1,688,500 discussed above for the Michaud Flats project would have the effect of extending this payout period about 2 years, or to the year 2021. It is our understanding that under the present policy of the Department the interest component of power revenues in aid of irrigation is not used on projects recommended for authorization, but no decision in this respect has been made relative to previously authorized projects.

If the interest component is not used, the Palisades and American Falls projects would repay the reimbursable costs now assigned to these projects in about 71 years instead of 62 years. This in turn would make the combined payout for the Palisades-American Falls and Michaud Flats projects in 73 years or to the year 2030. However, there is no assurance at this time that the American Falls powerplant will be built. If the American Falls powerplant is not constructed, the cost of which is allocated mostly to non-interest-bearing irrigation pumping, and the interest component is not used on the Palisades project, the repayment period for the combined projects would be about 83 years or to the year 2040.

In general, the States of the Columbia River Basin favor or offer no objection to the project. The State of Utah has no objection to approval of the project, but makes reference to conflicting evidence relative to the construction of successful pump wells, doubts the adequacy and right to underground water, considers the repayment cost of \$12 per acre per year high for the crops to be grown, and questions the use of sprinkler irrigation in a dry, windy climate.

Federal agencies make no particular comments excepting the Department of Health, Education, and Welfare, which recommends that the Idaho State Department of Health be consulted concerning possible contamination of water-bearing strata resulting from irrigation well construction and that their recommendations concerning this matter be followed. It also strongly recommends that the Bureau of Reclamation utilize the consultant services of the Public Health Service when developing details of construction and operation of the project in order to minimize conditions which may contribute to mosquito production.

The regional director's report indicates that irrigators would be able to repay \$12.03 per acre annually. While this estimate of repayment ability is supported by detailed farm budgets, in view of existing repayment histories of some irrigation districts in the general area of this project, including amendatory contracts, there may be some question that water users would be willing to repay at this proposed level.

The Bureau of the Budget believes that 50 years is a reasonable maximum period for repayments of irrigation construction investments, as was recommended in the case of the Department's report on the Colorado River storage project and participating projects. Considering the indefinite status of the presently proposed power repayment schedule and to protect any Federal investment in the proposed project, it would appear appropriate that authorizing legislation should provide some safeguards. Therefore, requests for appropriations for construction of the irrigation works, if authorized, should be conditioned on a current financial analysis and schedule of power generation and rates demonstrating the availability of power revenues in an amount sufficient to repay that part of the irrigation investment not paid by irrigation water users within 50 years after completion of construction with an allowance for a development period not to exceed 10 years. If sufficient power revenues are not expected to be available for this purpose during the irrigation water users 50-year repayment period, the Michaud Flats project should be deferred accordingly.

It is also believed that, in view of the relatively sizable secondary benefits involved, consideration should be given to a requirement for the establishment of a conservancy district as a means of insuring maximum justifiable contribution or repayment by those to whom secondary benefits of the project will accrue.

Accordingly, you are advised that, while there would be no objection to the submission of your report to the Congress subject to consideration of the above comments, authorization of the proposed project would be without objection only if provision is made to repay all reimbursable costs within a period of not to exceed 50 years as outlined above. No commitment, however, can be made at this time as to when any estimate of appropriation would be submitted for construction of the project, if authorized by the Congress, since this would be governed by the President's budgetary objectives as determined by the then prevailing fiscal situation.

**14 MICHAUD FLATS PROJECT FOR IRRIGATION IN IDAHO**

It is requested that a copy of this letter be included with your report when it is submitted to the Congress.

Sincerely yours,

**ROWLAND HUGHES, Director.**

The Committee on Interior and Insular Affairs recommends that H. R. 5499, as amended, be enacted.

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on Interior and Insular Affairs  
House of Representatives  
Thursday, March 25, 1954

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CJR 51

H. R. 5499

TO PROVIDE FOR THE CONSTRUCTION,  
MAINTENANCE, AND OPERATION OF THE  
MICHAUD FLATS PROJECT FOR IRRIG-  
GATION IN THE STATE OF IDAHO

House of Representatives

Subcommittee of the Committee  
on Interior and Insular Affairs

Washington, D. C.

The subcommittee met at 10:00 a.m., pursuant to recess,  
in room 1334 New House Office Building, Honorable William H.  
Harrison presiding.

Mr. Harrison. The committee will come to order.

The hearing this morning will be held on H. R. 5499,  
by Mr. Budge of Idaho.

(H. R. 5499 follows:)

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# Union Calendar No. 858

83d CONGRESS  
2d SESSION

# H. R. 5499

[Report No. 2487]

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 1953

Mr. BUDKA introduced the following bill; which was referred to the Committee on Interior and Insular Affairs

JULY 23, 1954

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

*(Strike out all after the enacting clause and insert the part printed in italics)*

---

## A BILL

To provide for the construction, maintenance, and operation of the Michaud Flats project for irrigation in the State of Idaho.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That the Secretary of the Interior is authorized to construct,  
4       maintain, and operate the Michaud Flats project for irri-  
5       gation in the State of Idaho substantially in accordance with  
6       the plans set forth in the report of the Bureau of Reclama-  
7       tion regional director of region 4, dated April 21, 1953,  
8       with such modifications as the Commissioner of Reclamation,  
9       with the approval of the Secretary of the Interior, may find  
10      proper in order to provide for the most efficient accomplish-

1 ment of all the purposes of such plans. Such construction,  
2 maintenance, and operation shall be in accordance with the  
3 Federal reclamation laws as far as such laws are not in-  
4 consistent with the provisions of this Act.

5       SEC. 2. Such project's water users shall be required to  
6 assume an obligation to repay only that part of the total  
7 construction cost of the project which the Secretary of the  
8 Interior determines to be properly allocable to irrigation.  
9 Such repayment shall be in accordance with the provisions  
10 of the Federal reclamation laws as modified with respect to  
11 such project by the following:

12       (a) The total amount to be repaid by such water users  
13 shall be scheduled for payment on the basis of uniform  
14 charges for like classes of land in each unit of such project  
15 which will result in the establishment of annual installments  
16 which are, as nearly as practicable, of an amount equal to  
17 the ability of such water users to pay in each year, having  
18 regard to the volume of production of such water users, prices  
19 they receive for their farm products, and their production  
20 and living costs. The objective under this section shall be  
21 to provide a plan of repayment that, assuming the existence  
22 of normal relationships between farm prices and costs, will  
23 result in full repayment of that portion of the construction  
24 costs of such project assigned by the Secretary of the Interior  
25 to such water users in not to exceed a period of fifty years

1 beginning on the date on which the development period is  
2 terminated.

3 ~~(b)~~ The balance of the construction costs of such project  
4 shall be repaid with the net power revenues received from  
5 the Palisades project in Idaho after such Palisades project is  
6 paid out.

7 ~~(c)~~ The Secretary of the Interior shall require that a  
8 replacement reserve of an amount sufficient to meet re-  
9 placement costs likely to be incurred before the end of the  
10 repayment period established under the provisions of part  
11 ~~(a)~~ above, shall be established and maintained in connec-  
12 tion with such Michaud Flats project.

13 *That the Secretary of the Interior is authorized to construct,*  
14 *maintain, and operate the Michaud Flats project for irri-*  
15 *gation in the State of Idaho substantially in accordance with*  
16 *the plans set forth in the report of the Bureau of Reclama-*  
17 *tion Regional Director of Region 1, dated October 22, 1953,*  
18 *with such modifications as the Commissioner of Reclama-*  
19 *tion, with the approval of the Secretary, may find proper in*  
20 *order to provide for the most efficient accomplishment of all*  
21 *the purposes of such plans. Such construction, mainte-*  
22 *nance, and operation shall be in accordance with the Fed-*  
23 *eral reclamation laws (Act of June 17, 1902, 32 Stat.*  
24 *388, and Acts amendatory thereof or supplementary thereto)*

1 *as far as such laws are not inconsistent with the provisions*  
2 *of section 2 of this Act.*

3 *SEC. 2. The project's water users shall be required to*  
4 *assume an obligation to repay out of that part of the total*  
5 *construction cost of the project which the Secretary determines*  
6 *to be properly allocable to irrigation, so much as the Secre-*  
7 *tary finds to be within their ability to repay prior to the*  
8 *time when, account being taken of the application of power*  
9 *revenues as provided in part (b) of this section, full return*  
10 *of the irrigation allocation is accomplished. Such repay-*  
11 *ment shall be in accordance with the provisions of the Federal*  
12 *reclamation laws as modified with respect to the Michaud*  
13 *Flats project by the following:*

14 *(a) Payments by the contracting organization shall be*  
15 *scheduled, under a contract conforming to the provisions of*  
16 *this Act, on the basis of uniform charges for like classes of*  
17 *land in each unit of such project which will result in the*  
18 *establishment of annual installments which are, as nearly as*  
19 *practicable, of an amount equal to the ability of such water*  
20 *users to pay in each year having regard to the volume of*  
21 *production of such water users, prices they receive for their*  
22 *farm products, and their production and living costs.*

23 *(b) Net power revenues received from the Palisades*  
24 *project, Idaho, and any developments combined therewith for*  
25 *payout purposes under the provisions of the second sentence*

1 of section 2 of the Act of September 30, 1950 (64 Stat.  
2 1083), shall, after payout of said projects is accomplished  
3 pursuant to law, be applied (concurrently with continued  
4 payments by the water users) to payment of the irrigation  
5 allocation of the Michaud Flats project until full repay-  
6 ment of said allocation is accomplished.

7 (c) The Secretary of the Interior shall require that a  
8 replacement reserve of an amount sufficient to meet replace-  
9 ment costs likely to be incurred before the end of the repay-  
10 ment period established under the provisions of part (a)  
11 above, shall be established and maintained in connection with  
12 such Michaud Flats project.

13 SEC. 3. (a) To aid in the development of not more than  
14 twenty-one thousand acres of irrigable land in the Michaud  
15 division of the Fort Hall Indian Reservation, as heretofore  
16 authorized by the Act of February 4, 1931 (46 Stat 1061),  
17 and hereby reauthorized for construction, operation, and  
18 maintenance without regard to the provisions of said Act, the  
19 Secretary is authorized—

20 (1) to reserve for the benefit of those lands when  
21 needed, but without prejudice to the interim use  
22 thereof for other purposes proper under reclamation laws,  
23 eighty-three thousand and nine hundred acre-feet of  
24 storage capacity in Palisades Reservoir and forty-seven

1 thousand and seven hundred acre-feet of that portion of  
2 the storage capacity in American Falls Reservoir which  
3 was set aside for lands in the Michaud area generally by  
4 section 3 of the Act of September 30, 1950 (64 Stat.  
5 1083); and

6 (2) to account for the return of so much of the cost  
7 of said development (including the cost of the aforesaid  
8 storage space in Palisades and American Falls Reser-  
9 voirs) as the Secretary finds cannot be repaid by the  
10 water users on terms substantially similar to those pro-  
11 vided in section 2 of this Act, except for the application  
12 of the provisions of the Act of July 1, 1932 (47 Stat.  
13 564), and the Act of March 1, 1907 (34 Stat. 1015,  
14 1024), which are specifically made applicable to the proj-  
15 ect authorized by this section and Indian lands susceptible  
16 of irrigation under said project, by application of net  
17 power revenues of the Palisades project and any develop-  
18 ments combined therewith for payout purposes under the  
19 provisions of the second sentence of section 2 of the Act of  
20 September 30, 1950, after payout thereof is accomplished  
21 pursuant to law.

22 (b) Construction of works to serve the Michaud division  
23 lands shall be undertaken only if, in consideration thereof and  
24 of the additional benefits authorized in the preceding sentence  
25 of this section, such appropriate arrangements as may be

1 *required in the circumstances are first made, by contract or*  
2 *otherwise, with respect to a water supply for said lands*  
3 *which, among other things—*

4 *(1) limit that supply to the yield of the space in*  
5 *Palisades and American Falls Reservoirs as herein-*  
6 *before set forth and to that obtained by the pumping of*  
7 *ground water in an average annual amount of not more*  
8 *than twenty-two thousand and four hundred acre-feet;*  
9 *and*

10 *(2) consent to a priority in time and right in such*  
11 *beneficial consumptive uses of the waters of the Snake*  
12 *River, and its tributaries, as are established under the*  
13 *laws of the State of Idaho prior to the date of this Act*  
14 *as against any use of the waters arising on or flowing*  
15 *through the Fort Hall Bottoms within the Fort Hall*  
16 *Indian Reservation, including, but not limited to, the*  
17 *intercepted flow of Ross Fork Creek, the Portneuf River*  
18 *below Pocatello, Big Jimmy Creek, Big Spring Creek,*  
19 *and Clear Creek, for the irrigation of the lands of the*  
20 *Michaud division of the Fort Hall Indian Reservation.*  
21 *The United States consents to the making of the arrangements*  
22 *aforesaid, and its construction, operation, and maintenance*  
23 *of said works shall constitute a waiver of any of its rights*  
24 *to the use of waters arising on or flowing through the Fort*  
25 *Hall Bottoms within the Fort Hall Indian Reservation, in-*

1 *cluding, but not limited to, the intercepted flow of Ross Fork*  
2 *Creek, the Portneuf River below Pocatello, Big Jimmy*  
3 *Creek, Big Spring Creek, and Clear Creek, for the irri-*  
4 *gation of the lands in the Michaud division of the Fort*  
5 *Hall Indian Reservation.*

6 *SEC. 4. The Act of February 4, 1931 (46 Stat. 1061),*  
7 *authorizing the development of the Michaud division of the*  
8 *Fort Hall irrigation project is hereby repealed.*

9 *SEC. 5. In crediting the net power revenues from the*  
10 *Palisades project to the projects authorized in sections 2 and 3*  
11 *of this Act, after payout of the Palisades project pursuant to*  
12 *law, said revenues shall be applied ratably to the two projects*  
13 *in proportion to the total construction costs thereof.*

14 *SEC. 6. (a) Except as provided in section 3 (b), nothing*  
15 *in this Act shall affect any rights in and to the waters of the*  
16 *Fort Hall Indian Reservation or the Snake River and its*  
17 *tributaries.*

18 *(b) Nothing in this Act shall affect the land tenure, allot-*  
19 *ment, or ownership on the Fort Hall Indian Reservation.*

20 *SEC. 7. There are hereby authorized to be appropriated,*  
21 *out of any moneys in the Treasury not otherwise appro-*  
22 *priated, \$5,500,000 for construction of the works authorized*  
23 *in section 1 of this Act, and \$5,500,000 for construction*  
24 *of the works authorized in section 3 of this Act,*  
25 *plus such additional amount, if any, as may be required by*

1 *reason of changes in the costs of construction of the types*  
2 *involved in these projects, as shown by engineering indices.*  
3 *There are also authorized to be appropriated such sums as*  
4 *may be required for the operation and maintenance of said*  
5 *works.*

Union Calendar No. 858

83d CONGRESS  
2d Session

# H. R. 5499

[Report No. 2487]

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## A BILL

To provide for the construction, maintenance,  
and operation of the Michaud Flats project  
for irrigation in the State of Idaho.

---

By Mr. BUDGE

JUNE 2, 1953

Referred to the Committee on Interior and Insular  
Affairs

JULY 23, 1954

Reported with an amendment, committed to the Com-  
mittee of the Whole House on the State of the  
Union, and ordered to be printed

1 Mr. Harrison. Our first witness will be Congressman  
2 Budge.

3 STATEMENT OF HONORABLE HAMER H. BUDGE,  
4 A REPRESENTATIVE IN CONGRESS FROM THE  
5 STATE OF IDAHO

6 Mr. Budge. Mr. Chairman and Gentlemen of the Committee:

7 I appreciate the opportunity of appearing before you this  
8 morning in support of H. R. 5499, which I introduced on  
9 June 2, 1953. I should like to state to the committee that  
10 subsequent to the introduction of H. R. 5499, which applies  
11 only to white owned lands in the so-called Michaud Flats  
12 area, a great deal of interest has been generated in also  
13 irrigating Indian lands in the Michaud Flats area which are  
14 immediately adjacent to the lands covered in H. R. 5499,  
15 immediately adjacent east of these lands.

16 The matter of the irrigation of the Indian lands has  
17 come up very suddenly, just within the last week. I have  
18 here representatives from the Indian Service, and also Mr.  
19 Frank Parker, representing the Tribal Council of the Fort  
20 Hall Indians.

21 Whether we can get the Indian project in shape for  
22 consideration by the committee is as yet somewhat problem-  
23 atical, but I would appreciate the courtesy of the committee  
24 in hearing witnesses, including Mr. Parker, who is here from  
25 Fort Hall, if that can be done at the conclusion of the  
witnesses relative to the lands described in H.R. 5499.

1           The two projects are separate and must, of necessity,  
2 be separate from a physical standpoint. There would be no  
3 economies.

4           I believe both agencies, the Indian Service and the  
5 Bureau of Reclamation are in agreement that a physical combina-  
6 tion of the two projects would be more expensive than the  
7 two separate projects.

8           I should like the committee to consider them as two  
9 separate projects, at least for the time being. We are all  
10 hopeful an authorization can be eventually culminated  
11 embracing all of the lands in the Michaud Flats area. The  
12 lands should be irrigated. The plans for irrigation so far as  
13 they have gone appear feasible and I recommend them to the  
14 committee.

15           I should like, Mr. Chairman, for the Chair to now call  
16 on Mr. Harold Nelson, the Regional Director of Region I  
17 of the Bureau of Reclamation, for his testimony concerning  
18 the lands embraced in H. R. 5499.

19           Mr. Harrison. Thank you, Mr. Budge.

20           We will call now Mr. Nelson and also Mr. Brown, a  
21 planning engineer. They can come up together and their  
22 testimony will more or less fit in together.



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1           You will observe that the area shaded in gray, composed  
 2 of about 38 square miles, lies entirely within the Fort Hall  
 3 Indian Reservation. The area shaded in yellow and green,  
 4 the green being the parts irrigated now, lie outside of the  
 5 reservation and extend from the reservation line to about  
 6 six miles southwest of the town of American Falls, Idaho.  
 7 the entire project being about 23 miles west of the City of  
 8 Pocatella, and about 200 miles north of Salt Lake City.

9           The area covered by the report mentioned in the bill is  
 10 confined to the area outside of the reservation which contains  
 11 about 11,000 acres of irrigable land. The area which is  
 12 gray contains about 20,000 acres of irrigable land. The lands  
 13 outside the reservation are predominantly all in private  
 14 ownership and are included within the boundaries of the Falls  
 15 Irrigation District.

16           Probably it would be appropriate now to give you a brief  
 17 summary of the project works proposed by the bill or the  
 18 Bureau report.

19           In brief, those works would provide complete irrigation  
 20 service to the 11,000 acres outside of the reservation.  
 21 That would be accomplished at a cost of \$4,600,000, at 1953  
 22 price levels, of which about \$475,000 has already been invested  
 23 or will shortly be invested in storage in the completed American  
 24 Falls Reservoir which was completed in 1927, and the Palisades  
 25 Reservoir, which is under construction now.

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1           The additional project works will consist of a primary  
2 pumping plant that will pick up surface releases through the  
3 left abutment of the American Falls dam through an existing  
4 irrigation outlet.

5           The primary pumping plant will discharge through a dis-  
6 charge line some 5600 feet long to two laterals, the east  
7 and west laterals. The works will also consist of a complete  
8 distribution system to deliver surface water pumped through  
9 the pumping plant and in addition some 25 wells scattered  
10 throughout the area marked by red dots, on both the east and  
11 west portions of the project, which will be used to sup-  
12 plement the surface supply by pumping ground water.

13           In addition to that, some distribution lines will be  
14 from an existing substation at American Falls will be used  
15 to supply electric energy to the well pumps and to the main  
16 pumping plant.

17           Mr. Engle. What is that brown area down next to the dam  
18 site?

19           Mr. Nelson. That is the city of American Falls.

20           Mr. Engle. Do I understand that this project area is to  
21 the north and south, then, of American Falls, the yellow  
22 being the project area?

23           Mr. Nelson. Yes, sir. It is northeast and southwest  
24 of the City of American Falls. The main line of the Union  
25 Pacific Railroad and U. S. 30 north traverses the area from

1 east to west.

2 Mr. D'Ewart. Mr. Chairman, I understand this land is  
3 privately owned at the present time.

4 Mr. Nelson. Yes, sir.

5 Mr. D'Ewart. Why do they not build their own wells  
6 and pump their own water instead of asking the Federal Gov-  
7 ernment to put up the money?

8 Mr. Nelson. There are two reasons for that, Congressman  
9 D'Ewart. One is that there is not a sufficient water supply  
10 to serve all of these lands. The second reason being that the  
11 water pumped from ground water would deplete existing down-  
12 stream rights so that release of storage is necessary, or  
13 purchase of storage is necessary, to give them a water right.

14 Mr. D'Ewart. Will that deplete the water supply any more  
15 to have them pump it themselves than to have the Federal  
16 Government pump it?

17 Mr. Nelson. Well, if the Federal Government pumps it, of  
18 course a large pumping plant will be provided to pump all of the  
19 storage releases.

20 Mr. Engle. There is a difference between the surface  
21 supply and an underground supply, is there not?

22 Mr. Nelson. Yes, sir. I would like to explain the  
23 surface supply a little later, the relationship of the sur-  
24 face supply to the ground water supply, and in turn the  
25 relationship of both supplies to the water supply of the whole

1 valley.

2 Mr. Engle. Get to the point that the gentleman from  
3 Montana is making. The difference is between taking water  
4 out of the reservoirs and putting it into surface irrigation  
5 and taking water out of the ground and pumping it, is that  
6 what it amounts to?

7 Mr. Nelson. That is correct.

8 Mr. D'Ewart. But this project calls for pumping from  
9 wells at such locations as shown by those red dots, from priv-  
10 ate owners, to irrigate their own land. Why should the  
11 Federal Government be interested in digging wells under those  
12 conditions?

13 Mr. Nelson. Sir, for the reason that wells can not cover  
14 the entire area. Only enough wells are included to offset  
15 the water that will be available by return flow from the  
16 surface applications.

17 It enables us to cover the entire 11,000 acres. Where-  
18 as, without any wells at all, we would cover only 7,000  
19 acres, for which there is not a water supply at the present  
20 time.

21 It is just a more efficient use of water.

22 Mr. D'Ewart. I still do not see why they should not do it  
23 themselves for this additional acreage.

24 Mr. Aspinall. May I make a suggestion to my colleague?  
25 As I understand, what you are trying to say is that in order  
to make this whole project feasible and to take care of the

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1 expense or cost of production of taking from American Falls  
2 by pumping and so forth, that you have to integrate these  
3 pumps throughout the area in order to get back the cost of  
4 it to the Federal Government, is that correct?

5 Mr. Nelson. That is correct. There are a few wells  
6 that are operating now, and the operators of those wells  
7 are perfectly willing or wish to come into the project  
8 because they will have the benefit of a completely integrated  
9 system both as to source of power, which will be from Palisades  
10 Reservoir, as to project works, and they will likewise gain  
11 some protection in so far as water rights are concerned  
12 against depletion of a downstream right.

13 Mr. D'Ewart. Let me ask the question in another way.  
14 Would it be possible by taking the water from American  
15 Falls Reservoir and also from the Palisades Reservoir, the  
16 Palisades project, would it be possible for that part of the  
17 project alone to be feasible if you did not have it hooked  
18 up with the rest of them?

19 Mr. Nelson. No, sir. The reason is, if I may elaborate  
20 on that, that we are distributing the cost of the primary  
21 pumping plant, which is a rather high cost item, over the  
22 entire acreage, under this arrangement, and it still brings  
23 per-acre cost down for the entire project, wells and  
24 surface applications together, within the repayment ability  
25 of the water users.

1 Mr. D'Ewart. I might say that a few years ago this com-  
2 mittee authorized a pumping plant for Idaho and some 300  
3 wells. I have been convinced ever since that we should not  
4 have authorized that plan, that those people should have  
5 done the job themselves. Here we have another pumping  
6 plan, and according to your argument, the basis of it is that  
7 these people that would be served by these pumps from these  
8 wells will thereby have to carry part of the burden of an  
9 irrigation pumping from above, not that there will be a  
10 direct benefit to them.

11 Mr. Nelson. I would summarize it this way, that it is  
12 perfectly true they are coming into a large project. But  
13 the cost to those individuals is going to be less than it is  
14 now, and that, in turn, is making possible instead of about  
15 two or three thousand acres, all that would be developed  
16 that way, the feasible development of an entire 11,000  
17 acre project, all of which will be reimbursable to the  
18 Federal Government.

19 Mr. D'Ewart. How much less will the cost be because  
20 of a better rate of pumping following the construction of  
21 this project than the rate they have to pay now?

22 Mr. Nelson. The estimated delivered rate of power for  
23 Palisades will be about 3.9 mills to the wells.

24 Mr. D'Ewart. What are those wells paying now?

25 Mr. Nelson. I would ask leave to ask one of the gentlemen

1 from American Falls.

2 Do you know, Mr. Hess, or Mr. Meadows?

3 Mr. Hess. 4.-something.

4 Mr. Nelson, I would like to supply that for the record,  
5 if I may.

6 I should like to now finish with the presentation of the  
7 project works.

8 Mr. Aspinall. May I ask my colleague a question so I  
9 can understand what he has in mind.

10 Is your thought that the area to be incorporated in the  
11 district, which will have to be, of course, to take care of  
12 the presently contemplated program, that they will take care  
13 of the cost of construction of these 25 wells themselves and  
14 then tie in the rest of the acreage with the project proposed  
15 for pumping alone?

16 Mr. D'Ewart. The background of my thought is that a  
17 few years ago we authorized this pumping project in Idaho,  
18 and I think we made a mistake when we authorized it. It  
19 was something they should have done themselves. Now we have  
20 another pumping project, and I would like to see those 25  
21 wells particularly justified as a Bureau construction rather  
22 than as an independent construction.

23 That is the thinking behind these questions.

24 Mr. Nelson. Congressman D'Ewart, after we give you a  
25 little more material on the water right situation in the

1 valley, I am wondering if we could come back to your ques-  
2 tion then.

3 Continuing, it is estimated that the water users can  
4 pay \$2,890,000 of the total cost or 63 per cent of the  
5 estimated total cost within 50 years. The balance could be  
6 repaid by power revenues from the Palisades project, if  
7 authorized, in less than three years.

8 The figure, I believe, is 2.1 years.

9 Mr. Aspinall. That is in addition to the 50 years?

10 Mr. Nelson. That would be in addition to the 50 years.

11 So the total pay out would be 50 years from the water  
12 users, plus 2.1 years from power revenues.

13  
14 Turning now to the historical background behind this  
15 project, for many years the allocation of the limited water  
16 supplies of the entire Snake River have taken into account  
17 the ultimate irrigation of the entire Michaud Flats. With-  
18 out irrigation, it is a submarginal, dry farm wheat area and  
19 livestock grazing area. The income of the area has fluc-  
20 tuated, of course, very widely with the moisture conditions  
21 and with the price conditions prevailing. The 1950 census  
22 indicated about \$295,000 acres of crop land in Power County,  
23 of which only about 11,000 are irrigated, primarily by some  
24 8000 acres in the Federal project, in Aberdeen-Springfield,  
25 securing Federal storage and the rest by well pumping.

Investigations toward irrigating this area started as

1 much as 65 years ago with an original proposal to extend  
2 an Indian Service canal down into the area. In 1920 the  
3 Power County Irrigation District was authorized with the  
4 hope that water could be obtained from American Falls  
5 Reservoir which was completed in 1927. 433,000 acre feet  
6 of the 1,700,000 acre feet of capacity of American Falls  
7 were allocated at that time for new land development, and  
8 the water users actually put up in advance the cost of an  
9 irrigation outlet through American Falls Dam.

10 Immediately following that, however, the Snake River  
11 Valley experienced the worst drought in history, from 1931 to  
12 1935. And it was necessary to dispose of all of that space  
13 by lease to existing irrigated lands. So the Michaud Project  
14 went on the shelf from 1927 on, even though the county had  
15 lost 61,000 acres by inundation from American Falls Reservoir.

16 In 1950 the Palisades project was re-authorized, and  
17 hearings were held before this committee in connection with  
18 the authorization of the Palisades Project. That made it  
19 possible for the first time to again consider the allocation  
20 of storage for new land developments, both from American  
21 Falls and from Palisades. Extensive hearings were held  
22 before this committee on H. R. 5506, which included the project  
23 that Congressman D'Ewart referred to, the north side pumping  
24 division of the Palisades project.

25 As a prerequisite to that authorization, it was necessary

1 for all of the canal companies and the irrigation districts  
2 up and down the Snake River to get together on an agreed  
3 upon distribution of some 433,000 acre feet of space in  
4 American Falls, and also upon the disposition of Palisades  
5 space, which was over subscribed. It was agreed at that  
6 time that 118,000 acre feet of space in American Falls Res-  
7 ervoir might be made available for new land development.

8 That, in turn, was broken down as between the Minnedoka  
9 North Side and the Michaud so as to allow the bulk of it,  
10 71,000, to the Michaud area.

11 In addition, some 124,000 acre feet of space in Pali-  
12 sades was allotted for future development of Michaud, which  
13 made a total of 195,000 acre feet.

14 That was allotted in consideration of the fact that  
15 water applied to that area would furnish the largest volume  
16 of return flow, which could be recaptured and used again for  
17 irrigation on Snake River. That makes possible the develop-  
18 ment of more lands or the most efficient use of that storage.

19 At that time it was possible to present engineering plans  
20 and cost estimates for developing the Minnedoka North Side,  
21 for which a statutory reservation of space was made. That  
22 project was authorized at that time.

23 Mr. D'Ewart. Just a moment, please.

24 If my memory serves me right, at the time we authorized  
25 that project, we had the Geological Survey make a study of

1 that underground water supply in that area, because it was  
2 to be pumped out of that underground water supply. I do  
3 not remember it coming out of these reservoirs. It came out  
4 of the underground water supply. We were assured by the  
5 the Geological Survey that the supply was adequate to meet  
6 all requirements, but I do not remember any reference to this  
7 water coming from any reservoirs in which water rights had  
8 been allocated. This came up two or three years ago.

9 Maybe my mind has failed me, but that is my recollection  
10 of the situation.

11 Mr. Nelson. You are correct. If I may make an explan-  
12 atory addition there, it would help.

13 The Minidoka North Side plans were off in this direction.  
14 They could have been served by gravity releases from American  
15 Falls Reservoir. The lands were withdrawn in 1908 for that  
16 purpose. All through the years the North Side lands were  
17 expecting to receive a surface supply from American Falls,  
18 not a ground water supply.

19 But following the drought of 1930's, that water was  
20 not available to them, and they fought all through the years  
21 to obtain a water supply so that north side could be developed.

22 I think you will recall that even during the hearings  
23 here on the Palisades authorization they were not sure whether  
24 that was the proper thing to do, because in the meantime the  
25 substitute proposal had been made that there is ground water

1 on North Side, let us use that ground water on North Side  
2 and release this American Falls space for other new lands and  
3 to firm up the water supply of the old rights in the valley.

4 So after a great deal of internal negotiations, they  
5 still have a reservation of space in American Falls suf-  
6 ficient to irrigate 13,500 acres of what is called unit A.  
7 That space will go to that unit. But none of that water will  
8 come back to the river and be available for re-use. That is  
9 why the use of ground water is so desirable on that project.

10 So ground water is being used to develop the rest of it.

11 Now getting back to the Michaud area, at the time of the  
12 Palisades authorization, it was not possible to present to  
13 the committee a plan for the development of the Michaud,  
14 because at that time a breakdown of the allotted pace as  
15 between the reservation lands and the non-reservation lands  
16 had not been worked out. Since that time we have been work-  
17 ing with the engineers of the Bureau of Indian Affairs and  
18 we have worked out an allocation of space that will furnish a  
19 full water supply in consideration of points of application  
20 and return flow to all of the irrigable acreage in both units.

21 Turning now only to the Michaud Flats area outside of the  
22 reservation, which we call the Michaud Flats Project, the  
23 part inside the reservation, I believe is commonly referred to  
24 as the Michaud Extension of the Fort Hall Project, 23,000  
25 acre feet of American Falls, and 47,000 acre feet of Palisades

1 has been allocated to the non-reservation lands, and the  
2 balance to the reservation lands. That is on the basis,  
3 again, of not depleting the flow either from stored water  
4 or natural flow rights to the existing rights downstream.

5 It has been determined that, to the best of our ability  
6 and confirmed by the Geological Survey, that water, all  
7 waters applied in the reservation area, the return flow from  
8 those waters will get back either to the reservoir or to  
9 the stream, above the lowest point of diversion. In the  
10 non-reservation area we feel that we can be sure that only  
11 the waters diverted above what is called Sunbeam Creek in  
12 the upper end of the project will so return. Therefore, the  
13 best use of water dictates using stored water for all of the  
14 Indian lands in this area to be sure that we get back the re-  
15 turn flow.

16 The water was allocated on that basis. A full supply  
17 was provided for the Indian lands and the balance was taken  
18 for the non-reservation lands. That will make 7,700 acres.

19 We have computed that the return flow -- that is by  
20 surface runoff, through drainage and also by deep percolation  
21 into the underground strata -- will from the 7700 acres exceed  
22 or will furnish enough recoverable return flow so that we can  
23 irrigate an additional 3600 acres.

24 So that is the reason why the well program is added to  
25 the surface water program, so that we get the entire 11,000

1 acres with the water available and the folks that pump in  
2 that fashion, we feel will not be in violation of the Idaho  
3 underground water code. They will be pumping water that is  
4 tributary to either the reservoir or the river, but that  
5 water is offset by the surface application we made.

6 So instead of having a 7700 acre project, we have an  
7 11,000 acre project which reduces the per acre charge to  
8 everybody.

9 Mr. D'Ewart. What percentage do you figure in your  
10 return flow, 40 per cent?

11 Mr. Nelson. Yes, sir; from 40 to 50 per cent.

12 I believe I have probably said enough on the water  
13 questions. There are some attorneys here who probably  
14 could say a great deal more. I would like to say a little  
15 bit more about the project works. The pumping plant would  
16 consist of three units, 41 second feet each, pumping against  
17 a 196-foot head through a discharge line 60 inches, welded  
18 steel, 5600 feet long. The 25 wells would average around 250  
19 in depth, and would pump from 130 to 150 feet, would yield  
20 from 2-1/2 to 4 second feet, and would yield 13,900 acre  
21 feet in addition to the 23,000 that is available from surface  
22 supplies.

23 The lands that would be served are predominantly class 1  
24 and 2, 67 per cent are in that category. A word about power  
25 supply. Energy will be available by wheeling over existing

1 facilities of the local utility from Palisades Dam. The  
2 first unit of Palisades Park land is scheduled to go on the  
3 line in 1957, and negotiations are now under way for  
4 wheeling that energy to the North Side which we have re-  
5 ferred to, and a similar arrangement can be worked out  
6 for Michaud.

7 Now a word or two about repayment, financial analysis.  
8 It has been mentioned before. The entire cost is \$4,600,000.  
9 After a ten-year development period, it is estimated that the  
10 water users can repay an average of about \$12 per acre per  
11 year. That means that some of the poorer class lands will  
12 pay less, possibly \$9.

13 The higher grade lands will pay more, up to \$15. That  
14 \$12 per acre per year will yield about \$132,000 for the  
15 11,000 irrigable acres.

16 The operating costs will average about, for operation,  
17 maintenance, replacement and cost of power, \$75,000, which  
18 will leave about \$58,000 to be applied on capital repayment.

19 In fifty years, that would return \$2,890,000. Pumping  
20 energy, as I mentioned before, is estimated at two mills at  
21 the Goshen substation which connects with the existing  
22 transmission network. Another mill for wheeling would make  
23 it three at American Falls.

24 If a similar arrangement can be made, it could be wheeled  
25 into the project area, right to the wells, for another 8/10ths

1 That would reduce the capital investment by \$150,000, but  
2 it would raise the cost of power. The two would counter-  
3 balance, so the repayment arrangement would be about the  
4 same. The water users still would be paying about 63 per  
5 cent of the total cost in 50 years, and there will be  
6 \$800,000 a year in power revenues available from Palisades  
7 Power plant which could pick up the balance in 2.1 years.

8 In closing, the project does have a benefit cost ratio  
9 of 2.83 to 1. That is based on an annual benefit of \$591,000,  
10 and annual costs of about \$209,000, assuming an economic life  
11 of 100 years for the project.

12 Thank you.

13 Mr. Harrison. Any questions, Mr. D'Ewart?

14 Mr. D'Ewart. Yes.

15 In reading the bill, page 2, "Such construction, main-  
16 tenance, and operation shall be in accordance with the Federal  
17 Reclamation laws as far as such laws are not inconsistent  
18 with the provisions of that act."

19 What are the inconsistencies?

20 Mr. Nelson. I know of none so far as the Bureau of  
21 Reclamation project is concerned. I would like to ask Mr.  
22 Witmer to answer that.

23 Mr. Witmer. I am the Assistant Chief Counsel of the Bure  
24 of Reclamation, T. R. Witmer.

25 There are several things in the bill which are not in

1 the standard reclamation law. One is the provision for a  
2 variable repayment plan, which is set out on page 2, beginning  
3 at line 12.

4 Mr. D'Ewart. We do have variable repayment plans under  
5 the reclamation law at present.

6 Mr. Witmer. There is one form in the 1939 Act. This  
7 committee has on various occasions, however, sanctioned the  
8 form which is here proposed, namely one which will, to  
9 probably oversimplify it, tie annual repayments to variations  
10 in the farmers abilities to pay that year, usually on the  
11 basis of parity.

12 Mr. D'Ewart. Is that provided for in the present law?

13 Mr. Witmer. That is not in any basic law, no, sir.

14 Mr. D'Ewart. But you do have individual cases?

15 Mr. Witmer. There have been many individual cases of  
16 that, particularly of the amendatory contracts which you  
17 gentlemen have considered from time to time. A second pro-  
18 vision is the provision of section 2, subsection b, which  
19 would enable the amount which the irrigators can not pay  
20 within the payment period here to be picked up from Palisades  
21 revenues.

22 Palisades is not a portion of this project except so far  
23 as storage space has been set aside for it. So we need author-  
24 ization for it, also.

25 Mr. D'Ewart. In the law authorizing Palisades, what

1 disposition was to be made of the revenues from that project  
2 following the repayment period?

3 Mr. Witmer. I think I can find that.

4 Mr. D'Ewart. It might be that we would have to repeal  
5 that provision.

6 Mr. Witmer. No, sir. I checked that this morning.  
7 The Act authorizing Palisades incorporates by reference the  
8 planning report, and in that, if I remember correctly, pro-  
9 vision was made for application of revenues after Palisades  
10 had paid out for certain irrigated lands. I cannot identify  
11 them. Can you, Harold?

12 But it was not for these. I do not believe it requires  
13 any repeal. This is in effect a supplement to the Palisades  
14 authorization.

15 Mr. Nelson. I do not recall the use of Palisades revenues  
16 other than to carry a general part of the costs of the Pali-  
17 sades project that were not assignable to power. That is a  
18 part of the irrigational occasion of the reservoir itself,  
19 which, in turn, has an effect on the price of the yield from  
20 the Palisades reservoir. It is not applicable to any particular  
21 lands.

22 It is applicable to the price of water for irrigation  
23 from the reservoir.

24 Mr. Witner. He has stated it correctly. That is what I  
25 should have said. There is space in Palisades and an allocation

1 of costs. That will pick that up.

2 Mr. D'Ewart. Will this allocation to the Palisades re-  
3 payment increae the power rate?

4 Mr. Nelson. We are using an increased rate over that  
5 that was used at the time of the authorization. At that time  
6 we used a firm power rate of four mills. We are now using  
7 four and a half mills. The power plant itself will pay out  
8 in, I believe seven years. The entire Palisades project,  
9 exclusive of this bill, that is, of this proposal, will  
10 pay out in 67 years, using the primary power that is available  
11 to us from the project now. Negotiations are under way, in  
12 connectionwith the wheeling of Palisades Reservoir energy, that  
13 may make it possible by a trade of energy from trading second-  
14 ary energy for supplemental energy during critical periods from  
15 one of the utilities, that might increas the pay out and  
16 reduce the years to less than 67, not more than, we estimate  
17 57. So I would say the pay out of the Palisades project now  
18 will be some place between 60 and 67 years, but not less  
19 than, probably, 57 and not more than 67.

20 Mr. D'Ewart. The allocation of Palisades earnings to  
21 this project starts in the 50th year, is that correct?

22 Mr. Witmer. The allocation of Palisades earnings, sir,  
23 under this bill, to this project, under the terms of Mr.  
24 Budge's bill, would commence at the time Palisades itself  
25 has paid out.

1 Mr. D'Ewart. Possibly 67 years, then?

2 Mr. Witmer. Yes, sir.

3 Now, may I go on and answer your question with one-  
4 other item. This bill provides for an irrigation repayment  
5 period of 50 years. That is a third difference.

6 Mr. D'Ewart. That is correct. But the final repay-  
7 ments of this project are going to come from Palisades power  
8 earnings.

9 Mr. Witmer. That is right.

10 Mr. D'Ewart. And they will not be available for 67  
11 years. Yet this bill provides for payment in 50 years.

12 Mr. Witmer. Payment by the irrigators of that portion  
13 which is assigned to them for payment in 50 years.

14 Mr. D'Ewart. At the end of the 50 years, the Federal  
15 Government waits 17 more for the final payment on the project?

16 Mr. Witmer. Not being an accountant, I hesitate to  
17 answer, but that is the way it looks to me as though the books  
18 would be set up. The irrigators would pay for the 50-year  
19 period, plus a ten-year development period. So, in effect, as  
20 Mr. Nelson reminds me, you might have or you would have a  
21 7-year interim period there, between the time that they complete  
22 the payment of what is assigned to them and the time the Pali-  
23 sades will pick up the remainder.

24 Mr. D'Ewart. Then leaving that part of it for a moment,  
25 what are involved in the inconsistencies. Is paragraph C

1 the third inconsistency?

2 Mr. Witmer. I am not sufficiently familiar, sir, with  
3 the reason why that was put in, or with our present authority  
4 by contract to require the water users to set up a fund of  
5 this sort, to answer your question.

6 I think that will probably depend very much from project  
7 to project on what the exigencies of the situation demand.  
8 It is certainly something which has been done before, and I  
9 believe could be done without a specific requirement. But I  
10 can't answer that categorically.

11 Mr. Nelson. I an explain the effect of that clause, and  
12 that is this, that on the Michaud development, there will be  
13 a number of mechanical and electrical installations that  
14 will wear out before the end of the repayment period, and  
15 that is to assure that they will be replaced in that period.

16 Mr. D'Ewart. You do not think that operation and main-  
17 tenance ought to take care of those costs?

18 Mr. Nelson. Yes, sir; pumping, motors and electrical  
19 equipment.

20 Mr. D'Ewart. Why have a replacement in reserve if  
21 operation and maintenance is going to take care of those  
22 costs?

23 Mr. Witmer. As I understand it, the costs need to be  
24 anticipated, that the amount available to the water users  
25 in the year in which the replacement might be needed might not

1 be sufficient to do the job.

2 Mr. D'Ewart. Would it not be better draftmanship on  
3 page 2, line 3, to say such construction, maintenance and  
4 operation shall be in accordance with the Federal laws except  
5 as provided in paragraphs A, B, and C, instead of having it  
6 wide open.

7 Mr. Witmer. I think the effect would be exactly the same  
8 as that which is intended here. This is the Congressman's  
9 bill, so I think I better -- Well, it is up to him, of course,  
10 to decide what language he wishes to use.

11 Mr. Harrison. Mr. Engle?

12 Mr. Engle. No questions.

13 Mr. Harrison. Mr. Budge?

14 Mr. Budge. No questions.

15 Mr. Harrison. Mr. Aspinall?

16 Mr. Aspinall. I don't believe I have any.

17 Mr. Harrison. Mr. Dawson?

18 Mr. Dawson. I would like to clear a point up in my mind  
19 that was raised by Mr. D'Ewart. As I understand it now, the  
20 Palisades project has attached to it a number of projects which  
21 are drawing on the power revenues to help pay out the irri-  
22 gator's cost, is that right?

23 Mr. Nelson. No, sir; that is not quite right. A number  
24 of irrigation districts and canal companies, in fact, 650,000  
25 acres in the Snake River Valley, do require supplemental water,

1 and they have contracted for space from Palisades Reservoir.  
2 Part of the cost of that space, to get that down within their  
3 ability to pay, is being carried by power revenues. So that  
4 is the manner in which they are getting assistance from power  
5 revenues, in the cost of water.

6 Now, all of those canal companies and irrigators  
7 still have their own irrigation systems which they pretty  
8 largely have developed themselves through private enterprise  
9 whith they are paying off or have already paid off. So they  
10 are only buying space in Palisades reservoir, and the Pali-  
11 sades Power Revenues are carrying a part of the cost of the  
12 joint works. That is, the dam and reservoir, upon which  
13 that cost of space is based. In other words, the space is  
14 selling for \$9 an acre feet, and it takes three acre feet,  
15 in general, in Palisades, to get one acre foot of assured  
16 yield.

17 That is, one acre foot of water. So they are paying in  
18 effect \$27 per acre foot of yield. The cost of that would  
19 be higher if power was not carrying part of that allocation.

20 Mr. Dawson. I assume that there is to be no drawing on  
21 the power revenues in Palisades until the power facilities  
22 themselves, the amount allocated to power, is paid off with  
23 interest?

24 Mr. Nelson. That is right.

25 Mr. Dawson. Then my question is this: In view of the

1 fact that you have allocated these power revenues to the  
2 repayment costs some of these projects which are already  
3 attached to it, or drawing on the reservoir, is that going  
4 to extend the pay-out period on any of these projects which  
5 had previously been approved?

6 Mr. Nelson. No, sir.

7 Mr. Dawson. Then that means that you are going to  
8 wait until all of those projects are paid out before you tap  
9 the power revenues for this project that we have before us,  
10 is that correct?

11 Mr. Nelson. No. We are going to wait until only the  
12 Palisades project itself is paid off. That small map that  
13 you have shows in general the location of all of those var-  
14 ious projects, and all of those have their own individual  
15 repayment arrangements. They are only involved in Palisades  
16 to the extent that they buy space from Palisades and they buy  
17 space at this agreed upon rate of \$9, which is authorized in  
18 the Palisades authorization. The Palisades project itself,  
19 that is the dam and the reservoir and the power plant and all  
20 pertinent works, must be paid off before any revenues would  
21 be available for this particular project.

22 Mr. Dawson. There is only so much money that comes from  
23 those power revenues, is there not?

24 Mr. Nelson. Yes, sir.

25 Mr. Dawson. And that money, if this project were not

1 tacked onto it would either go to speed up the pay-off period  
2 of these irrigators or come back to the Federal Government,  
3 one or the other, is that not correct? Now you are adding  
4 an additional project on to it which means that it is going  
5 to carry an extra burden.

6 Mr. Nelson. It means that it would not speed up the  
7 payment of Palisades as it is now authorized, but this pro-  
8 posal would extend the number of years that those revenues  
9 would be earmarked for use. That is right. In other words,  
10 if the pay-out of Palisades is 67 years, the effect of this  
11 authorization would make it 69 years, 69.1 years.

12 Mr. Dawson. Then there is nothing to stop you from attach-  
13 ing other projects on to Palisades in the future, is there? I  
14 you get some new ones, you can go in there and tap it.

15 Mr. Nelson. Yes, sir. We require congressional author-  
16 ization for it.

17 Mr. Engle. Is this a project that requires an 80-year  
18 pay-out?

19 Mr. Nelson. This project would require an 80-year  
20 pay-out without assistance of some sort. If the water users  
21 had to pay it off, it would take 80 years.

22 Mr. Engle. That isn't what I asked. I asked as this  
23 thing is put together, is it an 80-year project?

24 Mr. Nelson. No, sir. It is a ten-year development  
25 period, and 50 years of pay-out on the part of the water

1 users, plus two years from Palisades power revenues which  
2 would become available as the Chairman mentioned seven years  
3 after the end of the irrigators pay-out. So if you want to  
4 look at it in terms of passage of time, it would be 10 plus  
5 50, making 60 years, plus the seven years in which there  
6 would be no repayment. That is 67.

7 Mr. Engle. Why are the irrigators not paying during  
8 that seven years? Is there anything wrong with that?

9 Mr. Nelson. No. It is whatever the committee feels is  
10 proper.

11 Mr. Engle. The reclamation law says they should pay to  
12 their maximum abilities. I am reading on page 6 of your  
13 statement. Annual payments of this magnitude will pay the  
14 capital cost in 80 years. In 50 years they would pay 63  
15 per cent.

16 Mr. Nelson. That is right.

17 Mr. Engle. That is \$2,890,000, leaving a balance of  
18 \$1,688,000.

19 Mr. Nelson. We could work out almost any combination  
20 by taking the figure on the last page of my statement. It  
21 indicates how much is available per year from the water users  
22 that is -- It is on page 6 -- about 58,000 a year. If the  
23 water users paid an additional ten years, that would be 58,000  
24 which would reduce the \$1,600,000 to roughly \$1,100,000, which  
25 would take a little over one year, then.

So instead of a 50-year pay-out you would have a 61-year

1 pay-out.

2 Mr. Engle. In this bill you are authorizing a 60-year  
3 pay out. I understand this contemplates in addition to that  
4 a ten-year development period, does it not?

5 Mr. Nelson. A 50-year pay-out and a 10-year development  
6 period, I believe, is proposed in the bill.

7 Mr. Engle. I just cannot understand why you create a  
8 hiatus between the end of the payment by irrigators and the  
9 time the power revenues come in. I don't see why the irri-  
10 gators should be entitled to sit down at the end of 50 years  
11 and say, "Well, we paid for 50 years," and then quit. I just  
12 do not understand how that is fair.

13 I think they ought to pay until the project is paid out,  
14 as much as they can reasonably be expected to pay, which is what  
15 the reclamation law says. What this boils down to is that  
16 this obligation runs for another seven years during which the  
17 taxpayers, presumably, will be paying interest on it.

18 Mr. Nelson. As you know, we do have projects with re-  
19 payment periods longer than 50.

20 Mr. Engle. I have no objection to that. I think we are  
21 going to have to do it, and we might as well be honest about  
22 it and say what we are doing to begin with. But what I am  
23 objecting to is telling the irrigators they are through paying  
24 it in 50 years, and then wait seven years to hook the power  
25 house on it because it is so busy paying something else off.

1 Did you ever hear of one like this? I haven't heard  
2 of anything like this. Did you, Mr. Witmer?

3 Mr. Witmer. No, sir; I haven't heard of one. I have  
4 been discussing with Mr. Brown whether there will in fact  
5 be a hiatus or not will depend upon two items. First, when  
6 does Palisades go on the line and its 67 years begin to  
7 run, and second, when does the Michaud Flats project actually  
8 get under construction and when is water first delivered  
9 and when do its payments begin.

10 Now, if they were both starting simultaneously today,  
11 you would have the hiatus. Palisades, however, is under con-  
12 struction, and I understand its first power is scheduled to  
13 go on the line two years from now, approximately, in 1957,  
14 if this project gets started, and that will depend on your  
15 committees action and the appropriations committee action  
16 some time after that.

17 You may very well not have a hiatus at all.

18 Now, may I add just this, the question of whether the  
19 irrigators should or should not continue to pay, instead of  
20 stopping at 50 years, until their annual payments multiplied  
21 by whatever number of years it takes, plus power payments,  
22 multiplied by whatever number of years it takes, equals the  
23 total, is, I think we can all agree, a policy decision that  
24 this committee has to make.

25 Mr. Engle. But you gentlemen made a recommendation on

1 it, which implies a decision on policy itself, does it not?

2 Mr. Witmer. May I say this, so we are clear. The  
3 Department of the Interior has not made any recommendations.  
4 That is contained in the proposed report which is circulating  
5 to the States. It has not been approved by the Secretary  
6 of the Interior finally. It has not been approved by the  
7 Bureau of the Budget. The most that these gentlemen or I  
8 can do is to advise the committee on the facts.

9 Mr. Engle. I am not making a point of that matter. I  
10 understand your position very well. But what I am saying is  
11 that the present reclamation law requires that the irrigators  
12 pay what they are reasonably able to pay. Power and the  
13 non-reimbursibles make up the difference. Within the frame-  
14 work of what we have established as a reasonable period of  
15 time for pay-out, if those factors can be put together to  
16 create what we call an economical and feasible project, we  
17 will authorize it. I have never seen the irrigators put into  
18 the position where after they paid 50 years they were not  
19 obligated to pay any more. They are obligated to pay until  
20 this project is paid out, and they are paying this money  
21 without any payment of interest. So what I say is why not  
22 provide in this legislation that the irrigators have to pay  
23 as long as there is anything left to pay, and the faster that  
24 the power gets in there, the less they may have to pay,  
25 because the power will help them out. If you don't do that,

1 you are going to have somebody else get his hands in that  
2 power cash register out there. The best way to protect the  
3 source of those power revenues for this particular project  
4 is to give the people of this project the vested interest  
5 in protection, and otherwise they will say, "Oh, well, our  
6 obligation ends in 50 years anyway. Let's peddle that power  
7 revenue again."

8 Mr. Dawson. I think it would be just the opposite of that  
9 As it stands now, you have obligated these power revenues to  
10 step in there and to pay these irrigators costs. You have  
11 given them, what you call a hiatus period in there when they  
12 are not paying.

13 If you relieve these power revenues and let the irri-  
14 gators go ahead and share more costs, there would be more of  
15 an inclination for some one else to come in and tap that  
16 power pot.

17 Mr. Engle. I propose to commit both of them.

18 Mr. Dawson. By committing both of them, you are having  
19 the irrigators pay more of the costs, which leaves more power  
20 revenue for some one else to tap.

21 Mr. Engle. They can only pay what they can reasonably  
22 pay. Their pay-out period might be longer if the power did  
23 not come in sooner, and a hiatus existed in there, under this  
24 arrangement. But the arrangement I suggested was that they  
25 would have to close the gap and pay during that time, which I

1 think is proper. I don't think it is right to tell these  
2 irrigators that all they have to do is quit at the end of  
3 50 years.

4 Mr. Dawson. Would you yield at this point?

5 Mr. Engle. Yes.

6 Mr. Dawson. You say, Mr. Nelson, that the average  
7 is \$11 per acre, or \$12 per acre.

8 Mr. Nelson. \$12.

9 Mr. Dawson. As I understood you to say, it would run  
10 from maybe \$9 for poorer land up to \$16 for the better land?

11 Mr. Nelson. That is correct.

12 Mr. Dawson. Does that cost include the whole cost that  
13 these people are going to have to pay to get water on the  
14 lands? Don't they have some ditch assessment costs to get  
15 the water on there in addition to that?

16 Mr. Nelson. Yes. The \$12 includes their operation,  
17 maintenance, power, and capital repayment.

18 Mr. Dawson. In other words, that stands for all the  
19 costs to get the water on to their lands, with no other costs?

20 Mr. Nelson. Yes, sir; except those that the District  
21 itself might levy for its own irrigation. There will be an  
22 irrigation district, of course, the Falls district.

23 Mr. Dawson. You are getting some of those extra costs  
24 on there, and they are paying a pretty heavy load now. They  
25 will get up to as high as \$17 and \$20 an acre for some of

1 those extra costs in there for this water, which makes it  
2 pretty expensive water.

3 Mr. Engle. With that beautiful Idaho growing like it  
4 is -- and that is why I say these irrigators should be in  
5 there -- they will be able to pay \$40 an acre for it easily  
6 in another 25 years.

7 Mr. Budge. Will you yield to me, please?

8 Mr. Engle. I will be delighted.

9 Mr. Budge. I will say there is considerable merit in  
10 what the gentleman has suggested, and I shall be very happy  
11 to consider it.

12 Mr. Harrison. If there are no other questions, thank  
13 you very much, gentlemen.

14 (Mr. Nelson's prepared statement follows:)

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Statement of H. T. Nelson, Regional Director  
Bureau of Reclamation, Boise, Idaho  
on H. R. 5499, 83rd Congress

My name is H. T. Nelson. I am Regional Director of Region 1 of the Bureau of Reclamation with headquarters at Boise, Idaho. Region 1 covers that part of Oregon, Washington, Idaho, Montana and Wyoming within the drainage basins of the Columbia and Snake rivers and my office has had the responsibility for the field investigations and preparation of a feasibility report on the Michaud Flats Project, which is the subject of the bill before you. This report completed initially in April and revised in October 1953, and, after review by the Commissioner of Reclamation and the Department of the Interior, was approved by the Secretary of the Interior on March 15, 1954. The report is now being circulated to other agencies concerned for review and comment in accordance with the provisions of the Flood Control Act of 1944.

Location of Michaud Flats Project

The area known as Michaud Flats is located on a relatively narrow bench of land embracing some 65 square miles along the southeastern shore of American Falls Reservoir in Blaine and Power counties of Idaho. The relationship of this area to the Upper Snake River Basin above American Falls Dam is illustrated on the small map which has been distributed to the Committee. Referring now to the larger detailed map, it will be observed that a part of the Michaud Flats area shaded in grey lies within the Fort Hall Indian Reservation. The balance, comprising about 27 square miles shaded in yellow and green, is outside of the reservation, extending from the western reservation boundary to about 6 miles southeast of the City of American Falls. It will be noted that the main line of the Union Pacific Railroad and U. S. Highway No. 30 N. traverses the project in an east-west direction. The project proposed by the Bureau of Reclamation as referred to in H. R. 5499 is confined to that part of the Michaud area outside of the Fort Hall Indian Reservation and is termed the Michaud Flats Project. The lands outside of the reservation comprising the Michaud Flats Project are predominantly all in private ownership and are included within the Falls Irrigation District. The balance within the reservation boundary, sometimes referred to as the Michaud Division of the Fort Hall Project, is physically separate from the Michaud Flats Project as proposed by the Bureau of Reclamation. The Michaud Division would be constructed and operated independently under an engineering plan being developed by the Office of Indian Affairs. Although included in physically separate units and project plans, the units do have an important relationship to each other and to the balance of Snake River Valley insofar as water supply is concerned, as will be explained subsequently.

## Summary of Project Plan

The selected project plan will provide complete irrigation facilities by pumping existing surface and underground water supplies to serve 11,035 irrigable acres of the Michaud Flats Project within the Falls Irrigation District. The total estimated project cost at July 1953 price levels will be \$4,600,000, all of which would be reimbursable to the Federal Government. \$475,000 of this cost represents the total of cost of American Falls storage capacity already incurred and of the water users' portion of the cost of capacity in the now-being-constructed Palisades Reservoir. Additional project works will consist of a main pumping plant connected to an existing outlet through the left side of American Falls Dam to utilize available surface water, main east and west canals, 25 well-pumping plants to develop available ground water, a lateral distribution system, a power service system to well pumps, and necessary drainage works. Project benefits will exceed costs in the ratio of about 2.83 to 1.00. It is estimated that the water users would repay \$2,890,000 or 63 percent of the total cost in a 50-year payout period. The balance could be repaid by net power revenues from Palisades powerplant of the Palisades Project in ~~slightly~~ less than 3 years after payout of the Palisades Project has been completed.

## Historical Background

For many years allocations of the limited water supplies of the Upper Snake River Basin have taken into account ultimate necessity for irrigation of the Michaud Flats. Under normal weather and price conditions, the flats are a submarginal grazing and dry-farming wheat area. The county as a whole is primarily dependent on production of range livestock and dry-farm wheat and the prosperity of the county in general and American Falls in particular has fluctuated widely with moisture conditions and with variations in income tied to the above two commodities. It has been recognized for many years that irrigation would contribute much toward stabilizing the economy of the area as has been so conclusively demonstrated by the highly successful development of more than one million acres of irrigated land elsewhere in the Upper Snake River Valley. The 1950 census reported 295,000 acres of crop land in the county but less than 11,000 acres of it were irrigated.

Investigations working toward irrigation of a part of the excellent lands of the Michaud Flats date back to 1890, some 65 years ago. The Power County Irrigation District, organized in 1920, expected to obtain water from American Falls Dam which inundated some 61,000 acres of taxable land. The prospective water users at that time actually advanced the cost of putting an irrigation outlet through the dam, expecting to obtain a part of the 433,000 acre-feet of space that were then considered available for new lands. Shortl-

after American Falls Dam was built, an unprecedented drought beset the Snake River Valley, lasting over 5 years from 1931 to 1935. It was therefore necessary for the Government to lease the reserved space to then existing irrigated lands and Michaud Flats plans went on the shelf until additional storage could be provided for the entire valley. With the reauthorization of Palisades Dam and Reservoir and the actual initiation of construction in 1950, it became possible for the first time since 1927 to allot storage space to new land projects. Negotiations among all of the irrigation districts and canal companies on the river in connection with the Palisades authorization resulted in an agreed-upon allocation of 124,800 acre-feet of space in Palisades Reservoir and 71,000 acre-feet of space in American Falls Reservoir for irrigation of new lands in both the reservation and non-reservation parts of Michaud Flats. The water supply problems for the Michaud area received considerable attention in connection with hearings on H. R. 5506 for the authorization of Palisades Dam and the North Side Pumping Division. As a part of the settlement of water problems reflected in the authorizing act of September 30, 1950, the portion of unsold American Falls Reservoir space which was held for new land development (118,593 acre-feet) was allocated by statute between the North Side Pumping Division of the Minidoka Project and the Michaud area, 71,000 acre-feet of capacity being allocated to the latter area but without indicating how the capacity would be distributed between reservation and non-reservation lands. The Michaud Flats Project landowners at that time organized into the Falls Irrigation District, were represented at the Palisades hearings and have declared themselves ready to contract with the Government. Plans and cost estimates had been perfected for the North Side Division, which was thereupon authorized in 1950.

It was not possible to present a completed engineering plan with cost estimates for the Michaud Flats Project until the most advantageous distribution of the allotted space as between the reservation and non-reservation lands could be agreed upon. This involved the working out of combinations of surface yield from storage and ground water pumping, having regard to points of application and return flows to American Falls Reservoir from total water applied to both groups of lands. The plan adopted in the report of April 1953 insures a full water supply to all remaining irrigable Indian and non-Indian lands on Michaud Flats within the reservation and a full supply to the 11,035 acres of Michaud Flats lands outside of the reservation, without interference with existing downstream rights.

There had previously been unsettled the question as to whether the lands in the reservation as Indian lands might possibly be developed by use of certain claims to natural flow. The assertion of such claims would have resulted in encroachment on certain early natural flow rights established under state law. This led the Bureau to suggest that such encroachment could be avoided by making storage capacity available for the Indian lands out of the

131,600

470,000

total capacity allocated for the Michaud area. The Bureau determined that ~~107,200~~ acre-feet (83,900 acre-feet of Palisades and ~~23,300~~ of American Falls) would be adequate to supply the lands in Indian ownership in the Michaud area within the reservation. This, coupled with some limited ground water pumping, would permit the development of those Indian lands without encroachment on the downstream natural flow rights. This left 64,200 acre-feet of storage capacity (40,900 of Palisades and 23,300 of American Falls) for the non-reservation lands in the Michaud area, and the Bureau's proposed project has been planned around this storage capacity, plus limited ground water pumping, plus a late flood water right. A continued reservation of storage capacity for lands within the reservation would not therefore be inconsistent with the Bureau's project.

Moreover, since both the reservation and non-reservation areas are similar, contiguous and to be dependent on the same source of stored water, it would seem proper to provide that each area have similar repayment plans, with both participating in financial assistance from power revenues.

Project Works

Bureau

be adequate for

Under an agreement with the ~~Office~~ of Indian Affairs, 40,900 acre-feet of Palisades space and 23,300 acre-feet of American Falls space, together yielding 27,900 acre-feet of firm annual water, will ~~be used for~~ the Bureau's Michaud Flats Project. This will be supplemented by pumping an additional 13,900 acre-feet of ground water. The amount of pumping from wells would be balanced by the amount of return flow tributary to American Falls Reservoir from the irrigation of the 7,077 acres to be served with the surface supply. There would, therefore, be no encroachment on the existing natural flow rights by reason of this well pumping. The necessary water filings will be made in accordance with Idaho State Law.

The surface supply will all be delivered through an existing conduit in the left side of American Falls Dam to a primary pumping plant consisting of three 41 c.f.s. capacity pumps, each powered by a 1000 h.p. motor, discharging through a 5600-foot 60-inch welded steel discharge line at a maximum head of 187 feet. The main pumping plant will serve 7,077 acres of project lands through main east and west pump laterals along the upper fringe of the project. The balance of 11,035 acres will be served by 25 wells and pumps delivering 13,900 acre-feet of ground water. Three of these wells would pump directly into the main east canal; 8 wells into separate lateral systems; 4 wells would serve lands above the main east canal; and 10 wells would serve pressure sprinkler systems.

The lands in the potential service area were classified to select those best suited for irrigation development, taking into account both the quality of the land and the probable cost of service. In the process of this classification, the project lands were rated according to their suitability for irrigation development and special cognizance was taken of limiting factors. Of the 11,035 irrigable acres selected for development, 3,144 were designated as class 1; 4,221 as class 2; 1,466 as class 3; 630 as class 4P; and 1,574 as class 4S. Classes 1, 2, and 3 are suitable for general farming and normal gravity methods of irrigation. However, class 4P lands have shallow soils or other deficiencies which limit their use to pasture. Because of irregular surface relief, the lands designated as 4S should be irrigated by sprinkler.

The plan developed in the Bureau report proposes the use of the existing, privately constructed and operated wells, two in the extreme western portion of the project area, and several in the eastern section, including some sprinkler wells, should these wells prove adequate to supply the required demand. These wells would be integrated with the project system. The owners have expressed their desire to be included in the project. Acquisition costs are computed as equivalent to new well costs.

Ten of the wells would serve the area best suited to sprinkler irrigation north of the Union Pacific tracks and south of American Falls Reservoir. The pumps would deliver water through pressure mains extending from each well and through portable laterals from each side of the main to serve each 40-acre tract. Main pipe lines only would be constructed under the project plan. Portable laterals would be supplied by farm owners. The wells would serve about 120 acres each, the systems are designed to deliver about 1 cubic foot per second of continuous flow per 63 acres.

Well construction would proceed on a trial basis and data from operating tests of the first wells would guide development of additional wells. Estimates are based on 20-inch wells, 250 feet deep, with vertical turbine pumps driven by 75 and 100 horsepower electric motors, and designed to deliver 2.5 cubic feet per second against heads of 130 to 206 feet. Installations would be outdoor-type, with necessary transformers, starting, and overload protection equipment.

Natural drainage channels traverse the project area from the upper to the lower borders and are generally adequate to collect and dispose of surface runoff from contributing watersheds and from project irrigation. Some channelization of Sunbeam and Blind Springs Creeks may be necessary. It may also be necessary at some subsequent date to construct intercepting drains or drainage wells in areas where a perched water table might develop over impermeable lake bed clay layers.

## Power Supply

Energy to supply the pumping power requirement at the American Falls pumping plant would be about 6,234,000 kilowatt-hours and at the well pumps about 3,498,000 kilowatt-hours annually. This amount of energy will be available from the Palisades powerplant now under construction some 182 river miles upstream on Snake River. The first Palisades unit is scheduled to be in production early in 1957. Negotiations are now in progress with the local utilities for wheeling service to the Minidoka North Side Project and a similar arrangement would be possible for Michaud. If problems surrounding the authorized American Falls powerplant are worked out to permit future construction of this plant, it would be possible to connect the project load by a covered bus across the river.

## Financial Analysis

The entire construction and storage costs of the Michaud Flats Project, amounting to \$4,578,000, would be allocated to irrigation and, therefore, would be reimbursable without interest. Studies of the water users' payment ability indicate that on the average they could be expected to pay \$12.03 per acre annually after a 10-year development period. The payment capacity studies were based upon farm production that could be obtained under normal conditions on family-size farms using modern production practices and modern equipment. It was assumed in these studies that \$2,250 per farm would be required annually for family living. The basic assumptions involved in this analysis were discussed with and approved by a committee representing the irrigation district. The conclusions are therefore believed to be reasonable.

Annual payments of \$12.03 per acre would amount to \$132,700 for the 11,035 irrigable acres in the project. The annual operating costs of the project would amount to \$74,900, which would leave a balance of \$57,800 to apply on the capital cost.

Annual payments of this magnitude would pay the capital cost in 60 years. In 50 years they would pay 65 percent, or \$2,390,000, leaving a balance of \$1,628,000.

Estimated annual operating costs consist of the following:

Annual Replacement Reserve	\$ 9,780	or	\$0.89	per acre
" Operation and Maintenance	35,160	or	3.139	" "
*Cost of Pumping Power	29,930	or	2.72	" "
	<u>\$74,870</u>		<u>\$6.80</u>	" "

\*Pumping energy from Palisades Dam is estimated at 3 mills at American Falls consisting of 2 mills delivered at Goshen substation plus 1 mill for transmission over existing facilities. This is consistent with repayment arrangements for Palisades Project and also with wheeling negotiations now in progress with local utilities.

If a wheeling arrangement is worked out for distribution to well substations within the project area the cost of this component of delivered energy will go up an estimated 0.9 mills. This would be reflected in a proportionate increase in annual operating costs but the capital investment would be reduced by \$153,000, so that the project payout would be virtually unchanged.

Net Palisades power revenues after payout of that project are estimated to be \$800,000 per annum. If these revenues are then applied to the Michaud Flats Project the unpaid balance of \$1,688,000 would be repaid in 2.1 years.

#### Project Benefits

Development of the Michaud Flats Project has economic justification as shown by the ratio of benefits to costs of 2.83 to 1.00.

The total annual benefit of \$591,000 primarily to irrigation is compared to an annual cost of \$209,000 based on an economic life of 100 years for project works.

1 Mr. Harrison. The next witness will be Vard Meadows,  
2 the Idaho State Senator, representing the Falls Irrigation  
3 District.

4 STATEMENT OF VARD W. MEADOWS,  
5 SECRETARY, FALLS IRRIGATION DISTRICT,  
6 AMERICAN FALLS, IDAHO

7 Mr. Meadows. Mr. Chairman, my name is Vard W. Meadows,  
8 American Falls, Idaho.

9 I come before your committee today representing the  
10 Falls Irrigation District of the Michaud Flats Project. I  
11 have been the secretary of the District since it was organized  
12 in 1949. I have been a member of the American Falls Irriga-  
13 tion Committee for over ten years prior to 1949, and have  
14 been interested in the development of this project for many  
15 years as a local citizen.

16 The Board of directors of the Falls Irrigation District  
17 has authorized me to appear before your committee to repre-  
18 sent them and the landowners of the District. I have lived  
19 at American Falls and Power County, Idaho for 48 years. I  
20 am now engaged in farming in Power County.

21 With your permission I will read my statement.

22 The Michaud Flats Project lies adjacent to the eastern  
23 shoreline of the American Falls reservoir and extends several  
24 miles south of the American Falls dam. The area is bracketed  
25 by the cities of American Falls, Idaho, estimated population  
2,000; and Pocatello, Idaho with an estimated population of

1 37,800.

2 Owners of 22,000 acres of land in the Michaud Flats are  
3 organized the Falls Irrigation District for the sole purpose  
4 of making a contract with the Government for the construction  
5 of the necessary irrigation facilities to bring water to  
6 their lands. Of this total acreage, the Bureau of Reclama-  
7 tion estimates that 11,035 acres are irrigable.

8 Attempts to irrigate lands now embraced by the Michaud  
9 Flats Project date back to January 1920. At that time, land-  
10 owners in the area petitioned the board of county commis-  
11 sioners for the organization of the Power Irrigation District.

12 This plan called for an extension of the Fort Hall  
13 Indian Project canal. However, dry seasons in 1924 and 1926  
14 emphasized a need for additional storage, and the plan was  
15 abandoned.

16 Landowners understood that development of a portion of  
17 the project would surely be realized on completion of the  
18 American Falls Dam and Reservoir in 1927. Evidence of their  
19 good faith is the fact that such landowners advanced the sum  
20 of \$1,265.75 for the purchase of a 36-inch irrigation outlet  
21 which was installed i the American Falls Dam at the time  
22 of its construction. However, low farm commodity prices  
23 prevalent during those years made the project appear imprac-  
24 tical from the repayment ability standpoint.

25 Dry seasons from 1930 to 1934 brought a realization

1 by all water users along the Snake River that additional  
2 storage would be necessary in order to be certain of having  
3 enough irrigation water each year. Landowners on the Michaud  
4 Flats organized the Falls Irrigation District and joined in  
5 the efforts of established districts to obtain authorization  
6 for the construction of the Palisades Dam and Reservoir.

7 The building of the American Falls Dam and Reservoir  
8 inundated 61,000 acres of land, the majority of which was  
9 taxable land in Power County, Idaho. As a partial recompense  
10 for the flooding of these lands, the Michaud Flats Project  
11 has been indirectly promised by the Federal Government for  
12 many years. The landowners now feel that this will be the last  
13 opportunity to obtain irrigation water for the Michaud Flats.  
14 the required storage space has been allocated to the project  
15 by Congress. If the development is not realized now, the  
16 water will be allocated elsewhere, with no possible chance  
17 for it to be recovered.

18 Geological surveys have shown that 50 to 60 per cent  
19 of the water to be diverted to the Michaud Flats will go back  
20 into the Snake River by underground seepage and return flow  
21 after it has been applied to the land. A large portion of  
22 it will be recovered in the American Falls Reservoir, and all  
23 of the return flow will be used again by projects located  
24 further down the river.

25 Since sufficient water will be available for diversion

1 to the Michaud Flats, and since so much of the water will be  
2 recoverable for additional use, Snake River water users with  
3 an eye for planning and future development look with favor  
4 on the Michaud Flats Project.

5 Landowners of the Falls Irrigation District have expressed  
6 a willingness to respect all prior water rights, both up-  
7 stream and downstream, on the Snake River.

8 The Committee of Nine favors the diversion of Snake River  
9 water to the Michaud Flats Project. For many years, the  
10 elected committee has represented all of the canal companies  
11 and irrigation districts along the Snake River in thier  
12 negotiations with the U. S. Bureau of Reclamation.

13 The Upper Snake River Water Users' Protective Union  
14 representing 50 canal companies above American Falls, also  
15 is in favor of the development of the Michaud Flats Project.

16 In line with their desire to have nothing stand in the  
17 way of the development of the Michaud Flats Project, the  
18 land-owners have organized the Falls Irrigation District.  
19 The irrigation district is ready and willing to do business  
20 with the United States Government in the interest of its land-  
21 owner members.

22 On July 26, 1949, the landowners residing on the land  
23 voted unanimously in favor of the organization of the Falls  
24 Irrigation District.

25 The landowners have affixed their signatures to a

1 statement expressing their willingness to abide by reclama-  
2 tion laws governing the development of such projects, and  
3 including those portions of the law relating to acreage  
4 limitations for the present landowners.

5 Local businessmen as well as farmers are solely dependent  
6 on a dryland wheat and range livestock economy. The success  
7 or failure of each year's efforts rests on the unpredictable  
8 annual rainfall in a semi-arid region.

9 There is a serious need for the stabilizing effect  
10 of greater diversification of farm enterprises. Local business-  
11 men and farmers recognize the Michaud Flats Project as the  
12 only solution to the problem.

13 The land, as classified in the investigation by the Bureau  
14 of Reclamation, is highly suitable for general farming.

15 The statements on re-payment ability embodied in the Bureau  
16 of Reclamation report on the Michaud Flats Project were pre-  
17 pared in cooperation with local landowners. The estimated crop  
18 yields which were used in determining the re-payment ability  
19 of the land are considered to be conservative estimates by  
20 local farmers experienced in irrigation farming.

21 The Michaud Flats area will not support dry farm crops  
22 except during seasons which are favored by a relatively high  
23 rainfall. During the period from 1910 to 1917 when annual  
24 rainfall was plentiful, homes dotted the area and schools were  
25 maintained. The periods of draught which followed removed

1 all evidence of any previous settlement except for an  
2 occasional foundation of a farm home amid the sagebrush and  
3 cheatgrass.

4 Only the better parcels of land have been farmed since  
5 that time, and then only when climatic conditions have been  
6 favorable.

7 Local people estimate that 125 new farms will be developed  
8 on the Michaud Flats Project. Additional families will be sup-  
9 ported by the increased demand for farm labor. These factors  
10 together with new demands on transportation, processing, dis-  
11 tribution and increased business activity are expected to  
12 double the population of the City of American Falls.

13 A high percentage of the landowners on the Michaud Flats  
14 are war veterans. Other veterans will find future homes and  
15 farms on the project. It will not be necessary to build  
16 railroads and highways to the Michaud Flats Project. The  
17 area is at present bisected by a transcontinental railroad  
18 and highway leading to terminal markets to the eastward and  
19 to the west coast. Regularly scheduled flights by Western  
20 Airlines and the West Coast Airline arrive and depart from  
21 the Pocatello Municipal Airport near the project.

22 School buses now serve the school children residing on  
23 the Michaud Flats. School facilities will be kept adequate  
24 by new construction already planned.

25 The Bureau of Reclamation has stated that benefits from

1 the project are estimated at \$591,000 annually while the  
2 annual costs in connection with these benefits amount to  
3 \$209,000. The ratio of benefits to cost is given as 2.83  
4 to 1.00.

5 All of the above-listed benefits to the local economy  
6 will be multiplied if the portion of the Michaud Flats lying  
7 within the boundaries of the Fort Hall Indian Reservation  
8 may also be authorized for irrigation. The increased produc-  
9 tivity of the reservation lands would lend continuity to the  
10 economic development of the American Falls - Pocatello area.

11 Thank you, Mr. Chairman.

12 Mr. Harrison. If there are no questions, we thank you  
13 very much.

14 The next witness will be Mr. William Hess, representing  
15 the Falls Irrigation District and the City of American Falls.

16 STATEMENT OF WILLIAM HESS,  
17 FALLS IRRIGATION DISTRICT AND  
18 CITY OF AMERICAN FALLS, IDAHO

19 Mr. Hess. My name is William E. Hess. I run a hotel in  
20 American Falls, and represent the Falls Irrigation District.

21 I am the President of the Power County Grain Growers  
22 and a Director on the Farmers Grain Cooperative at Ogden.

23 I would like to read from the Chamber of Commerce memo-  
24 randum in the City of American Falls for your benefit,  
25 gentlemen.

26 The Michaud Flats Project-Idaho is located around the

1 City of American Falls, Idaho and between here and the City  
2 of Pocatello, Idaho. We are very anxious to see this project  
3 approved for construction by the Federal Government and lend  
4 our full support to the project.

5 The citizens of this community have for many years looked  
6 for the development of these lands. It is good soil and  
7 level and will be one of the finest irrigated sections of  
8 Idaho when it is furnished with irrigation water and homes  
9 and farms are established thereon.

10 The City of American Falls has a population now of  
11 approximately 2,000 people and we believe this development  
12 will double our population. We have plenty of city water,  
13 sewer system and lots available to take care of this new  
14 growth in population without any added burden on the city  
15 administration;

16 "The Michaud Flats area is now being served by school  
17 buses from the American Falls schools and they have adequate  
18 facilities with a contemplated new construction program to  
19 take care of all farm families who will make homes on this  
20 new irrigation project.

21 "The project is now served by a main line of the Union  
22 Pacific Railroad and Federal Highway 30N that pass through the  
23 project and American Falls, Idaho.

24 "The citizens of this city have always favored this  
25 project and have contributed of their time and cash donations

1 to take care of the expenses in the promotional work to get  
2 approval for this very much needed development of these lands.  
3 The business firms in the city have been most cooperative  
4 and have given their time and contributions in hope of get-  
5 ting approval for this project.

6 "We are in full accord with the Michaud Flats Project  
7 and the Directors of the Falls Irrigation District, in their,  
8 efforts to get approval from the Congress for the development  
9 of these lands.

10 "We earnestly request your favorable consideration and  
11 approval of this project.

12 That is the Chamber of Commerce letter. Ralph Bowler  
13 is President and Vollweiler is secretary."

14 Now I would like to read one from the City of American  
15 Falls. That will conclude my statement. This is to Mr.  
16 Meadows and myself:

17 "We understand that you two gentlemen have been  
18 delegated to help present the case for irrigation of Michaud  
19 Flats, including the lands within the Falls Irrigation  
20 District, to a Congressional committee in Washington during  
21 the week of March 22-27, 1954.

22 "The American Falls City Administration, representing  
23 all the people and property owners of this City, hopes that  
24 you will do all in your power to accomplish the purposes  
25 for which you are making this trip. No other one thing that

1 has happened in the past forty years could mean as much to  
2 American Falls and Power County as the bringing under water  
3 this finely-located body of land, which is transversed by  
4 rail, highway and air transport.

5 "The feasibility of the project has been established,  
6 the quality of the land is excellent, the demand for additional  
7 irrigated land is tremendous, the proximity of two good sup-  
8 ply centers, American Falls and Pocatello, is an added  
9 advantge. Every existing condition is extremely favorable  
10 to the development fo a fine irrigated body of land.

11 "The city of American Falls itself, which will see con-  
12 siderable growth and expansion by reason of the construction  
13 of this project, is well situated as to available lots for  
14 such expansion, served amply by both good sewer and water  
15 systems, schools, and electrical utilities, which latter,  
16 by the way, are actually available on the tract proposed to  
17 be irrigated at this time.

18 "It is one of the crying shames of our day that this  
19 land has not been irrigated many years ago, along with other  
20 projects which have been installed which are not nearly so  
21 favorably located as the Michaud Flats and Falls Irrigation  
22 District lands.

23 "Anything you do, or attempt to do in this connection  
24 is a move for the betterment of this locality and the entire  
25 State of Idaho. We urge your every effort toward a consumma-

1 tion of the undertaking.

2 "With every good wish for your success, we are,

3 "Yours very truly, (sighed) R. P. Peterson, Mayor,  
4 City of American Falls, Idaho, and (sighed) T. C. Sparks,  
5 City Clerk."

6 I thank you.

7 Mr. Harrison. Mr. Budge?

8 Mr. Budge. No questions.

9 Mr. Harrison. Mr. Aspinall?

10 Mr. Aspinall. No questions.

11 Mr. Harrison. Mr. Dawson?

12 Mr. Dawson. I notice in the sheet which came from the  
13 Chamber of Commerce you state that this is the richest county  
14 per capita in Idaho. It seems to me, if that is the case,  
15 with this little million dollars you can go ahead and pay  
16 for the project yourself, can you not?

17 Mr. Hess. I tell you this, that there are a lot of  
18 the farmers out there that are just not able to put in these  
19 wells. There are a few of them that are, and they are very  
20 successful. But the main body of the land would never be  
21 irrigated unless this project goes through.

22 Mr. Dawson. That is all.

23 Mr. Harrison. Mr. Rogers?

24 Mr. Rogers. How deep are those wells you are speaking

25 of?

1 Mr. Hess. What was that again, please?

2 Mr. Rogers. How deep do you have to go for the water?

3 Mr. Hess. Well, they run all the way from 50 feet to  
4 250 feet. Some of them are very successful, and those people  
5 have enough money to put them down. But it would be a spotted  
6 irrigation section unless we do have this irrigation.

7 Mr. Rogers. Thank you.

8 Mr. Harrison. Thank you very much, sir. We appreciate  
9 having you with us today.

10 The next witness will be Mr. Verne Johnson, representing  
11 the City of Pocatello.

12 STATEMENT OF VERNE JOHNSON,  
13 REPRESENTING THE CITY OF  
14 POCATELLO, IDAHO

15 Mr. Johnson. Mr. Chairman and Members of the Committee:  
16 My name is Lavere C. Johnson. I am a director of the Poca-  
17 tello Chamber of Commerce and I am also president, Fort Hall  
18 Water Users Association. Before making any statements con-  
19 cerning the importance of the Michaud Flats Projects -- Falls  
20 Irrigation District and Michaud Unit and Fort Hall Project -- to  
21 the economy of Pocatello, Idaho, I think it is pertinent to  
22 mention a few facts concerning the history of our city.

23 Pocatello is situated on land taken from the Fort Hall  
24 Indian Reservation by the Pocatello Townsite Bill passed by  
25 the Congress, September 1, 1888. The original townsite was  
composed of 1840 acres.

1 On June 17, 1902, the southeastern part of the Fort  
2 Hall Indian Reservation was opened for settlement. This  
3 area, that surrounds Pocatello, consisted of 416,000 acres  
4 with approximately 91,000 acres suitable for crop produc-  
5 tion. Primarily due to the leak of irrigation water, only a  
6 part of this was cultivated.

7 The Tyhee Area - lying between Pocatello and the Fort  
8 Hall Indian Reservation - is a part of the land opened to  
9 settlement in 1902. An extensive development of this area  
10 dates from the rehabilitation of the Blackfoot Reservoir in  
11 1927 when, additional water supplies became available.

12 These two proposed projects - that would reclaim the  
13 Michaud Flats - are not new since efforts to reclaim this  
14 land date back to 1923. Actually the first diversions of water  
15 to this land from Snake River were in 1890. All efforts to  
16 date have been frustrated due to the fact that sufficient  
17 assured supplies of water were not available.

18 I think I should mention the fact that the importance  
19 of these projects was recognized when the Palisades Dam was  
20 authorized. At that time 124,800 acre-feet of space in this  
21 dam was allocated to this new land development.

22 The Tyhee Area, which I mentioned a moment ago, is the  
23 the principal agricultural area in the vicinity of Pocatello.  
24 It is composed of 19,000 acres of irrigated land. Irrigation  
25 water is supplied from the Blackfoot River and Reservoir

1 and Snake River under the Fort Hall Project.

2 It is a highly productive area, producing an average  
3 annual agricultural income of approximately \$3,000,000. There  
4 are about 240 individual farms on the Tynsee Flats. The  
5 average value of land is approximately \$350 per acre, as  
6 compared with a present value, without the prospect of water,  
7 of about \$10 per acre on the Michaud Flats.

8 Its flexible agricultural base permits good diversifi-  
9 cation of crops.

10 Pocatello was founded by the Union Pacific Railroad Com-  
11 pany in 1882. Principally, it is a transportation center,  
12 both railroad and motor truck, with a number of substantial  
13 processing and manufacturing plants. It has a current urban  
14 population of about 37,800.

15 It is interesting to note that with the exception of  
16 the phosphate industry, practically all major local industry  
17 has an agricultural base. This is in spite of the fact that  
18 Pocatello is not an agricultural city. Further the success  
19 of the phosphate industry is largely contingent upon its ability  
20 to market its fertilizer production with the farmers of the  
21 area.

22 Idaho State College, a state-supported liberal arts  
23 school, 1954 enrollment 1,500, is located in Pocatello. The  
24 city has excellent municipal, health and hospital facilities.

25 The United States Naval Ordnance Plant, constructed

1 during World War II, is an important local factor. As opera-  
2 tions at this plant are curtailed, expansion into other fields  
3 of endeavor becomes increasingly important.

4 The proposed Michaud Flats projects are located to the  
5 west of the Tyhee Flats. These areas are similar in many  
6 respects and it seems reasonable to assume that the agricul-  
7 ture in Michaud will closely parallel that in Tyhee.

8 The reports on the Michaud Flats Projects indicate  
9 that they are the most desirable undeveloped projects on  
10 the Upper Snake River. Further this is the only area near  
11 Pocatello that lends itself to agricultural development. The  
12 proposed repayment program was worked out in cooperation with  
13 the people who live near the projects. There is complete  
14 general agreement as to its feasibility.

15 The plan for the development of the Michaud Unit, Fort  
16 Hall Project, will also accomplish a number of highly desir-  
17 able objectives. It will materially assist the Indians  
18 in their economic and social growth.

19 I am happy to report to you that Pocatello is in complete  
20 accord with the desirability and basic need for these two  
21 Michaud Flats Projects. Pocatello urgently needs the  
22 stabilization of the broadened agricultural base that would  
23 result from the irrigated reclamation of the Michaud Flats.  
24 This is required to stabilize the present economic structures  
25 and is essential for our continued economic growth and

1 development.

2 Thank you.

3 Mr. Harrison. Thank you very much, Mr. Johnson.

4 Do any members of the Committee have any questions?

5 Mr. Dawson. Just one: How far is the city of Pocatello  
6 from this project?

7 Mr. Johnson. It starts at a point about six miles.

8 Mr. Dawson. Your primary business to Pocatello would  
9 come from the increased business activity that would come  
10 from around American Falls?

11 Mr. Johnson. That is correct.

12 Mr. Harrison. We appreciate having you with us.

13 The next witness will be Mr. Frank Parker, Tribal Council,  
14 Fort Hall Indians, Department of the Interior.

15 Mr. Budge. I would like to say, Mr. Chairman, that Mr.  
16 Parket is not only a member of the Tribal Council of the  
17 Fort Hall Indian Reservation, but also is a civil engineer  
18 and a very well qualified irrigation engineer.

19 STATEMENT OF FRANK PARKER,  
20 TRIBAL COUNCIL, FORT HALL  
INDIAN RESERVATION, FORT HALL, IDAHO

21 Mr. Parker. Mr. Chairman, and Members of the Committee:  
22 My name is Frank W. Parket of Fort Hall, Idaho. I am a  
23 member of the Shoshone-Bannock Tribe of the Fort Hall Reser-  
24 vation, and a member of the business council, the governing  
25 body of this group of some 2300 Indians. I live on the

1 reservation, and still own my original allotment of 160  
2 acres of grazing land and 20 acres of cultivated land under  
3 the Fort Hall Irrigation Project, which I am farming along  
4 with some other lands.

5 By profession I am a civil engineer, having graduated  
6 from Oregon State College in 1931. I have held several  
7 engineering positions in the Government, and for two years  
8 was assistant to the Director of Irrigation of the Bureau  
9 of Indian Affairs in the Washington, D C. office.

10 At the present time, in addition to my farming opera-  
11 tions on the Fort Hall Reservation and my duties on the Fort  
12 Hall business Council, I am employed by a consulting engin-  
13 eering firm in the City of Pocatello. I have been selected  
14 by the Business Council to represent the Tribe at Fort Hall  
15 at this hearing, and I appreciate the opportunity to have  
16 the privilege of appearing before this committee, to  
17 express briefly the views of the tribe on some of the matters  
18 involved in the proposed legislation.

19 The Indians at Fort Hall have long been interested in  
20 developing an irrigation project to place water on the Michaud  
21 area. We therefore favor a proposal which would accomplish  
22 that purpose, as we from many, many years of study and  
23 experience are convinced of its importance, its economic  
24 feasibility, and its practicability.

25 After many years of consideration of proposals for

1 placing water in the Michaud area, Congress, by the Act of  
2 May 9, 1924, provided that \$100,000 of a sum of \$700,000 paid  
3 to the Indians for a substantial portion of the present  
4 American Falls reservoir site in Idaho, be used to enlarge  
5 and reconstruct the main canal of the Fort Hall Irrigation  
6 project so as to provide irrigation facilities for the Indian  
7 lands situated in the southern portion of the reservation,  
8 known as the Michaud Flats.

9 I am advised that the records of the Indian office  
10 show that approximately \$99,000 of this money was expended  
11 for the enlargement of the canal to supply water to Michaud  
12 Flats, but in fact there never was enough water to reach  
13 Michaud Flats and, therefore, the hundred thousand dollars was  
14 utterly wasted, as far as benefiting Indian lands on Michaud  
15 Flats is concerned.

16 Subsequently the importance of placing water on Michaud  
17 Flats prompted Congress to pass the Act of February 4, 1931,  
18 authorizing the extension of the Fort Hall project system to  
19 irrigate lands in the Michaud area. For various reasons, this  
20 project did not materialize, and money was never appropriated  
21 to carry out the project.

22 The interest and activities of the Indians looking toward  
23 a project to develop Michaud continued and pursuant to a reso-  
24 lution of March 12, 1940, of the Fort Hall Business Council,  
25 considerable work has been done with land owners, with the

1 Indian land owners, to get agreements for the development  
2 of economically sized units in the area by the sale and  
3 exchange of excess lands.

4 The agreements which have been consummated indicate the  
5 desire of both the tribe and the individual Indian land-  
6 owners for irrigation of the Michaud area as soon as possible.  
7 With this background in mind, the committee can readily  
8 understand why, at this time, it is the view of the Indians  
9 at Fort Hall, that any project dealing in irrigation for the  
10 Michaud area should include a project for Indian lands in  
11 that area.

12 We respectfully request that this committee amend the  
13 bill under consideration to include such a project.

14 A careful study of such a project has been made by the  
15 District Engineer for the Portland area, Mr. Paul F. Hender-  
16 son, in November 1952. There have been other reports and  
17 studies made on the engineering feasibility, but this is  
18 the latest report.

19 On March 19, 1954, we understand that Mr. Henderson made  
20 a statement on the Michaud Irrigation Project for the Indian  
21 Reservation, including the following, which appears important  
22 to the Indians. This is the statement of Mr. Henderson of  
23 March 19:

24 "The proposed project contemplates the pumping of water  
25 from Fort Hall bottoms to the irrigable lands on the Michaud

1 Flats within the Indian reservation. The actual water supply  
2 would be derived from stored water in American Falls and  
3 Palisades Reservoirs, of the Bureau of Reclamation, as set  
4 out in the Bureau of Reclamations report of October 1953,  
5 on the Michaud Flats project, Idaho.

6 While the actual storage water would be in the American  
7 Falls Reservoirs or in the Snake River as released from  
8 the Palisades Reservoir, water would be pumped from bottoms  
9 to reduce the pump lift. This would be on an exchange basis,  
10 and the amount of water to be pumped would be the exact amount  
11 that the lands would be entitled to from the stored water.

12 "Sufficient stored water would be purchased for the  
13 Indian lands and the water supply for the non-Indian lands  
14 within the reservation would be derived from wells capturing  
15 the return flow from indian lands, all as provided in the  
16 Bureau of Reclamation report.

17 "The total annual direct benefit less the cost to pro-  
18 duce, to be realized from this construction, is \$1,002,120,  
19 based upon 1952 returns. The annual indirect benefit is  
20 \$795,000, and the recent annual return from the undeveloped  
21 area is \$2,310. Therefore, the total net annual return from  
22 the development would be \$1,794,810.

23 "The construction cost per acre would be \$238. This is  
24 on the basis of gross irrigable area, and only 5920 acres  
25 are in non-Indian status. The total annual construction

1 costs computed on a 2-1/2 per cent basis over an amortiza-  
2 tion period of 100 years is \$136,550. The annual estimated  
3 operation operation and maintenance and replacement cost  
4 is \$143,174. Therefore, the cost-benefit ratio to the  
5 Nation is 6.4 to 1. The direct local benefit from the project  
6 would be 3.5 to 1. The long term benefit-cost ratio to  
7 the Nation would be 5.2 to 1, or direct benefits at the  
8 project would be 2.7 to 1."

9 We understand that the Bureau of Indian Affairs has con-  
10 sidered this report and that officials of the Bureau are  
11 acquainted with the facts surrounding the proposal, and are  
12 prepared to give the committee the benefit of that informa-  
13 tion. We respectfully request that the committee will call  
14 on representatives of the Bureau who are in attendance here  
15 today for that information. And if, after that testimony is  
16 heard there are further questions, if they occur to the com-  
17 mittee, we would be glad to testify more.

18 It is very important that the Indian project be made  
19 part of the same authorization as the other Michaud project.  
20 The projects involve use of water from a common source, and  
21 pertain to the same general area. It is important at this  
22 time that the rights of the Indians to use certain storage  
23 space in Palisades reservoir and American Falls reservoir  
24 be settled, as the other project would draw on storage space  
25 in those reservoirs, and it is possible that any future

1 Indian project might also require such space. In fact,  
2 the 1952 report contemplates the use of that space which  
3 has not yet been assigned to the Indians. If the assign-  
4 ment of this space is delayed, the Indians may never be able  
5 to get the space in those projects.

6 Another important consideration that justifies joint  
7 consideration of the projects is that the use of power  
8 revenues from the Palisades project to assist in the defraying  
9 of the cost is an important and vital thing. The proposed  
10 white project would have the benefits of such revenue and it  
11 is equally important that the Indian project would also have  
12 the same privilege.

13 Also, at the present time there is available, through  
14 the Palisades project and related sources, a source of power  
15 which would enable the Indians to pump water at a reasonable  
16 cost. If the project were delayed, the proposed white project  
17 would have the benefit of that power, and the Indians may,  
18 by delay, be denied that benefit.

19 Finally, as a practical matter, this committee and the  
20 Government agencies involved, are busy with many proposed  
21 irrigation projects, and we realize that it is unlikely that  
22 separate treatment of two different projects in the same area  
23 will be possible. In other words, if the white project is  
24 authorized for the Michaud area, and no Indian project is  
25 authorized, it is unlikely for a considerable time that the

1 needs of the Indians in this area will be recognized by  
2 further legislation.

3 Letning seldom strikes twice in the same place. Con-  
4 gressional authorizations of irrigation projects might be  
5 likened to lightning in this respect. For the foregoing  
6 reasons, we request that this committee consider the proposed  
7 Indian irrigation project for the Michaud area, and we now  
8 offer a proposed amendment to the present bill to take care  
9 of the authorization of the Indian project, requesting it  
10 be given favorable consideration.

11 Thank you very much.

12 (The amendment referred to follows:)

Alderson Reporting Company  
Washington, D. C.

ARC

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Proposed Amendment  
to H.R. 5499

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*Palisades  
Project 0115*

Sec. 3. To aid in the development of not more than 21,000 acres of irrigable land in the Michaud division of the Fort Hall Indian Reservation, as heretofore authorized by the Act of February 4, 1931, and hereby reauthorized without regard to the provisions of said act, for construction, operation and maintenance substantially in accordance with the report of the Area Irrigation Engineer, Portland Area, Bureau of Indian Affairs, U.S. Department of the Interior, dated November, 1952, as a suitable plan for said development, the Secretary is authorized:

(a) to reserve for the benefit of those lands when needed, but without prejudice to the interim use thereof for other purposes proper under reclamation laws, 83,900 acre-feet of storage capacity in Palisades reservoir and 47,700 acre-feet of that portion of the storage capacity in American Falls reservoir which was set aside for lands in the Michaud area generally by section 3 of the Act of September 30, 1950 (64 Stat. 1083), and

(b) to account for the return of so much of the cost of said development (including the cost of the aforesaid storage space in Palisades and American Falls reservoirs) as the Secretary finds cannot be repaid by the water users on terms substantially similar to those provided in Section 2 of this Act, except for the application of the provisions of the Act of July 1, 1932 (47 Stat. 564) and the Act of March 1, 1907 (34 Stat. 1015, 1024), which are specifically made applicable

to the project authorized by this section and Indian lands susceptible of irrigation under said project, by application of net power revenues of the Palisades project and any developments combined therewith for payout purposes under the provisions of the second sentence of Section 2 of the Act of September 30, 1950, after payout thereof is accomplished pursuant to law.

Sec. 4. There is hereby authorized to be appropriated, out of any funds in the treasury not otherwise appropriated, \$5,500,000 for construction of the works authorized in Section 3 of this act, plus additional amount, if any, required by reason of changes in the costs of construction of the types involved in the project, as shown by engineering indices. There are also authorized to be appropriated such sums as may be required for the operation and maintenance of said works.

1 Mr. Harrison. Are there any questions from the committee?

2 Mr. Dawson. I would like to ask Mr. Nelson a question in  
3 line with what the witness has said.

4 Your report from the Department states that it was found  
5 that it would be more economical and advantageous to handle  
6 the Indian irrigation separately. Mr. Parker has testified  
7 that the benefit-cost ratio on the Indian project is approxi-  
8 mately varying from 6 to 1 down to benefits of somewhere  
9 near 3 to 1.

10 Somebody is off somewhere, because on this project that  
11 you have before us the benefit-cost ratio is 2.83 to 1.

12 Mr. Nelson. No, I do not think so.

13 Mr. Dawson. Why isn't it economical, then, speaking from  
14 the Department standpoint, to go ahead and include the  
15 Indian project along with it?

16 Mr. Nelson. I think it is economical to build both  
17 units. However, they are physically separated. The water  
18 for this unit will be picked up from the spring flows that  
19 originate in this area, on the map, and by one pumping plant  
20 at a site across what is called the Portneuf River would serve  
21 this particular area. This is a separate set of works  
22 physically. It would pump through a pumping plant at American  
23 Falls Dam.

24 We have to do that in order to have access to the storage  
25 releases from upstream reservoirs. There is not enough water

1 to pump from this one point to serve both areas. We must  
2 secure the water from this other point. So you do have a  
3 different relationship as far as cost of irrigation works  
4 related to acres are concerned. We have investigated all of the  
5 alternates, even including an extension of a gravity canal up  
6 in the upper part of the map. This is the best combination,  
7 from an engineering point of view, a cost point of view, to  
8 serve the two units. They are physically separated.

9 Mr. Dawson. You will recall, I asked you the question about  
10 tapping these power revenues from Palisades with later projects  
11 that come along later. This is another one that wants to get  
12 a ride, too. How is that going to tie in with this project,  
13 assuming we go ahead with the Michaud Flats project now  
14 and tap those power revenues? Are you going to leave enough  
15 for a later Indian project?

16 Mr. Nelson. I think the committee will have an oppor-  
17 tunity to decide that right now. That is, the area itself  
18 is a contiguous area. It just happens that part of it is in  
19 the Indian reservation and part of it is outside. Suppose  
20 this were before you as one entire project. Then I would  
21 say that you would still have the two separate sets of  
22 physical works. I would evaluate it in consideration of the  
23 cost of both projects and the assistance of power revenues  
24 on that basis.

25 Still, it is not very much in terms of years and so forth.

1 Mr. Harrison. Thank you very much, Mr. Parker. We  
2 appreciate having you before us and getting your statement.

3 The next witness will be Mr. William L. Miller, Chief,  
4 Branch of Irrigation, Bureau of Indian Affairs.

5 STATEMENT OF WILLIAM L. MILLER, CHIEF,  
6 BRANCH OF IRRIGATION, ACCOMPANIED BY  
7 SAMUEL J. FLICKINGER, ASSISTANT CHIEF  
8 COUNSEL, BUREAU OF INDIAN AFFAIRS.

9 Mr. Miller. Just recently when we came into the room  
10 we were informed by Congressman Budge that the major portion  
11 of the interest in the Indian development has been generated  
12 just recently, the intense interest in it.

13 My statement is as follows:

14 The area known as Michaud Flats within the Fort Hall  
15 Indian Reservation includes about 30,000 acres of land lying  
16 to the west of the town of Pocatello between the Portneuf  
17 River and the west boundary of the reservation along the south-  
18 eastern shore of American Falls Reservoir in Bannock and  
19 Power Counties, Idaho.

20 The location of that proposed area has been pointed out  
21 to you before.

22 Mr. Dawson. How many acres did you say?

23 Mr. Miller. There are 21,000 acres in the units, 21,000  
24 gross, of about 18,950 net, are irrigable. An original soil  
25 survey of the area was made by the Bureau of Chemistry and  
Soils, Department of Agriculture, in 1928. The study was

1 reviewed by the Bureau of Reclamation in 1948 and by soil  
2 technicians of the Indian Bureau in 1949. The studies deter-  
3 mined that there are 21,000 acres (gross) of irrigable lands  
4 within the unit. Of this area approximately 15,080 acres  
5 in Indian ownership and 5,920 acres are in non-Indian  
6 ownership. Approximately 90 per cent of Indian owned land  
7 is allotted on a basis of 160 acres to each allottee.

8       The development of the Michaud Unit has been contemplated  
9 by the Indian Bureau for a number of years on connection with  
10 a program for developing all land and water resources on  
11 Indian reservations. It was originally planned that this  
12 unit would be developed as part of the existing Fort Hall  
13 Indian Irrigation Project. The Act of February 4, 1931 --  
14 46 Stat. 1061 -- authorized the construction of the Michaud  
15 Unit of 30,000 acres in accordance with the report of Nov-  
16 ember 12, 1929 prepared in pursuance to Act of March 28,  
17 1928 -- 45 Stat. 377 -- and authorized an appropriation of  
18 \$2,500,000 for the work. It was planned at that time to  
19 transport the water for the Michaud Unit through the  
20 Idaho Canal and the Main Canal of the existing Fort Hall  
21 Indian Irrigation Project. The plan contemplated the con-  
22 struction of a siphon under the Portneuf River to supply  
23 irrigation water on the unit. It was determined, however,  
24 that the water supply for the existing Fort Hall Project was  
25 not adequate to develop an additional extensive area. It

1 was furthermore, determined that water losses would be  
2 excessivethrough the long carriage system from the Diversion  
3 Dam at Shelley, Idaho to the irrigable lands of the Michaud  
4 Unit.

5 The Act of June 30, 1948 -- 62 Stat. 1167 -- refers to the  
6 Order of the Secretary of the Interior dated February 6, 1948,  
7 which provided among other things: (1) that construction of  
8 the Michaud Unit would be conditioned on obtaining a separate  
9 water supply which would not diminish the supply now avail-  
10 able for the Fort Hall Indian Irrigation Project and; (2) that  
11 construction and operation and maintenance costs for the  
12 Michaud Unit would be carried in a separate account and not  
13 co-mingled with costs of the existing projects.

14 Following the reauthorization of Palisades Dam and  
15 Reservoir and the initiation of construction in 1950 storage  
16 space in both the American Falls and Palisades Reservoir was  
17 allocated. I think Mr. Nelson gave you the detailed items  
18 on that. Following negotiations by the Bureau of Reclama-  
19 tion among irrigation districts and canal companies on  
20 the river allocations of 124,800 acre-feet of space in Pali-  
21 sades Reservoir and 71,000 acre-feet of space in American  
22 Falls Reservoir was allocated for both the reservation and  
23 non-reservation lands of the Michaud Flats area, both the  
24 white lands and the lands within the Indian area.

25 Through agreement with the Bureau of Reclamation, 47,700

1 acre-feet of Palisades space and 83,900 acre-feet of American  
2 Falls space together yielding 57,200 acre-feet of firm annual  
3 water will be used to supply the Indian Reservation lands  
4 under the Michaud Unit. This water will be supplemented  
5 by pumping an additional 19,200 acre-feet of ground water  
6 annually. The amount of pumping from wells would be balanced  
7 by the amount of return flow to American Falls Reservoir for  
8 the irrigation of 13,608 acres (net) to be served with the  
9 surface water supply. The amount to be pumped would be  
10 closely as could be determined to be the amount of water  
11 that goes into the ground from the application of surface  
12 water.

13 In making surveys and investigations, for the development  
14 of the Indian lands three plans were considered, these plans  
15 briefly are as follows:

16 1. Gravity plan, This plan consisted of diverting water  
17 for the Michaud Unit through present facilities constructed  
18 by the Indian Bureau at Shelley, Idaho and transporting the  
19 water through the main canal equalizing reservoir and other  
20 facilities of the existing Fort Hall Project. The estimated  
21 cost of this plan was in excess of \$11,000,000 and as stated  
22 above it was determined that transpiration losses would be  
23 excessive.

24 Plan No. 2, pumping from American Falls Reservoir.

25 This plan consisted of the installation of a pumping

1 plant on the shores of American Falls Reservoir to pump water  
2 directly to the tract. It was found that such plant would be  
3 pumping against a variable head of from 119 to 177 feet. This  
4 plan also required that a supply channel be constructed in  
5 the reservoir to convey water to the pumps during the low  
6 stages of the reservoir and it would also result in expensive  
7 design for pumping plant and pump houses. The estimated cost  
8 of this plan was \$8,380,000.

9 Plan No. 3, which is the plan that is being considered  
10 now, this plan contemplates pumping water from the Fort Hall  
11 Bottoms to the irrigable lands of the Michaud Flats area  
12 within the Indian Reservation. The actual water supply would  
13 be derived from stored water in the American Falls and  
14 Palisades Reservoir as explained above. While the storage  
15 water would be in the two reservoirs, the water would be  
16 pumped from the "bottoms" to reduce the pump lift. This  
17 would be on an exchange basis and the amount of water to  
18 be pumped would be the exact amount the lands would be  
19 entitled to from the stored water.

20 The collecting channel would divert from Spring Creek  
21 and follow a general southerly and southeasterly course inter-  
22 cepting Clear Creek and Poss Fork Creek in the NW-1/4 of  
23 Section 13. From that point the channel would follow a  
24 southwesterly course to the NE-1/4 of Section 24 to a point  
25 under the hill approximately 600 feet from the Portneuf River.

The location of the facilities is shown on a map attached

1 hereto. The channel would have a bottom width of 30 feet  
2 and a capacity of approximately 500 c.f.s. to the point  
3 where the channel intercepts Clear Creek. From that point  
4 the channel would have a 40 foot width, a water depth of 8.5  
5 feet, velocity of 1.5 with a capacity of 725 c.f.s.

6 The pump house would be located at the base of a steep  
7 hill to protect it from the floods in the Portneuf River.  
8 The static pump lift will be 108.5 feet necessary to raise  
9 the water from the elevation in the collecting channel to the  
10 irrigable area. The pumping station will house three pumps,  
11 each with a capacity of 175 c.f.s. These pumps will be  
12 electrically driven with power supplied from the dam at Pali-  
13 sades Reservoir. Each pump will have a separate discharge  
14 line of concrete pipe 84 inches in diameter, 4000 feet long  
15 to extent to the top of the hill where they will be merged  
16 into a single line. The drilling and equipping of wells to  
17 supply 5,342 acres is estimated to cost \$250,000. The distri-  
18 bution system designed to deliver water to the high point of  
19 each farm unit is estimated to cost \$2,000,000. The following  
20 is a breakdown of the estimated cost:

21 (The table referred to follows:)

Collecting Channel	500,000
Pumping Station	500,000
Supply Canal	1,500,000
Portinout Siphon	500,000
Water Supply, Purchase of storage space	964,000
Distribution System	2,000,000
Wells - drilling and equipping	250,000
	<hr/>
Sub-total	5,164,000
Supervision, engineering, misc.	301,000
	<hr/>
Total	5,465,000

Financial Analysis

The entire construction and storage cost for development of the Indian Michaud Unit amounting to \$5,465,000 would be allocated to irrigation and would be reimbursable without interest. It is proposed, however, that the collection of the construction cost against the Indian lands would in accordance with the provisions of the Act of July 1, 1932 (47 Stat. 564; 25 USC 386a) ~~would~~ be deferred while the lands are in Indian ownership. The area is similar to the non-Indian Michaud area to the west of the reservation and economic studies made by the Bureau of Reclamation indicate that on the average the waterusers could be expected to pay \$12.03 per acre annually after a 10 year development period. The payment capacity studies were based upon farm production that could be obtained under normal conditions on family sized farms using modern production practices and modern equipment. It was assumed in these studies that \$2,250 per farm would be required annually for family living.

Annual payments of \$12.03 per acre would amount to \$227,963 for the net irrigable area of 18,950 acres. The estimated annual operation and maintenance and replacement costs of the project is \$142,174, which would leave a balance of \$85,794 to apply on the capital cost. Annual payments of this magnitude would pay the capital costs in 61 years. In 50 years they would pay \$4,289,700 leaving a balance of \$1,175,300. ~~The annual benefits to the Nation exceed the annual costs to the Nation in the 50th year. The direct benefit from the project would be \$1,421,826 and the direct benefits of the project exceed the cost of \$1,175,300.~~

1           Mr. Miller. Financial Analysis: This is based on the  
2 same data used by the Bureau of Reclamation in the contiguous  
3 project, is as follows:

4           The entire construction and storage cost for development  
5 of the Indian Michaud Unit amounting to \$5,465,000 would  
6 be allocated to irrigation and would be reimbursable without  
7 interest. It is proposed, however, that the collection of  
8 the construction cost against the Indian lands would be in  
9 accordance with the provisions of the Act of July 1, 1932 --  
10 47 Stat. 564; 25 USC 386a -- would be deferred while the lands  
11 are in Indian ownership. The area is similar to the non-  
12 Indian Michaud area to the west of the reservation and  
13 economic studies made by the Bureau of Reclamation indicate  
14 that on the average the water users could be expected to pay  
15 \$12.03 per acre annually after a 10-year development period.  
16 The payment capacity studies were based upon farm production  
17 that could be obtained under normal conditions on family sized  
18 farms using modern production practices and modern equipment.  
19 It was assumed in these studies that \$2,250 per farm would be  
20 required annually for family living.

21           The following analysis is based on the assumptions that  
22 all lands would pay. It is merely to relate this project's  
23 repayment capability with the adjoining white project.

24           Annual payments of \$12.03 per acre would amount to  
25 \$227,968 for the net irrigable area of 18,950 acres. The

1 estimated annual operation and maintenance and replacement  
2 costs of the project is \$142,174, which would leave a bal-  
3 ance of \$85,794 to apply on the capital cost. Annual payments  
4 of this magnitude would pay the capital costs in 61 years.  
5 In 50 years they would pay \$4,289,700 leaving a balance of  
6 \$1,175,300. That would be covered by power revenues from  
7 Palisades.

8 Mr. Harrison. Does that complete your statement?

9 Mr. Miller. Yes, sir.

10 Mr. Harrison. Thank you very much, Mr. Miller. We  
11 appreciate your appearance this morning, sir.

12 We have one other witness, Mr. R. P. Parry.

13 STATEMENT OF R. P. PARRY, ATTORNEY AT LAW,  
14 TWIN FALLS, IDAHO, ACCOMPANIED BY CLIFFORD E.  
15 FIX, ATTORNEY AT LAW, TWIN FALLS, IDAHO.

16 Mr. Parry. Mr. Chairman, my name is R. P. Parry. I am  
17 an attorney at law from Twin Falls, Idaho.

18 I am accompanied today by one of my law partners, Mr.  
19 Clifford E. Fix. Our firm represents certain downstream  
20 users on Snake River below these projects, principally the  
21 Twin Falls Canal Company of about 200,000 acres, the North  
22 Side Canal Company of about 180,000 acres, both privately  
23 constructed, the first one now celebrating its 50th  
24 anniversary.

25 Also the American Falls Reservoir District, encompassing  
in all about 500,000 acres, part of it being an overlap on

1 the projects mentioned.

2 In Snake River there are roughly a million acres of  
3 irrigated lands deriving their water supply from the Snake  
4 River and the reservoirs thereon. About half of that  
5 area is above American Falls Reservoir and about half below.

6 The sentiments expressed here today are specifically  
7 authorized by the clients mentioned. I believe they represent  
8 the thinking of the downstream users as a whole.

9 Downstream from these projects the first diversion is  
10 the Minidoka Dam, diverting water to roughly 150,000 acres  
11 on the Bureau of Reclamation original Minidoka project,  
12 around the city of Rupert.

13 The next diversion is the Milner Dam, diverting water  
14 to the Twin Falls <sup>Canal</sup> ~~Water~~ Company, the North Side <sup>Canal</sup> ~~Water~~  
15 Company and the Gooding-Shoshone Water Company. These  
16 companies, of course, are interested in their water supply,  
17 both in the reservoirs, and particularly American Falls Reser-  
18 voir, and also the Natural flow of Snake River.

19 Our ~~comments~~ on the two projects discussed this morning  
20 are, to some extent, separate. ~~The other water users~~ <sup>We</sup> have no  
21 objection to the Michaud Flats project as proposed in the bill  
22 before the committee. We realize that the pumping from the  
23 underground water supply will probably have some effect upon  
24 the stream flow. But we believe, as has been mentioned by  
25 Mr. Nelson, that that will be offset by the return flow and,

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Washington, D. C.

1 therefore, have no objection to that part of the matter dis-  
 2 cussed this morning, provided that the return flow is  
 3 credited to the river, as we understand is agreeable on the  
 4 part of the Bureau of Reclamation, and further provided that  
 5 there is no change in the method of computing the natural  
 6 stream flow through the American Falls Reservoir area.

7 Our position with respect to the so-called reservation  
 8 project or Indian project is the same, so far as the pumping  
 9 from the underground water supply is concerned, and we have  
 10 no objection to the Indian project so long as it is made  
 11 clear in the act that the water supply for the new lands  
 12 is on this exchange basis, whereby the storage water from  
 13 American Falls and Palisades reservoir is exchanged for  
 14 that which is pumped from the <sup>a</sup>Spring <sup>c</sup>Creeks, as has been  
 15 mentioned, it being our belief that if that exchange is made  
 16 a matter of <sup>record in</sup> the Act and made permanent, then there will  
 17 be no disturbance of the long vested downstream water rights.

18 I believe, Mr. Chairman, that briefly is our opinion.  
 19 We would like to have the <sup>privilege</sup> ~~permission~~ of filing a written  
 20 statement with respect to the specific language that we think  
 21 should be included in any amendment, including the Indian  
 22 lands.

ARC

23 Mr. Harrison. Without objection that will be granted.  
 24 When will you get it in, We would ask that you get it written  
 25 and have it in within the next two weeks, if you can.

1 Mr. Parry. We will have it in not later than Monday.

2 Mr. Harrison. That will be fine.

3 Mr. Dawson. Do I understand it to be that you are going  
4 to offer some proposed amendment?

5 Mr. Parry. I understand that Mr. Parker has submitted  
6 an amendment which we have just seen briefly this morning.  
7 We may have some changes or additions to suggest to that  
8 amendment. In other words, if there is to be an amendment  
9 to include the Indian lands, then we would like to make some  
10 suggestions as to the proper language, to adequately protect  
11 the existing rights on the stream.

12 Mr. Harrison. Thank you very much.

13 That concludes the witnesses scheduled on this particular  
14 bill.

15 Mr. Budge, do you have something?

16 Mr. Budge. I ask unanimous consent that I be permitted  
17 to file with the committee a letter under date of March 22,  
18 1954, addressed to me, by the Honorable Len Jordan, Governor  
19 of the State of Idaho, relative to this legislation. That  
20 will be for the file.

21 Mr. Harrison. Is there any objection?

22 If there is none, it will be received.

23 (The letter referred to follows.)

1 Mr. Harrison. Is there anything further from the members  
2 of the committee?

3 Mr. Dawson. What is the status of the budget report?

4 Mr. Harrison. It has not come up as yet. There is a  
5 recommendation from the Interior Secretary that this be  
6 reported favorably. We will have to wait, of course, for  
7 that report.

8 If there is nothing further -- Do you have something?

9 *Parker*  
X Mr. ~~Berry~~. Mr. Chairman, may I have one word, please?

10 Mr. Harrison. Yes.

11 *Parker*  
Mr. ~~Berry~~. It is my purpose to convey the information  
12 concerning this hearing back to my people at Fort Hall as  
13 quickly as possible so that they may understand the implications  
14 and responsibilities that they have in this matter if they are  
15 to be considered.

16 In that connection, therefore, I respectfully ask per-  
17 mission to submit a supplementary statement within the two  
18 week period that you have specified, concerning their views  
19 on the proper language that is to be suggested regarding the  
20 protection of water right interest downstream from American  
21 Falls, if we may.

22 *Parker*  
X Mr. Budge. Mr. ~~Berry~~, I think I am correct in saying  
23 that the two-week limitation which the Chairman gives was not  
24 to preclude action within the subcommittee, but simply for  
25 the preparation of the printed record at a later date. As to

1 the communications after you have consulted with the tribe,  
2 it should be pointed out that the committee might act prior  
3 to the two-week date which the Chairman has set for the  
4 completion of the printed record.

5 Mr. Harrison, Our procedure here would be for the sub-  
6 committee, of course, to take the matter up and to act upon  
7 it either favorably or unfavorably. If the case is acted  
8 upon favorably, then it goes to the full committee. The  
9 full committee meets only twice a month so there would be  
10 a few days delay there. I would ask if you have any  
11 recommendations or amendments that you get them in as quickly  
12 as possible, preferably under the two-week period. We can  
13 grant you without any objection the privilege of filing  
14 that statement.

15 There being no further business before the committee  
16 this morning, the committee will stand adjourned. There  
17 will be no hearing on this bill as scheduled for tomorrow,  
18 because the witnesses were all heard today.

19 (Whereupon, at 12:15 p.m., the committee was recessed  
20 subject to call.)

21

22

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24

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83<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 5499

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IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 1953

Mr. BUDGE introduced the following bill; which was referred to the Committee on Interior and Insular Affairs

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## A BILL

To provide for the construction, maintenance, and operation of the Michaul Flats project for irrigation in the State of Idaho.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That the Secretary of the Interior is authorized to construct,  
4       maintain, and operate the Michaud Flats project for irri-  
5       gation in the State of Idaho substantially in accordance with  
6       the plans set forth in the report of the Bureau of Reclama-  
7       tion regional director of region 1, dated April 21, 1953,  
8       with such modifications as the Commissioner of Reclamation,  
9       with the approval of the Secretary of the Interior, may find  
10      proper in order to provide for the most efficient accomplish-

1 ment of all the purposes of such plans. Such construction,  
2 maintenance, and operation shall be in accordance with the  
3 Federal reclamation laws as far as such laws are not in-  
4 consistent with the provisions of this Act.

5       SEC. 2. Such project's water users shall be required to  
6 assume an obligation to repay only that part of the total  
7 construction cost of the project which the Secretary of the  
8 Interior determines to be properly allocable to irrigation.  
9 Such repayment shall be in accordance with the provisions  
10 of the Federal reclamation laws as modified with respect to  
11 such project by the following:

12       (a) The total amount to be repaid by such water users  
13 shall be scheduled for payment on the basis of uniform  
14 charges for like classes of land in each unit of such project  
15 which will result in the establishment of annual installments  
16 which are, as nearly as practicable, of an amount equal to  
17 the ability of such water users to pay in each year, having  
18 regard to the volume of production of such water users, prices  
19 they receive for their farm products, and their production  
20 and living costs. The objective under this section shall be  
21 to provide a plan of repayment that, assuming the existence  
22 of normal relationships between farm prices and costs, will  
23 result in full repayment of that portion of the construction  
24 costs of such project assigned by the Secretary of the Interior  
25 to such water users in not to exceed a period of fifty years

1 beginning on the date on which the development period is  
2 terminated.

3 (b) The balance of the construction costs of such project  
4 shall be repaid with the net power revenues received from  
5 the Palisades project in Idaho after such Palisades project is  
6 paid out.

7 (c) The Secretary of the Interior shall require that a  
8 replacement reserve of an amount sufficient to meet re-  
9 placement costs likely to be incurred before the end of the  
10 repayment period established under the provisions of part  
11 (a) above, shall be established and maintained in connec-  
12 tion with such Michaud Flats project.

83<sup>d</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 5499

---

## A BILL

To provide for the construction, maintenance,  
and operation of the Michaud Flats project  
for irrigation in the State of Idaho.

---

By Mr. BUDGE

---

JUNE 2, 1953

Referred to the Committee on Interior and Insular  
Affairs

H. R. 5499

TO PROVIDE FOR THE CONSTRUCTION,  
MAINTENANCE, AND OPERATION OF THE  
MICHAUD FLATS PROJECT FOR IRRI-  
GATION IN THE STATE OF IDAHO

TUESDAY, APRIL 13, 1954

House of Representatives

Subcommittee on Irrigation and  
Reclamation of the Committee on  
Interior and Insular Affairs

Washington, D. C.

The subcommittee met at 10:45 a.m., pursuant to recess, in the committee room, New House Office Building, Honorable William H. Harrison (chairman) presiding.

Mr. Harrison. The Subcommittee on Irrigation and Reclamation will come to order. The hearing this morning is on H. R. 5499, introduced by Mr. Budge of Idaho. We have had hearings on this bill, and it is the Chair's understanding it is now ready for action by the committee either to approve, to reject, or to amend.

Mr. Budge?

Mr. Budge. First, Mr. Chairman, I should like to ask unanimous consent that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the proposed amendment which is on the desk of each of the members.

(The amendment referred to follows:)

PROPOSED AMENDMENT TO H. R. 5499

Strike all after the enacting clause and insert in lieu thereof the following:

That the Secretary of the Interior is authorized to construct, maintain, and operate the Michaud Flats project for irrigation in the State of Idaho substantially in accordance with the plans set forth in the report of the Bureau of Reclamation Regional Director of Region 1, dated October 22, 1953, with such modifications as the Commissioner of Reclamation, with the approval of the Secretary, may find proper in order to provide for the most efficient accomplishment of all the purposes of such plans. Such construction, maintenance, and operation shall be in accordance with the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) as far as such laws are not inconsistent with the provisions of section 2 of this Act.

SEC. 2. The project's water users shall be required to assume an obligation to repay out of that part of the total construction cost of the project which the Secretary determines to be properly allocable to irrigation, so much as the Secretary finds to be within their ability to repay prior to the time when, account being taken of the application of power revenues as provided in part (b) of this section, full return of the irrigation allocation is accomplished. Such repayment shall be in accordance with the provisions of the Federal reclamation laws as modified with respect to the Michaud Flats project by the following:

(a) Payments by the contracting organization shall be scheduled, under a contract conforming to the provisions of this Act, on the basis of uniform charges for like classes of land in each unit of such project which will result in the establishment of annual installments which are, as nearly as practicable, of an amount equal to the ability of such water users to pay in each year having regard to the volume of production of such water users, prices they receive for their farm products, and their production and living costs.

(b) Net power revenues received from the Palisades project, Idaho, and

of the Secretary, may find proper in order to provide for the most efficient accomplishment of all the purposes of such plans. Such construction, maintenance, and operation shall be in accordance with the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) as far as such laws are not inconsistent with the provisions of section 2 of this Act.

SEC. 2. The project's water users shall be required to assume an obligation to repay out of that part of the total construction cost of the project which the Secretary determines to be properly allocable to irrigation, so much as the Secretary finds to be within their ability to repay prior to the time when, account being taken of the application of power revenues as provided in part (b) of this section, full return of the irrigation allocation is accomplished. Such repayment shall be in accordance with the provisions of the Federal reclamation laws as modified with respect to the Michaud Flats project by the following:

(a) Payments by the contracting organization shall be scheduled, under a contract conforming to the provisions of this Act, on the basis of uniform charges for like classes of land in each unit of such project which will result in the establishment of annual installments which are, as nearly as practicable, of an amount equal to the ability of such water users to pay in each year having regard to the volume of production of such water users, prices they receive for their farm products, and their production and living costs.

(b) Net power revenues received from the Palisades project, Idaho, and any developments combined therewith for payout purposes under the provisions of the second sentence of section 2 of the Act of September 30, 1950 (64 Stat. 1083), shall, after payout of said projects is accomplished pursuant to law, be applied (concurrently with continued payments by the water users) to payment of the irrigation allocation of the Michaud Flats project until full repayment of said allocation is accomplished.

(c) The Secretary of the Interior shall require that a replacement reserve of an amount sufficient to meet replacement costs likely to be incurred before the end of the repayment period established under the provisions of part (a) above, shall be established and maintained in connection with such Michaud Flats project.

SEC. 3 (a) To aid in the development of not more than 21,000 acres of irrigable land in the Michaud division of the Fort Hall Indian Reservation, as heretofore authorized by the Act of February 4, 1931 (46 Stat. 1061), and hereby reauthorized for construction, operation and maintenance without regard to the provisions of said Act, the Secretary is authorized:

(1) to reserve for the benefit of those lands when needed, but without prejudice to the interim use thereof for other purposes proper under reclamation laws, 83,900 acre-feet of storage capacity in Palisades reservoir and 47,700 acre-feet of that portion of the storage capacity in American Falls reservoir which was set aside for lands in the Michaud area generally by section 3 of the Act of September 30, 1950 (64 Stat. 1083), and

(2) to account for the return of so much of the cost of said development (including the cost of the aforesaid storage space in Palisades and American Falls reservoirs) as the Secretary finds cannot be repaid by the water users on terms substantially similar to those provided in section 2 of this Act, except for the application of the provisions of the Act of July 1, 1932 (47 Stat. 564) and the Act of March 1, 1907 (34 Stat. 1015, 1024), which are specifically made applicable to the project authorized by this section and Indian lands susceptible of irrigation under said project, by application of

and hereby reauthorized for construction, operation and maintenance without regard to the provisions of said Act, the Secretary is authorized:

(1) to reserve for the benefit of those lands when needed, but without prejudice to the interim use thereof for other purposes proper under reclamation laws, 83,900 acre-feet of storage capacity in Palisades reservoir and 17,700 acre-feet of that portion of the storage capacity in American Falls reservoir which was set aside for lands in the Michaud area generally by section 3 of the Act of September 30, 1950 (64 Stat. 1083), and

(2) to account for the return of so much of the cost of said development (including the cost of the aforesaid storage space in Palisades and American Falls reservoirs) as the Secretary finds cannot be repaid by the water users on terms substantially similar to those provided in section 2 of this Act, except for the application of the provisions of the Act of July 1, 1932 (47 Stat. 564) and the Act of March 1, 1907 (34 Stat. 1015, 1024), which are specifically made applicable to the project authorized by this section and Indian lands susceptible of irrigation under said project, by application of net power revenues of the Palisades project and any developments combined therewith for payout purposes under the provisions of the second sentence of section 2 of the Act of September 30, 1950, after payout thereof is accomplished pursuant to law.

(b) Construction of works to serve the Michaud division lands shall be undertaken only if, in consideration thereof and of the additional benefits authorized in the preceding sentence of this section, such appropriate arrangements as may be required in the circumstances are first made, by contract or otherwise, with respect to a water supply for said lands which, among other things,

(1) limit that supply to the yield of the space in Palisades and American Falls reservoirs as hereinbefore set forth and to that obtained by the pumping of ground water in an average annual amount of not more than 22,400 acre-feet, and

(2) consent to a priority in time and right in such beneficial consumptive uses of the waters of the Snake River, and its tributaries, as are established under the laws of the State of Idaho prior to the date of this act as against any use of the waters arising on or flowing through the Fort Hall Bottoms within the Fort Hall Indian Reservation, including, but not limited to, the intercepted flow of Ross Fork Creek, the Portneuf River below Pocatello, Big Jimmy Creek, Big Spring Creek, and Clear Creek, for the irrigation of the lands of the Michaud Division of the Fort Hall Indian Reservation.

The United States consents to the making of the arrangements ~~aforsaid~~, and its construction, operation and maintenance of said works shall constitute a waiver of any of its rights to the use of waters arising on or flowing through the Fort Hall Bottoms within the Fort Hall Indian Reservation, including, but not limited to, the intercepted flow of Ross Fork Creek, the Portneuf River below Pocatello, Big Jimmy Creek, Big Spring Creek, and Clear Creek, for the irrigation of the lands in the Michaud Division of the Fort Hall Indian Reservation.

SEC. 4. The Act of February 4, 1931 (46 Stat. 1061), authorizing the development of the Michaud Division of the Fort Hall Irrigation Project is hereby repealed.

waters arising on or flowing through the Fort Hall Bottoms within the Fort Hall Indian Reservation, including, but not limited to, the intercepted flow of Ross Fork Creek, the Portneuf River below Pocatello, Big Jimmy Creek, Big Spring Creek, and Clear Creek, for the irrigation of the lands of the Michaud Division of the Fort Hall Indian Reservation.

The United States consents to the making of the arrangements ~~aforsaid~~, and its construction, operation and maintenance of said works shall constitute a waiver of any of its rights to the use of waters arising on or flowing through the Fort Hall Bottoms within the Fort Hall Indian Reservation, including, but not limited to, the intercepted flow of Ross Fork Creek, the Portneuf River below Pocatello, Big Jimmy Creek, Big Spring Creek, and Clear Creek, for the irrigation of the lands in the Michaud Division of the Fort Hall Indian Reservation.

SEC. 4. The Act of February 4, 1931 (46 Stat. 1061), authorizing the development of the Michaud Division of the Fort Hall Irrigation Project is hereby repealed.

SEC. 5. In crediting the net power revenues from the Palisade project to the projects authorized in sections 2 and 3 of this Act, after payout of the Palisades project pursuant to law, said revenues shall be applied ratably to the two projects in proportion to the total construction costs thereof.

SEC. 6. (a) Except as provided in section 3 (b), nothing in this Act shall affect any rights in and to the waters of the Fort Hall Indian Reservation or the Snake River and its tributaries.

(b) Nothing in this Act shall affect the land tenure, allotment or ownership on the Fort Hall Indian Reservation.

SEC. 7. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, \$5,500,000 for construction of the works authorized in section 1 of this Act, and \$5,500,000 for construction of the works authorized in section 3 of this Act, plus such additional amount, if any, as may be required by reason of changes in the costs of construction of the types involved in these projects, as shown by engineering indices. There are also authorized to be appropriated such sums as may be required for the operation and maintenance of said works.

Mr. Budge. This was done for this reason: At the time the bill was introduced, June 2, 1953, it encompassed only the white-owned land in so-called Michaud Flats project. Subsequently the Indians, represented before this committee by a member of their tribal council, Mr. Frank Parker, requested that they be included in the project at this time and that they use the water supply which is set up for the white-owned projects when that water is available for the Indian lands.

The amendment includes the Indian portion of the project comprising approximately 18,000 acres. The white-owned lands comprise approximately 11,000 acres.

I believe that this project has the highest benefit cost ratio of any project which has come before this committee in some time.

Mr. Engle. Would the gentleman mind stating what that is? I would like to have it for comparison with Trinity.

Mr. Budge. Have we had the Trinity project before us?

Mr. Engle. It is now pending before the committee in the form of a bill, and I would just like some information so that I could compare it, if the gentleman would give me the benefit cost ratio.

Mr. Budge. The benefit cost ratio on White-owned lands is 2.83 to 1, and it is even higher than that on Indian-owned lands.

Mr. Engle. That is an excellent project. The Trinity is 3 to 1. You are getting pretty close to it.

Mr. Saylor. Reserving the right to object --

Mr. Engle. I beg the gentleman's pardon for interrupting him, but his statement intrigued me because I do not know of any project in the United States that has as high a cost benefit ratio as the Trinity River project.

Mr. Saylor. Reserving the right to object to the unanimous consent request of the gentleman from Idaho -- and I will not object -- I want to state that the proposed amendment which has been offered, I have not had a chance to examine it, and I will not object, with the understanding that if the bill is reported out of this committee, that members will have the right to make any amendments or suggest changes when the bill appears before the full committee.

Is that correct, Mr. Budge?

Mr. Budge. Yes, I certainly would have no objection to that. The only thing is, I might say to the gentleman from Pennsylvania, the only difference in the proposed amendment from the original H. R. 5499, as I understand, is the inclusion of Indian lands. It was then necessary to place language in the bill relative to the water rights on the river, which was done, and that accounts for the fact that the bill is now substantially longer than it was originally.

Also the so-called hiatus period to which the gentleman from California objected -- and I think rightly -- has been stricken from the bill so that the irrigators will continue to

pay until the project is paid out.

We have an unusual situation with regard to this Indian project which I feel I should call to the attention of the Committee. That is that in the year 1900 the Indians ceded a portion of their reservation. That portion was opened up to homestead, and as a matter of fact the second largest city in the State of Idaho, the city of Pocatello, now rests on those ceded lands.

At that time the United States Government agreed to irrigate the Indian lands, of which the Michaud Flats was a very substantial part. The agreement of 1900, which is set forth in the Act, which appears on page 2, in section 2 of section 3 (a) is the Act of March 1, 1907, wherein the federal government proposed to activate the agreement between the government and the Indians and irrigate this land.

I certainly think that after waiting 54 years for the government to live up to its agreement the Indians are entitled to the action which is proposed to be taken in this bill.

Mr. Saylor. I have no objection, Mr. Budge, to the inclusion of the Indian lands in this bill. I think it is properly done and properly included, especially since the benefit-cost ratio on the Indian lands is a little bit higher than that on the white lands.

I might also call the committee's attention to the fact

there is an authorization in this bill proposed up to five and one-half million dollars which was not in the original bill.

Mr. Budge. That was placed in as a limitation on each of the projects, so there would not be more than that spent on either of the projects.

Mr. Saylor. I might say to the gentleman from Idaho and the members of the committee that the objection which I had to the original bill is that it, in effect, puts into another project the so-called Collbran Formula. The members of this committee should recall that when we placed in the law the Collbran formula for the Collbran project, the committee went on record at that time and distinctly stated that it should not be used as a precedent for any other projects.

Now, it is perfectly within the province of this committee to determine that we would like to use in the future the Collbran Formula. If that is the wish of the committee, it is perfectly all right with me. I do not desire to have a department downtown coming up and telling this committee that the policy which has been the policy of reclamation for 52 years should be changed by the department and not by this committee.

Mr. Engle. Will the gentleman explain the Collbran Formula for the record?

Mr. Saylor. I would like to, Mr. Engle. I would like to go into great detail, but if we expect to get any action on

this bill today, I would rather submit it for the record and send the gentleman a copy of my interpretation of it, what it does, and how it changes the law that has been in existence for 52 years.

Mr. Engle. I am sorry it is complicated and cannot be done in a minute. Maybe the gentleman from Colorado can say briefly.

Mr. Aspinall. I do not want to say briefly as far as that is concerned. As I understand, the Collbran Formula is supposed to take the place of what has commonly been known as the use of the interest component in the contributions from power to the allocation for irrigation, and instead of continuing that formula, all it does is states that the irrigators shall pay for 50 years, and that the power revenues shall be applied first to the cost of the construction of the power facilities, and to the interest on that cost of construction, and then after that it shall be applied to the irrigation allocation.

In other words, as I understand what Congressman Saylor is objecting to, I think he is objecting to stopping the payments by the irrigators at the end of the 50th year or the 52nd year, whatever the period may be. He is desirous that the irrigators continue to pay until the whole project is paid, not only by the irrigators, but by the money received from the power revenues.

Mr. Saylor. Will the gentleman from Colorado yield?

Mr. Aspinall. Yes.

Mr. Saylor. I do not object to the farmers' ceasing to pay or the water users ceasing to pay at the end of the 50 years. If that is the decision of this committee, I do not object. But I think it is a matter of fundamental policy that this committee should decide so that any one of the members of this committee or any Member of the House who has a project he desires to bring in can then know what the policy of this committee will be.

Mr. Aspinall. Of course, if the gentleman will yield, at the bottom of this first page there is within parentheses the phrase "concurrently with continued payments by the water users". That was placed in there, as I understand, for the very purpose of getting away from the application of the Collbran Formula, to make it necessary for the irrigators to continue to pay until all payments including their payment and the revenues from the power returns could pay the whole thing.

Mr. Budge. I would like to state that the analysis of the gentleman from Colorado is correct, and it was at the suggestion of this committee that this amendment was made. I think it is properly made, and the water users are in agreement with it.

Mr. Engle. That is the question I raised when the bill

was up.

Mr. Budge. That is right.

Mr. Engle. That there was a hiatus between the time the irrigators quit paying, and the water users commenced. About eight years, it seems to me, under one guess, when power revenues would come in. All this does is say that the irrigators will continue to pay what they reasonably can pay until the project is paid out, but it does not set the time that the power revenues will be applied, which will be at the end.

Mr. Budge. That is correct. It is very possible that the power revenues -- I might say even probable that the power revenues will never be applied.

Mr. Engle. Is it correct to say, then, the Collbran Formula has been taken out of the bill?

Mr. Budge. I would say so.

Mr. Aspinall. At least that part of the Collbran Formula to which the gentleman from Pennsylvania objects.

Mr. Engle. Let us go one step further. One thing else the Collbran Formula does is to put the contribution of power revenues at the end. My recollection is that under the original reclamation law the interest-bearing features of the project were paid off first. Does the Collbran Formula change that at all? How about that, Mr. McFarland?

Mr. McFarland. The Collbran Formula prohibits the use

of the interest component in repaying the irrigation portions of the project and permits the use of the net power revenues after the power allocation has been repaid with interest. Then it permits the net power revenues to be used for irrigation.

Mr. Engle. It is just killing the cat another way.

Mr. Aspinall. If the gentleman will yield, say, as I see it, it makes it just a little bit more difficult for the projects that are authorized under the Collbran Formula or any combination of the Collbran Formula. In other words, it would be very easy to proceed with the use of the interest component as we did. It is more or less a matter of bookkeeping in my thinking; but that is neither here nor there, it is just an automatic situation. It is not authorized by the Reclamation law.

As I understand it, it is simply a development of a formula which proceeded from the construction or authorization of multiple purpose projects.

Mr. Saylor. If the gentleman from Colorado will yield, I think that the provision of the Interior Appropriation Act for 1939 --

Mr. Aspinall. I do not consider the Interior Appropriation Act as such.

Mr. Saylor. That is the provision under which the interest component has been used ever since. That section of it is the

authority which the Department of the Interior has used from 1939 down until the Collbran Formula for the use of the interest component. That was legislation on an appropriation bill, but it was legislation without a doubt.

Mr. Aspinall. I understand that, but to me it is not fundamental reclamation law. It is what we get into. It is existing law, and I admit that, but it is something that has grown up because of a practice, a procedure.

Mr. Saylor. Does the gentleman not agree with me it would be a good idea for this committee to determine what the policy should be?

Mr. Aspinall. Until the Collbran Formula was approved in the Collbran bill, the use of the interest component was taken as a matter of course.

Mr. Saylor. That is right.

Mr. Aspinall. And then because of the opposition that arose at that time, Senator Milliken over in the Senate, with others, got together and brought out what is now known as the Collbran Formula.

Mr. Engle. Involving some bookkeeping and some juggling, but I do not see how it changes the situation at all. The use of the interest component has a political connotation which stirred up people's emotions, and they objected to the use of the interest component.

So they turned around and used the same money and put it

in a different pot, which continues to pay out the same project.

Mr. Aspinall. It does this, as Mr. McFarland suggested: It does not start payment from what would be represented by the interest component immediately, it postpones it.

Mr. Engle. It socks the taxpayers harder because they have to carry the interest on the irrigation.

Mr. Aspinall. That is what my colleague from Pennsylvania suggested.

Mr. Saylor. If that is the desire of the committee, it is perfectly all right with me, but I think that is a matter for this committee to decide and not one to be handed to this from downtown.

Mr. Engle. They can make the recommendation, and we are certainly discussing it.

Mr. Harrison. The Chair recollects that a short time ago it was more or less agreed no objection would be raised if the right to amend was given in the full committee. Is that the understanding at the present time?

If so, are you ready for the question on this bill?

Several Members. Question.

Mr. Harrison. The question having been called for --

Mr. Saylor. Was there a second?

Mr. Dawson. I second.

Mr. Saylor. The amendment is first.

Mr. Engle. There was a unanimous-consent request on that, and you did not object.

Mr. Harrison. There has been no objection raised to the unanimous-consent request that the amendment be adopted by striking out all after the enacting clause and substituting the amendment which is on the desk of the members. The amendment is therefore adopted.

Are you ready for the question on the bill as amended?

Several Members. Question.

Mr. Harrison. All those in favor of the bill as amended will signify by saying "aye".

Opposed, "no"?

In the opinion of the Chair the "ayes" have it. The "ayes" have it, and the bill is approved.

Mr. Saylor. Now I move, Mr. Chairman, H. R. 5499, as we amended it, be reported favorably to the full committee.

Mr. Harrison. You have heard the motion. Are you ready for the question?

Several Members. Question.

Mr. Harrison. Those in favor will say "aye".

Opposed, "no"?

In the opinion of the Chair, the "ayes" have it. The "ayes" have it, and the bill, as amended, will be reported favorably to the full committee.

(Whereupon, the subcommittee moved to other business.)

# ATTACHMENT B

## STIPULATION

The Stipulation dated June 10, 2025 (“Stipulation”) is entered into between Falls Irrigation District (“Falls”) and the Surface Water Coalition (“SWC”)<sup>1</sup> for the purpose of addressing Falls’ initial irrigation project development, ground water pumping within the project, and impacts from said pumping on Snake River flows for purposes of the pending SWC water right delivery call (Idaho Dept. of Water Resources Docket No. CM-2010-001).

## RECITALS

**WHEREAS**, in the early 1950s, federal agencies were studying the feasibility of the Michaud Flats Project (“MF Project”) and Michaud Fort Hall Project (“FH Project”) adjacent to American Falls Reservoir in southeastern Idaho; and

**WHEREAS**, as a part of the funding of the MF Project, the United States Bureau of Reclamation (“BoR”) analyzed the potential ground water pumping impacts from the development of the MF Project on surface water irrigation supplies for existing water rights located downstream on the Snake River; and

**WHEREAS**, the federal agencies were concerned that new development of water-related projects not impact water supplies to existing downstream irrigation project development and water rights; and

**WHEREAS**, federal agencies, in assessing the potential impacts, did engage the downstream water users and solicited feedback and comment during approval and authorization of the MF Project and FH Project; and

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<sup>1</sup> SWC members are Twin Falls Canal Company, North Side Canal Company, Minidoka Irrigation District, Burley Irrigation District, A&B Irrigation District, American Fall Reservoir District No. 2 & Milner Irrigation District.

**WHEREAS**, BoR recognized the potential impact that upstream development of water sources above American Falls for the FH Project and MF Project might have on downstream water supplies; and

**WHEREAS**, the federal agencies were able to provide an alternative water supply for the FH Project to avoid impacting downstream water supplies to the benefit of downstream water users; and

**WHEREAS**, Congress held hearings in 1954 and invited agencies and water users to testify on the proposed MF Project; and

**WHEREAS**, this testimony answered questions about whether the MF Project development would impair water supplies to existing downstream surface water users and justify continued funding of the MF Project and FH Project; and

**WHEREAS**, based upon the proposed development of the FH Project and MF Project, including delivery of surface storage water to the MF Project, the decision to forego development of tributary springs upstream of American Falls reservoir for the FH Project and MF Project, the alternative water supply provided to the FH Project, and the water budget analysis provided in the agency's analysis for each Project, representatives for the downstream Surface Water Coalition surface water users through their testimony before Congress agreed that any potential impacts of the MF Project groundwater pumping would be offset by return flows; and

**WHEREAS**, the hydrologic conditions resulting from Falls' new irrigation activities, including return flows from surface water irrigation and impacts from groundwater pumping that existed at the time of development generally exist today.

**AGREEMENT**

**NOW THEREFORE**, in consideration of representations and actions previously recognized and agreed to, as well as the terms and conditions of this Stipulation, the Parties agree as follows:

1. The SWC stipulates to any resulting impact or injury that may be caused by the limited groundwater pumping of Falls, provided the return flows and losses from the entire MF Project, including from surface and groundwater, exceed the actual consumptive use of groundwater by Falls. The annual calculation for determining this condition shall be as follows:

	Total Booster Waste Return Flow	(Acre Feet)
+	Total Supplemental Well Delivery	(Acre Feet)
+	Total Canal Waste Return Flow	(Acre Feet)
+	Total Canal Loss	(Acre Feet)
+	Groundwater Loss (85% estimated irrigation efficiency)	(Acre Feet)
-	Total Groundwater Diversion	(Acre Feet) <sup>2</sup>

2. The Parties recognize that implementing this Stipulation would reduce any injury determination made by the IDWR consistent with the Methodology affirmed by the Idaho Supreme Court (*In Matter of Distribution of Water to Various Water Rts. Held By or For Ben. of A&B Irrigation Dist.*, 155 Idaho 640, 645, 315) by the amount of Falls' proportionate share of any calculated demand shortfall.

3. In the event Falls changes irrigation and/or water delivery operation practices that would result in the consumptive use of groundwater pumping to exceed the annual return flows and losses from the MF Project (as depicted in the calculation set forth in paragraph 1 above),

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<sup>2</sup> Example calculations for 2018-2024 are attached hereto as Exhibit A.

Falls agrees to assign storage in the amount of such shortfall to the injured SWC member in that particular year. Such assignment shall be coordinated and implemented through IDWR, Water District 01, and its Rental Pool Procedures no later than October 31<sup>st</sup>.

**SWC MEMBERS:**

American Falls Reservoir District #2

*Ellis Gorch*

Chairman

*6-4-25*

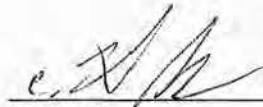
Date

**STIPULATION**

**5**

**SWC MEMBERS:**

A&B Irrigation District



Vice-Chairman

0-11-2025

Date

**STIPULATION**

**SWC MEMBERS:**

Burley Irrigation District

*Clifford Z. Jaul* 6/10/20  
Chairman / Date

**STIPULATION**

**SWC MEMBERS:**

Milner Irrigation District

*Scott Reedberg*      *6/11/25*  
Chairman                      Date

**STIPULATION**

**SWC MEMBERS:**

Minidoka Irrigation District

Ronald Kowit June 10 2015  
Chairman Date

**STIPULATION**

**SWC MEMBERS:**

North Side Canal Company

Mich Elliott      6-19-25  
Chairman                      Date

**STIPULATION**

**SWC MEMBERS:**

Twin Falls Canal Company

  
Chairman \_\_\_\_\_ Date \_\_\_\_\_

**STIPULATION**

**FALLS IRRIGATION DISTRICT:**

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Chairman

Date

## Exhibit A

	<b>Total Booster Waste (AF) (+)</b>	<b>Total Supple- mental Well Delivery (AF) (+)</b>	<b>Total Canal Waste (AF) (+)</b>	<b>Total Canal Loss (AF) (+)</b>	<b>Total Well Delivery (AF) (-)</b>	<b>Hypothetical Groundwater Loss (85% efficiency; 15% loss)</b>	<b>Net Gains or Subtractions (AF)</b>  1. 35% loss 2. 15% loss 3. 10% loss
<b>2018</b>	186.481	363.400	2,479.284	4,921.829	6,426.100	963.915	1. (+) 3,774.029 2. (+) 2,488.809 3. (+) 1,749.807
<b>2019</b>	166.101	562.600	2,007.036	2,959.291	6,219.800	932.97	1. (+) 1,652.158 2. (+) 408.198 3. (-) 307.079
<b>2020</b>	215.220	745.500	2,574.266	3,990.207	6,346.300	951.945	1. (+) 3,400.098 2. (+) 2,130.838 3. (+) 1,401.013
<b>2021</b>	142.388	678.900	2,397.532	4,465.497	7,694.500	1,154.175	1. (+) 2,682.892 2. (+) 1,143.992 3. (+) 259.1245
<b>2022</b>	4.270	584.300	2,447.302	2,780.427	6,377.760	956.664	1. (+) 2,020.755 2. (+) 395.203 3. (-) 303.2394
<b>2023</b>	116.581	338.500	2,143.013	2,697.768	5,636.400	932.400	1. (+) 1,632.202 2. (+) 591.862 3. (+) 223.102
<b>2024</b>	312.679	549.900	2,218.666	3,334.658	5,632.000	844.8	1. (+) 2,755.103 2. (+) 1,628.703 3. (+) 1,347.103