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APPROVED

OCT 18 1974

OCT 18 1974

**THE WHITE HOUSE
WASHINGTON**

ACTION

Last Day - October 21

*Statement
issued 10/19/74*

Posted 10/19/74

*To ARCH 455
10/19*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

KEN *COLE*

SUBJECT:

Enrolled Bill S. 3362
Federal Columbia River
Transmission System Act

Attached for your consideration is Senate bill, S. 3362, sponsored by Senator Jackson, which establishes a fund within the Treasury to finance expansion and operation of the Bonneville Power Administration's transmission system; authorizes that agency to sell bonds to the Treasury, placing the proceeds into the fund; and for other purposes.

Roy Ash recommends approval and provides you with additional background information in his enrolled bill report (Tab A).

We have checked with Secretary Morton, the Counsel's office (Chapman), Bill Timmons, and Paul Theis who also recommend approval of the bill and the issuance of a proposed signing statement (Tab C).

RECOMMENDATION

That you sign Senate bill S. 3362 (Tab B) and approve the proposed Presidential Signing Statement (Tab C).

[Handwritten signature]



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

APPROVED
OCT 18 1974

OCT 11 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3362 - Federal Columbia River
Transmission System Act
Sponsor - Sen. Jackson (D) Washington and 5 others

Last Day for Action

October 21, 1974 - Monday

Purpose

Establishes a fund within the Treasury to finance expansion and operation of the Bonneville Power Administration's transmission system; authorizes that agency to sell bonds to the Treasury, placing the proceeds into the fund; and for other purposes.

Agency Recommendations

Office of Management and Budget	Approval
Department of the Interior	Approval (Signing Statement attached)
Environmental Protection Agency	Approval (Informally)
Department of the Treasury	No objection
Securities and Exchange Commission	No objection
Federal Power Commission	No objection
Department of Commerce	No objection (Informally)
Department of the Army	No objection

Discussion

The Bonneville Power Administration (BPA), an agency within the Department of the Interior, sells the electricity produced by 26 Federal hydroelectric generating projects to 108 private

and non-Federal public utilities throughout the Pacific Northwest. More than 70 percent of the bulk power transmission system in the region is under BPA management.

The Pacific Northwest has historically relied on developing its potential for hydroelectric generation, and now there are few sites suitable for new hydroelectric projects. As a result, the utilities have begun to invest in a substantial amount of coal-fired and nuclear power generation. BPA has played a key role in developing a regional hydro-thermal program to guide the construction of these new facilities and integrate them into the existing network. The utilities and the Department look upon expansion of the BPA transmission grid as the best approach for inter-connecting the new generating units and transmitting their output throughout the region.

The primary purposes of the enrolled bill are two-fold:

- (1) To place BPA's operations on a self-financing basis, thus providing the financial flexibility needed to add to the transmission grid as new generating plants are built. BPA's experience over the last 16 years led the agency and the utilities to conclude that delays and uncertainties inherent in the appropriations process are major obstacles to orderly development and financing of electric facilities in the Northwest; and,
- (2) To end Federal subsidies of transmission line construction in the Pacific Northwest by requiring BPA to sell bonds to the Treasury at the prevailing market interest rate for comparable investor-owned utility bonds.

The bill was an Administration proposal sent to the Congress last April and passed with few changes, none of which are considered objectionable.

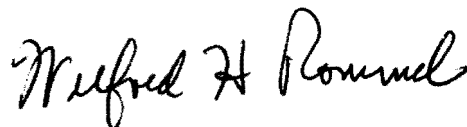
S. 3362 would:

- establish a Bonneville Power Administration fund in the Treasury, comprising all receipts from sales of the bonds described below, future appropriations by the Congress, and the balance of three existing funds;

- authorize the Administrator to sell up to \$1.25 billion worth of bonds to the Secretary of the Treasury at the prevailing market rate, under terms and conditions specified by Treasury, and to deposit the proceeds into the fund;
- authorize the Administrator to make necessary expenditures from the fund for construction, operations, maintenance, bond repayments, etc., "without further appropriation and without fiscal year limitation, but within such specific directives or limitations as may be included in appropriations acts;"
- designate BPA as the marketing agency for virtually all of the electric power produced at Federal generating facilities in the Pacific Northwest, thus enacting into law an authority which BPA presently uses by virtue of Secretarial Order;
- prohibit construction of major new transmission facilities in areas not previously served by BPA, without specific approval of Congress; and
- specify the conditions under which BPA may establish rate schedules, and provide for their review by the Federal Power Commission.

In its enrolled bill letter, Interior concludes that S. 3362 "...will provide a more reliable and financially sound basis for meeting the future electric power transmission requirements of the Pacific Northwest."

A signing statement prepared by the Department of the Interior is attached for your consideration.



Assistant Director for
Legislative Reference

Enclosures

Christina Wagner RESEARCH

6.

(Bakshian - edit)

PLEASE RETURN TO: October 17, 1974
RESEARCH
ROOM 121 E. O. B.

SIGNING STATEMENT, FEDERAL COLUMBIA RIVER TRANSMISSION SYSTEM ACT

I am pleased to sign into law S. 3362, the Federal Columbia River Transmission System Act. In an era of deepening concern over the Nation's energy well-being, this bill is a solid step forward in meeting our energy requirements on an orderly, planned basis.

(DT)

The Congress is to be congratulated for enacting this important legislation. Its passage is also a tribute to the broad-based support this measure received from the region's electric utilities, business and labor organizations, and State and local governments.

This partnership has also produced the Pacific Northwest-Pacific Southwest intertie and the Columbia River ^{Basin} treaty with Canada. These agreements are vital to a sound interregional power system and serve the overriding need for conserving our energy resources. Transfers of surplus hydropower from the Pacific Northwest to California have already conserved over 16 million barrels of vital oil this year. This is an outstanding example of partnership planning, and demonstrates once again that the Federal establishment can work in close concert with State and local government and industry to solve problems at the regional level.

This bill authorizes the Bonneville Power Administration to issue revenue bonds and to use the proceeds in carrying out its mission. Such bonding authority, together with provisions enabling BPA to utilize its revenues, should eliminate the need for ~~Congressional~~ appropriations. The legislation does provide for continuing ~~Congressional~~ review of the BPA program.

In sum, this new law will assist in the efforts outlined in my speech to the Congress last week to assure efficient use of America's precious energy resources.

#

STATEMENT BY THE PRESIDENT ON
SIGNING OF THE FEDERAL COLUMBIA RIVER
TRANSMISSION SYSTEM ACT

I am pleased to sign into law S. 3362, the Federal Columbia River Transmission System Act. In an era of deepening concern over the Nation's energy well-being, this bill is a solid step forward in meeting our energy requirements on an orderly, planned basis.

The Congress is to be congratulated for enacting this important legislation. Its passage is also a tribute to the broad-based support this measure received from the region's electric utilities, business and labor organizations, and State and local governments.

This partnership has also produced the Pacific Northwest-Pacific Southwest intertie and the Columbia River Basin treaty with Canada. These agreements are vital to a sound interregional power system and serve the overriding need for conserving our energy resources. Transfers of surplus hydropower from the Pacific Northwest to California have already conserved over 16 million barrels of vital oil this year. This is an outstanding example of partnership planning, and demonstrates once again that the Federal establishment can work in close concert with State and local government and industry to solve problems at the regional level.

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eliminate the need for congressional appropriations. The legislation does provide for continuing congressional review of the BPA program.

In sum, this new law will assist in the efforts outlined in my speech to the Congress last week to assure efficient use of America's precious energy resources.

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**STATEMENT BY THE PRESIDENT ON
SIGNING OF THE FEDERAL COLUMBIA RIVER
TRANSMISSION SYSTEM ACT**

In sum, this new law will assist in the efforts outlined.

I am pleased to sign into law S. 13362, the Federal Columbia River Transmission System Act. In an era of deepening concern over the Nation's energy well-being, this bill is a solid step forward in meeting our energy requirements on an orderly, planned basis.

The Congress is to be congratulated for enacting this important legislation. Its passage is also a tribute to the broad-based support this measure received from the region's electric utilities, business and labor organizations, and State and local governments.

This partnership has also produced the Pacific Northwest-Pacific Southwest intertie and the Columbia River Basin treaty with Canada. These agreements are vital to a sound interregional power system and serve the overriding need for conserving our energy resources. Transfers of surplus hydropower from the Pacific Northwest to California have already conserved over 16 million barrels of vital oil this year. This is an outstanding example of partnership planning, and demonstrates once again that the Federal establishment can work in close concert with State and local government and industry to solve problems at the regional level.

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In sum, this new law will assist in the efforts outlined in my speech to the Congress last week to assure efficient use of America's precious energy resources.

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The Congress is to be congratulated for enacting this important legislation. Its passage is also a tribute to the broad-based support this measure received from the region's electric utilities, business and labor organizations, and State and local governments.

This partnership has also reduced the Pacific Northwest-Pacific Southwest intertie and the Columbia River basin treaty with Canada. These agreements are vital to a sound interregional power system and serve the overriding need for conserving our energy resources. Transfers of surplus hydropower from the Pacific Northwest to California have already conserved over 16 million barrels of vital oil this year. This is an outstanding example of partnership planning, and demonstrates once again that the Federal establishment can work in close concert with State and local government and industry to solve problems at the regional level.

This bill authorizes the Bonneville Power Administration to issue revenue bonds and to use the proceeds in carrying out its mission. Such bonding authority, together with provisions enabling BPA to utilize its revenues, should

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 660

Date: October 15, 1974

Time: 10:00 a.m.

FOR ACTION: ✓ Michael Duval
✓ Phil Buchen
✓ Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

need this signing statement

DUE: Date: October 17, 1974, Thursday Time: 2:00 p.m.

SUBJECT: Enrolled Bill S. 3362 - Federal Columbia River
Transmission System Act

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE
WASHINGTON

10/11/74

TO: W. Hendricks


John J. Ratchford



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

OCT 10 1974

Dear Mr. Ash:

This responds to your request for the views of this Department concerning S. 3362, an enrolled bill "To enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes" which was originally proposed by the Administration and which is now before the President for approval.

We recommend that the President approve the bill and enclose a proposed statement for Presidential use in signing it.

S. 3362 would shift the financing of the Bonneville Power Administration's electric power transmission program from the present arrangement of funding through Federal appropriations to a self-financing basis. This would be accomplished by authorizing the Secretary of the Interior to finance the operation and maintenance and the future construction of the Federal Columbia River transmission system from revenues and from the proceeds of revenue bonds issued by BPA to the U.S. Treasury. The maximum amount of bonds outstanding at any one time would be limited to \$1.25 billion. The Secretary of the Treasury would prescribe the terms of the bonds to be issued, including an interest rate which would take into account the terms and conditions prevailing in the market for similar bonds. Bonneville's activities would be subject to provisions of the Government Corporation Control Act. Its budget for transmission facilities would be submitted to the Congress for review by the appropriations committees and would be subject to limitations or directives contained in appropriation acts.

With minor clarifying changes, the enrolled bill conforms to that proposed by the Administration except in the following respects:

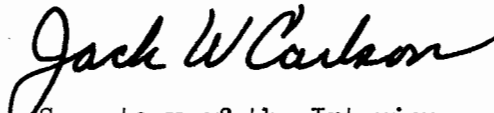
1. The definition of "Pacific Northwest" was deleted from section 3(c) of the bill leaving the meaning of this term as used in the Act to existing law and practice.
2. A provision was added in section 4 to require express Congressional authorization before any "major transmission facility" can be constructed within the Pacific Northwest. A definition of the term "major transmission facility" was added to section 3.

Section 5(b) was changed to delete the Administration's provisions for judicial review of a decision to construct new transmission facilities. The Congressional review of major transmission facilities would obviate the need for such review. The bill also specifies that the Administrator must notify customers of his intent to request approval of Congress for major transmission facilities.

3. Section 5(a) of the bill was modified to prohibit the acquisition of operating transmission facilities by condemnation unless specific Congressional appropriations are made for that purpose. This limitation leaves intact the existing limitation on BPA's authority to acquire such facilities.

We do not object to any of these changes and continue to believe that the enrolled bill will provide a more reliable and financially sound basis for meeting the future electric power transmission requirements of the Pacific Northwest.

Sincerely yours,


Assistant Secretary of the Interior

Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C. 20503

SIGNING STATEMENT

I am most pleased to sign into law S. 3362, the Federal Columbia River Transmission System Act. In an era of deepening concern over the Nation's energy well-being, this bill is a solid step forward in meeting our energy requirements on an orderly, planned basis.

Both houses of Congress, and especially their committee leadership and the Pacific Northwest delegation, are to be congratulated for enacting this important legislation. It is also a tribute to the broad-based support this measure received from the region's electric utilities, business and labor organizations, and the State and local government. In this respect, it continues a partnership with the Federal government and more specifically the Department of the Interior which began with the creation of the Bonneville Power Administration in 1937.

This partnership has also produced the Pacific Northwest-Pacific Southwest intertie and the Columbia River treaty with Canada. Not only are these agreements vital to interregional power system reliability, but they serve the overriding need for conserving our energy resources. I understand that transfers of surplus hydropower from the Pacific Northwest to California conserved over 16 million barrels of vital oil already this year. It is an outstanding example of partnership planning, and demonstrates once again that the Federal establishment can work in close concert with local government and industry to solve problems at the regional level.

By enactment of this bill, Bonneville Power Administration is authorized to issue revenue bonds and to use the proceeds in carrying out its mission. This bonding authority, together with provisions enabling BPA to utilize its revenues, should obviate the need for Congressional appropriations. The legislation does provide for continuing Congressional review of the BPA program.

The Federal Columbia River Transmission System Act provides the financing mechanism for the timely development of the bulk transmission system in the Pacific Northwest. I take great pleasure in signing this bill in the presence of you who have made its passage possible.

This act will assist in the efforts outlined in my speech last week to assure efficient use of our energy resources.



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

OCT 11 1974

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of S. 3362, "To enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes."

The enrolled enactment is substantially the same as proposed legislation which the Treasury assisted in drafting and which was transmitted to the Congress by the Secretary of the Interior on April 3, 1974.

The Department would have no objection to a recommendation that the enrolled enactment be approved by the President.

Sincerely yours,


General Counsel



SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

OCT 11 1974

BY SPECIAL MESSENGER

Honorable Wilfred H. Rommel
Assistant Director for Legislative
Reference
Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Mrs. L. Garziglia
7201 New Executive Office Building

Re: Enrolled Bill S. 3362, 93rd Congress

Dear Mr. Rommel:

In response to your request of October 8, 1974, the Commission has examined Enrolled Bill S. 3362 and submits the following report.

The bill appears to be substantially similar to the draft bill prepared by the Department of Interior on which we submitted a memorandum of comment to you on March 13, 1974 in response to your request. Under Section 13 of the bill, revenue bonds would be issued by the Bonneville Power Administration for purchase by the Secretary of the Treasury with proceeds from his sale of securities under the Second Liberty Bond Act, with authority to the Secretary of the Treasury to resell such revenue bonds. Section 13 also provides that all redemptions, purchases and sales of such revenue bonds shall be treated as public debt transactions of the United States.

As we indicated in our memorandum of March 13th, the issuance and sale of such revenue bonds under these circumstances would be exempt under the federal securities laws administered by this Commission in the same manner as other securities issued and sold by the Government of the United States.

Therefore, the Commission has no further comment on Enrolled Bill S. 3362 and no objection to its approval by the President.

Sincerely,

Ray Garrett, Jr.
Chairman

FEDERAL POWER COMMISSION
WASHINGTON, D.C. 20426

OCT 11 1974

ENROLLED BILL
S. 3362 - 93d Congress

Honorable Roy L. Ash
Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Mrs. Louise Garziglia
Legislative Reference Division
Room 7201, New Executive Office Building

Dear Mr. Ash:

This is in response to Mr. Rommel's request of October 8, 1974, for this Commission's views on S. 3362, an Enrolled Bill, the "Federal Columbia River Transmission System Act."

The enrolled bill would enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds. The construction by the Bonneville Power Authority of any major transmission facility may not commence under a provision in section 4(d) of the bill unless the expenditure of funds for initiation of such construction is specifically approved by Act of Congress.

By letter of March 12, 1974 (enclosed), the Commission commented on a similar proposal, the Interior Department's draft bill entitled the "Bonneville Power Operation Act of 1974". The principal modification to the draft bill which has been made to S. 3362 is that the Bonneville Power Authority would sell revenue bonds only to the Secretary of the Treasury and not in the open market as originally planned.



Honorable Roy L. Ash

- 2 -

Section 9 of S. 3362 provides for continued Federal Power Commission confirmation and approval of the rates and charges for the sale of power available to the Bonneville Power Authority as provided by existing laws. The Commission is also required by that section to confirm and approve BPA's rates and charges for wheeling of non-Federal power over the Federal transmission system. For several years, BPA has been wheeling non-Federal power and charging various wheeling rates for such services, but such rates and charges are presently not subject to Commission approval. We have no objection to this additional requirement of FPC approval.

The additional rate approval jurisdiction conferred by the bill with regard to wheeling of non-Federal power will require some additional personnel. At this time we are not able to quantify in terms of man years or dollars the impact of enactment.

Accordingly, the Commission offers no objection to the enactment of the enrolled bill.

Sincerely,



John N. Nassikas
Chairman

Enclosure:

Letter to Hon. Roy L. Ash
3/12/74

FEDERAL POWER COMMISSION
WASHINGTON, D.C. 20426

MAR 12 1974

Re: Interior draft proposal
titled Bonneville Power
Operations Act of 1974

Honorable Roy L. Ash
Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20505

Attention: Mrs. Louise Garziglia
Legislative Reference Division
Room 7201, New Executive Office Building

Dear Mr. Ash:

This is in response to your request for comments on the above-mentioned draft legislation. The bill would "enable the Secretary of the Interior to provide for the operation, maintenance and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes."

The Commission has no objection to this draft legislation. The bill would not affect the requirement for Commission confirmation and approval of rates for sale of power by the Bonneville Power Administration. We believe that such a system of financing will be necessary, based on the long-range projection of power loads. Based on an April 9, 1973, projection prepared by the Pacific Northwest

Honorable Roy L. Ash

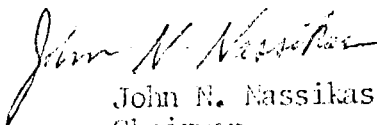
- 2 -

Utility Conference Committee, the power loads in the Pacific Northwest are expected to increase as follows:

<u>Operating year</u>	<u>Total Area peak load</u> MW	<u>Federal System peak load</u> MW
1973-74	22,775	12,167
1982-85	35,925	18,131
1992-95	61,458	27,552

In sum, we have no objection to the draft bill.

Sincerely,



John N. Nassikas
Chairman



DEPARTMENT OF THE ARMY
WASHINGTON, D.C. 20310

11 OCT 1974

Honorable Roy L. Ash
Director
Office of Management and Budget

Dear Mr. Ash:

This is in reply to your request for the views of the Department of the Army on enrolled enactment S. 3362, 93d Congress, "To enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes."

Section 8 of the enrolled enactment would designate the Administrator of the Bonneville Power Administration as the marketing agent for electric power produced at existing or future Federal generating facilities in the Pacific Northwest, including those projects constructed and/or operated by the Secretary of the Army acting through the Chief of Engineers. This section would enact into law the authority the Administrator presently utilizes by virtue of Secretarial Order.

Section 9 of the enrolled enactment states that rates set by the Administrator in conjunction with the Federal Power Commission, should include provision for the return of the costs of producing and transmitting electric power, including return of the capital investment allocated to power production over a reasonable period of time. Long-standing administrative policy has been that capital costs allocated to the production of hydroelectric power at Corps of Engineers constructed dams be amortized over a 50-year period. It is expected that this section would work no change in this policy and that the Administrator would continue to make timely rate adjustments to insure prompt repayment of operation, maintenance, and replacement costs and amortization of capital investment over a 50-year period. This would be particularly important in view of the fact that sections 11 and 13 of the enrolled enactment are worded such as to give payment of principal of and interest on bonds, the revenue of which is used only for the transmission function of the Administration, priority over the return of Federal investment in the construction of power producing facilities.

The Department of the Army has no objection to the enrolled enactment.

Sincerely,

A handwritten signature in dark ink, appearing to read "Hadlai A. Hull", is written over the typed name.

Hadlai A. Hull

Acting Secretary of the Army

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 660

Date: October 15, 1974

Time: 10:00 a.m.

FOR ACTION: Michael Duval
Phil Buchen
Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: October 17, 1974, Thursday Time: 2:00 p.m.

SUBJECT: Enrolled Bill S. 3362 - Federal Columbia River
Transmission System Act

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

*No objection
H.C.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

WASHINGTON

October 16, 1974

MEMORANDUM FOR: MR. WARREN HENDRIKS

FROM: WILLIAM E. TIMMONS *WET*

SUBJECT: Action Memorandum - Log No. 660
Enrolled Bill S. 3362 - Federal Columbia
River Transmission System Act

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 660

Date: October 15, 1974

Time: 10:00 a.m.

FOR ACTION: Michael Duval
Phil Buchen
✓ Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Paul Theis

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For the President

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For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

OK - Signing Statement
Mike Duval
10/15/74
OK only
w/ changes indicated

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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Warren K. Hendriks
For the President

ACTION

Last Day - October 21

MEMORANDUM FOR: THE PRESIDENT
FROM: KEN COLE
SUBJECT: Enrolled Bill S. 3362
Federal Columbia River
Transmission System Act

Attached for your consideration is Senate bill, S. 3362, sponsored by Senator Jackson, which establishes a fund within the Treasury to finance expansion and operation of the Bonneville Power Administration's transmission system; authorizes that agency to sell bonds to the Treasury, placing the proceeds into the fund; and for other purposes.

Roy Ash recommends approval and provides you with additional background information in his enrolled bill report (Tab A).

We have checked with Secretary Morton, the Counsel's office (Chapman), Bill Timmons, and Paul Theis who also recommend approval of the bill and the issuance of a proposed signing statement (Tab C).

RECOMMENDATION

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**GENERAL COUNSEL OF THE
DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

OCT 11 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Ash:

This is in reply to your request for the views of this Department concerning S. 3362, an enrolled enactment

"To enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes,"

to be cited as the "Federal Columbia River Transmission System Act."

The principal purpose of S. 3362 is to shift the financing of the Department of the Interior's electric power transmission program in the Pacific Northwest from the present arrangement of funding through Federal appropriations to a self-financing basis.

This Department would have no objection to approval by the President of S. 3362 which was introduced at the request of the Department of the Interior.

Enactment of this legislation will not involve any expenditure of funds by this Department.

Sincerely,

Karl E. Bakke

General Counsel

SIGNING STATEMENT

I am most pleased to sign into law S. 3362, the Federal Columbia River Transmission System Act. In an era of deepening concern over the Nation's energy well-being, this bill is a solid step forward in meeting our energy requirements on an orderly, planned basis.

Both houses of ~~the~~ Congress, and especially their committee leadership and the Pacific Northwest delegation, are to be congratulated for enacting this important legislation. It is also a tribute to the broad-based support this measure received from the region's electric utilities, business and labor organizations, and the State and local government. ~~(In this respect, it continues a partnership with the Federal government and more specifically the Department of the Interior which began with the creation of the Bonneville Power Administration in 1937.~~ ^{This new Act} continues a partnership with the Federal government ~~and more specifically the Department of the Interior~~ ^{and partnership with} which began with the creation of the Bonneville Power Administration in 1937.

This partnership has also produced the Pacific Northwest-Pacific Southwest intertie and the Columbia River ^{Basin} Treaty with Canada. Not only are these agreements vital to interregional power system reliability, but they serve the overriding need for conserving our energy resources. I understand that transfers of surplus hydropower from the Pacific Northwest to California conserved over 16 million barrels of vital oil already this year. It is an outstanding example of partnership planning, and demonstrates once again that the Federal establishment can work in close concert with local government and industry to solve problems at the regional level.

By enactment of this bill, Bonneville Power Administration is authorized to issue revenue bonds and to use the proceeds in carrying out its mission. This bonding authority, together with provisions enabling BPA to utilize its revenues, should obviate the need for ~~Congressional~~ appropriations. The legislation does provide for continuing ~~Congressional~~ review of the BPA program. X
X

The Federal Columbia River Transmission System Act provides the financing mechanism for the timely development of the bulk transmission system in the Pacific Northwest. I take great pleasure in signing this bill in the presence of you who have made its passage possible.

This act will assist in the efforts outlined in my speech last week to assure efficient use of our energy resources.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 660

Date: October 15, 1974

Time: 10:00 a.m.

FOR ACTION: Michael Duval
Phil Buchen
Bill Timmons

cc (for information): Warren K. Hendriks
✓ Jerry Jones
✓ Paul Theis *WT*

*note signing
statement
ACTION*

FROM THE STAFF SECRETARY

DUE: Date: October 17, 1974, Thursday Time: 2:00 p.m.

SUBJECT: Enrolled Bill S. 3362 - Federal Columbia River
Transmission System Act

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

Christina Wagner, RESEARCH

1974 OCT 15 PM 3 03

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 11 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3362 - Federal Columbia River
Transmission System Act
Sponsor - Sen. Jackson (D) Washington and 5 others

Last Day for Action

October 21, 1974 - Monday

Purpose

Establishes a fund within the Treasury to finance expansion and operation of the Bonneville Power Administration's transmission system; authorizes that agency to sell bonds to the Treasury, placing the proceeds into the fund; and for other purposes.

Agency Recommendations

Office of Management and Budget	Approval
Department of the Interior	Approval (Signing Statement attached)
Environmental Protection Agency	Approval (Informally)
Department of the Treasury	No objection
Securities and Exchange Commission	No objection
Federal Power Commission	No objection
Department of Commerce	No objection (Informally)
Department of the Army	No objection

Discussion

The Bonneville Power Administration (BPA), an agency within the Department of the Interior, sells the electricity produced by 26 Federal hydroelectric generating projects to 108 private

and non-Federal public utilities throughout the Pacific Northwest. More than 70 percent of the bulk power transmission system in the region is under BPA management.

The Pacific Northwest has historically relied on developing its potential for hydroelectric generation, and now there are few sites suitable for new hydroelectric projects. As a result, the utilities have begun to invest in a substantial amount of coal-fired and nuclear power generation. BPA has played a key role in developing a regional hydro-thermal program to guide the construction of these new facilities and integrate them into the existing network. The utilities and the Department look upon expansion of the BPA transmission grid as the best approach for inter-connecting the new generating units and transmitting their output throughout the region.

The primary purposes of the enrolled bill are two-fold:

- (1) To place BPA's operations on a self-financing basis, thus providing the financial flexibility needed to add to the transmission grid as new generating plants are built. BPA's experience over the last 16 years led the agency and the utilities to conclude that delays and uncertainties inherent in the appropriations process are major obstacles to orderly development and financing of electric facilities in the Northwest; and,
- (2) To end Federal subsidies of transmission line construction in the Pacific Northwest by requiring BPA to sell bonds to the Treasury at the prevailing market interest rate for comparable investor-owned utility bonds.

The bill was an Administration proposal sent to the Congress last April and passed with few changes, none of which are considered objectionable.

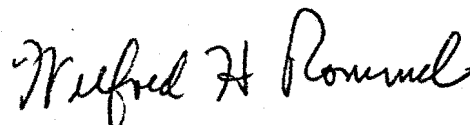
S. 3362 would:

- establish a Bonneville Power Administration fund in the Treasury, comprising all receipts from sales of the bonds described below, future appropriations by the Congress, and the balance of three existing funds;

- authorize the Administrator to sell up to \$1.25 billion worth of bonds to the Secretary of the Treasury at the prevailing market rate, under terms and conditions specified by Treasury, and to deposit the proceeds into the fund;
- authorize the Administrator to make necessary expenditures from the fund for construction, operations, maintenance, bond repayments, etc., "without further appropriation and without fiscal year limitation, but within such specific directives or limitations as may be included in appropriations acts;"
- designate BPA as the marketing agency for virtually all of the electric power produced at Federal generating facilities in the Pacific Northwest, thus enacting into law an authority which BPA presently uses by virtue of Secretarial Order;
- prohibit construction of major new transmission facilities in areas not previously served by BPA, without specific approval of Congress; and
- specify the conditions under which BPA may establish rate schedules, and provide for their review by the Federal Power Commission.

In its enrolled bill letter, Interior concludes that S. 3362 "...will provide a more reliable and financially sound basis for meeting the future electric power transmission requirements of the Pacific Northwest."

A signing statement prepared by the Department of the Interior is attached for your consideration.



Assistant Director for
Legislative Reference

Enclosures



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

OCT 10 1974

Dear Mr. Ash:

This responds to your request for the views of this Department concerning S. 3362, an enrolled bill "To enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes" which was originally proposed by the Administration and which is now before the President for approval.

We recommend that the President approve the bill and enclose a proposed statement for Presidential use in signing it.

S. 3362 would shift the financing of the Bonneville Power Administration's electric power transmission program from the present arrangement of funding through Federal appropriations to a self-financing basis. This would be accomplished by authorizing the Secretary of the Interior to finance the operation and maintenance and the future construction of the Federal Columbia River transmission system from revenues and from the proceeds of revenue bonds issued by BPA to the U.S. Treasury. The maximum amount of bonds outstanding at any one time would be limited to \$1.25 billion. The Secretary of the Treasury would prescribe the terms of the bonds to be issued, including an interest rate which would take into account the terms and conditions prevailing in the market for similar bonds. Bonneville's activities would be subject to provisions of the Government Corporation Control Act. Its budget for transmission facilities would be submitted to the Congress for review by the appropriations committees and would be subject to limitations or directives contained in appropriation acts.

With minor clarifying changes, the enrolled bill conforms to that proposed by the Administration except in the following respects:


1. The definition of "Pacific Northwest" was deleted from section 3(c) of the bill leaving the meaning of this term as used in the Act to existing law and practice.
2. A provision was added in section 4 to require express Congressional authorization before any "major transmission facility" can be constructed within the Pacific Northwest. A definition of the term "major transmission facility" was added to section 3.

Section 5(b) was changed to delete the Administration's provisions for judicial review of a decision to construct new transmission facilities. The Congressional review of major transmission facilities would obviate the need for such review. The bill also specifies that the Administrator must notify customers of his intent to request approval of Congress for major transmission facilities.

3. Section 5(a) of the bill was modified to prohibit the acquisition of operating transmission facilities by condemnation unless specific Congressional appropriations are made for that purpose. This limitation leaves intact the existing limitation on BPA's authority to acquire such facilities.

We do not object to any of these changes and continue to believe that the enrolled bill will provide a more reliable and financially sound basis for meeting the future electric power transmission requirements of the Pacific Northwest.

Sincerely yours,


~~Assistant~~ Secretary of the Interior

Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C. 20503

W. Hendricks
6 PM
10/11/74

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 11 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3362 - Federal Columbia River
Transmission System Act
Sponsor - Sen. Jackson (D) Washington and 5 others

Last Day for Action

October 21, 1974 - Monday

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Department of the Treasury	No objection
Securities and Exchange Commission	No objection
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and non-Federal public utilities throughout the Pacific Northwest. More than 70 percent of the bulk power transmission system in the region is under BPA management.

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The primary purposes of the enrolled bill are two-fold:

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The bill was an Administration proposal sent to the Congress last April and passed with few changes, none of which are considered objectionable.

S. 3362 would:

- establish a Bonneville Power Administration fund in the Treasury, comprising all receipts from sales of the bonds described below, future appropriations by the Congress, and the balance of three existing funds;

- authorize the Administrator to sell up to \$1.25 billion worth of bonds to the Secretary of the Treasury at the prevailing market rate, under terms and conditions specified by Treasury, and to deposit the proceeds into the fund;
- authorize the Administrator to make necessary expenditures from the fund for construction, operations, maintenance, bond repayments, etc., "without further appropriation and without fiscal year limitation, but within such specific directives or limitations as may be included in appropriations acts;"
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- prohibit construction of major new transmission facilities in areas not previously served by BPA, without specific approval of Congress; and
- specify the conditions under which BPA may establish rate schedules, and provide for their review by the Federal Power Commission.

In its enrolled bill letter, Interior concludes that S. 3362 "...will provide a more reliable and financially sound basis for meeting the future electric power transmission requirements of the Pacific Northwest."

A signing statement prepared by the Department of the Interior is attached for your consideration.

(signed) Wilfred H. Roumel

Assistant Director for
Legislative Reference

Enclosures

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four*

An Act

To enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Columbia River Transmission System Act".

FINDINGS

SEC. 2. (a) Congress finds that in order to enable the Secretary of the Interior to carry out the policies of Public Law 88-552 relating to the marketing of electric power from hydroelectric projects in the Pacific Northwest, Public Laws 89-448 and 89-561 relating to use of revenues of the Federal Columbia River Power System to provide financial assistance to reclamation projects in the Pacific Northwest, the treaty between the United States and Canada relating to the cooperative development of the resources of the Columbia River Basin, and other applicable law, it is desirable and appropriate that the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds be used to further the operation, maintenance, and further construction of the Federal transmission system in the Pacific Northwest.

(b) Other than as specifically provided herein, the present authority and duties of the Secretary of the Interior relating to the Federal Columbia River Power System shall not be affected by this Act. The authority and duties of the Administrator referred to herein are subject to the supervision and direction of the Secretary.

DEFINITIONS

SEC. 3. As used in this Act—

(a) The term "Administrator" means the Administrator, Bonneville Power Administration.

(b) The term "electric power" means electric peaking capacity or electric energy, or both.

(c) The term "major transmission facilities" means transmission facilities intended to be used to provide services not previously provided by the Bonneville Power Administration with its own facilities.

THE FEDERAL COLUMBIA RIVER TRANSMISSION SYSTEM

SEC. 4. The Secretary of the Interior, acting by and through the Administrator, shall operate and maintain the Federal transmission system within the Pacific Northwest and shall construct improvements, betterments, and additions to and replacements of such system within the Pacific Northwest as he determines are appropriate and required to:

- (a) integrate and transmit the electric power from existing or additional Federal or non-Federal generating units;
- (b) provide service to the Administrator's customers;
- (c) provide interregional transmission facilities; or

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(d) maintain the electrical stability and electrical reliability of the Federal system: *Provided, however,* That the Administrator shall not construct any transmission facilities outside the Pacific Northwest, excepting customer service facilities within any contiguous areas, not in excess of seventy-five airline miles from said region, which are a part of the service area of a distribution cooperative which has (i) no generating facilities, and (ii) a distribution system from which it serves both within and without said region, nor shall he commence construction of any major transmission facility within the Pacific Northwest, unless the expenditure of the funds for the initiation of such construction is specifically approved by Act of Congress.

CONGRESSIONAL APPROVAL OF EXPENDITURES

SEC. 5. (a) Unless specifically authorized by Act of Congress, the Administrator shall not expend funds made available under this Act, other than funds specifically appropriated by the Congress for such purpose, to acquire any operating transmission facility by condemnation: *Provided,* That this provision shall not restrict the acquisition of the right to cross such a facility by condemnation.

(b) At least sixty days prior to the time a request for approval or authority under section 4 or 5 of this Act is sent to Congress, the Administrator shall give notice of such request to entities in the Pacific Northwest with which the Administrator has power sales or exchange contracts or transmission contracts or which have a transmission interconnection with the Federal transmission system.

TRANSMISSION OF NON-FEDERAL POWER

SEC. 6. The Administrator shall make available to all utilities on a fair and nondiscriminatory basis, any capacity in the Federal transmission system which he determines to be in excess of the capacity required to transmit electric power generated or acquired by the United States.

ACQUISITION OF PROPERTY

SEC. 7. Subject to the provisions of section 5 of this Act the Administrator may purchase or lease or otherwise acquire and hold such real and personal property in the name of the United States as he deems necessary or appropriate to carry out his duties pursuant to law.

MARKETING AUTHORITY

SEC. 8. The Administrator is hereby designated as the marketing agent for all electric power generated by Federal generating plants in the Pacific Northwest, constructed by, under construction by, or presently authorized for construction by the Bureau of Reclamation or the United States Corps of Engineers except electric power required for the operation of each Federal project and except electric power from the Green Springs project of the Bureau of Reclamation.

RATES AND CHARGES

SEC. 9. Schedules of rates and charges for the sale, including dispositions to Federal agencies, of all electric power made available to the Administrator pursuant to section 8 of this Act or otherwise acquired, and for the transmission of non-Federal electric power over

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the Federal transmission system, shall become effective upon confirmation and approval thereof by the Federal Power Commission. Such rate schedules may be modified from time to time by the Secretary of the Interior, acting by and through the Administrator, subject to confirmation and approval by the Federal Power Commission, and shall be fixed and established (1) with a view to encouraging the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles, (2) having regard to the recovery (upon the basis of the application of such rate schedules to the capacity of the electric facilities of the projects) of the cost of producing and transmitting such electric power, including the amortization of the capital investment allocated to power over a reasonable period of years and payments provided for in section 11(b)(9), and (3) at levels to produce such additional revenues as may be required, in the aggregate with all other revenues of the Administrator, to pay when due the principal of, premiums, discounts, and expenses in connection with the issuance of and interest on all bonds issued and outstanding pursuant to this Act, and amounts required to establish and maintain reserve and other funds and accounts established in connection therewith.

UNIFORM RATES

SEC. 10. The said schedules of rates and charges for transmission, the said schedules of rates and charges for the sale of electric power, or both such schedules, may provide, among other things, for uniform rates or rates uniform throughout prescribed transmission areas. The recovery of the cost of the Federal transmission system shall be equitably allocated between Federal and non-Federal power utilizing such system.

BONNEVILLE POWER ADMINISTRATION FUND

SEC. 11. (a) There is hereby established in the Treasury of the ~~United States a~~ Bonneville Power Administration fund (hereinafter referred to as the "fund"). The fund shall consist of (1) all receipts, collections, and recoveries of the Administrator in cash from all sources, including trust funds, (2) all proceeds derived from the sale of bonds by the Administrator, (3) any appropriations made by the Congress for the fund, and (4) the following funds which are hereby transferred to the Administrator: (i) all moneys in the special account in the Treasury established pursuant to Executive Order Numbered 8526 dated August 26, 1940, (ii) the unexpended balances in the continuing fund established by the provisions of section 11 of the Bonneville Project Act of August 20, 1937 (16 U.S.C. 831 et seq.), and (iii) the unexpended balances of funds appropriated or otherwise made available for the Bonneville Power Administration. All funds transferred hereunder shall be available for expenditure by the Secretary of the Interior, acting by and through the Administrator, as authorized in this Act and any other Act relating to the Federal Columbia River transmission system, subject to such limitations as may be prescribed by any applicable appropriation act effective during such period as may elapse between their transfer and the approval by the Congress of the first subsequent annual budget program of the Administrator.

(b) The Administrator may make expenditures from the fund, which shall have been included in his annual budget submitted to Congress, without further appropriation and without fiscal year limi-

S. 3362—4

tation, but within such specific directives or limitations as may be included in appropriation acts, for any purpose necessary or appropriate to carry out the duties imposed upon the Administrator pursuant to law, including but not limited to—

(1) construction, acquisition, and replacement of (i) the transmission system, including facilities and structures appurtenant thereto, and (ii) additions, improvements, and betterments thereto (hereinafter in this Act referred to as "transmission system");

(2) operation, maintenance, repair, and relocation, to the extent such relocation is not provided for under subsection (1) above, of the transmission system;

(3) electrical research, development, experimentation, test, and investigation related to construction, operation, and maintenance of transmission systems and facilities;

(4) marketing of electric power;

(5) transmission over facilities of others and rental, lease, or lease-purchase of facilities;

(6) purchase of electric power (including the entitlement of electric plant capability) (i) on a short-term basis to meet temporary deficiencies in electric power which the Administrator is obligated by contract to supply, or (ii) if such purchase has been heretofore authorized or is made with funds expressly appropriated for such purchase by the Congress, or (iii) if to be paid for with funds provided by other entities for such purpose under a trust or agency arrangement;

(7) defraying emergency expenses or insuring continuous operation;

(8) paying the interest on, premiums, discounts, and expenses, if any, in connection with the issuance of, and principal of all bonds issued under section 13(a) of this Act, including provision for and maintenance of reserve and other funds established in connection therewith;

~~(9) making such payments to the credit of the reclamation fund or other funds as are required by or pursuant to law to be made into such funds in connection with reclamation projects in the Pacific Northwest: *Provided*, That this clause shall not be construed as permitting the use of revenues for repayment of costs allocated to irrigation at any project except as otherwise expressly authorized by law;~~

(10) making payments to the credit of miscellaneous receipts of the Treasury for all unpaid costs required by or pursuant to law to be charged to and returned to the general fund of the Treasury for the repayment of the Federal investment in the Federal Columbia River Power System from electric power marketed by the Administrator; and

(11) acquiring such goods and services, and paying dues and membership fees in such professional, utility, industry, and other societies, associations, and institutes, together with expenses related to such memberships, including but not limited to the acquisitions and payments set forth in the general provisions of the annual appropriations Act for the Department of Interior, as the Administrator determines to be necessary or appropriate in carrying out the purposes of this Act.

(c) Moneys heretofore or hereafter appropriated shall be used only for the purposes for which appropriated, and moneys received by the Administrator in trust shall be used only for carrying out such trust.

S. 3362—5

The provisions of the Government Corporation Control Act (31 U.S.C. 841 et seq.) shall be applicable to the Administrator in the same manner as they are applied to the wholly owned Government corporations named in section 101 of such Act (31 U.S.C. 846), but nothing in the proviso of section 850 of title 31, United States Code, shall be construed as affecting the powers granted in subsection (b) (11) of this section and in sections 2(f), 10(b), and 12(a) of the Bonneville Project Act (16 U.S.C. 832 et seq.).

(d) Notwithstanding the provisions of sections 105 and 106 of the Government Corporation Control Act, the financial transactions of the Administrator shall be audited by the Comptroller General at such times and to such extent as the Comptroller General deems necessary, and reports of the results of each such audit shall be made to the Congress within 6½ months following the end of the fiscal year covered by the audit.

INVESTMENT OF EXCESS FUNDS

SEC. 12. (a) If the Administrator determines that moneys in the fund are in excess of current needs he may request the investment of such amounts as he deems advisable by the Secretary of the Treasury in direct, general obligations of, or obligations guaranteed as to both principal and interest by, the United States of America.

(b) With the approval of the Secretary of the Treasury, the Administrator may deposit moneys of the fund in any Federal Reserve bank or other depository for funds of the United States of America, or in such other banks and financial institutions and under such terms and conditions as the Administrator and the Secretary of the Treasury may mutually agree.

REVENUE BONDS

SEC. 13. (a) The Administrator is authorized to issue and sell to the Secretary of the Treasury from time to time in the name and for and on behalf of the Bonneville Power Administration bonds, notes, and other evidences of indebtedness (in this Act collectively referred to as "bonds") to assist in financing the construction, acquisition, and replacement of the transmission system, and to issue and sell bonds to refund such bonds. Such bonds shall be in such forms and denominations, bear such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary of the Treasury taking into account terms and conditions prevailing in the market for similar bonds, the useful life of the facilities for which the bonds are issued, and financing practices of the utility industry. Refunding provisions may be prescribed by the Administrator. Such bonds shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities, plus an amount in the judgment of the Secretary of the Treasury to provide for a rate comparable to the rates prevailing in the market for similar bonds. The aggregate principal amount of any such bonds outstanding at any one time shall not exceed \$1,250,000,000.

(b) The principal of, premiums, if any, and interest on such bonds shall be payable solely from the Administrator's net proceeds as hereinafter defined. "Net proceeds" shall mean for the purposes of this section the remainder of the Administrator's gross receipts from all sources after first deducting trust funds and the costs listed in section 11(b) (2) through 11(b) (7) and 11(b) (11), and shall include reserve or other funds created from such receipts.

S. 3362—6

(c) The Secretary of the Treasury shall purchase forthwith any bonds issued by the Administrator under this Act and for that purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the bonds issued by the Administrator under this Act. The Secretary of the Treasury may, at any time, sell any of the bonds acquired by him under this Act. All redemptions, purchases, and sales by the Secretary of the Treasury of such bonds shall be treated as public debt transactions of the United States.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

ENABLING THE SECRETARY OF THE INTERIOR TO PROVIDE FOR THE OPERATION, MAINTENANCE, AND CONTINUED CONSTRUCTION OF THE FEDERAL TRANSMISSION SYSTEM IN THE PACIFIC NORTHWEST BY USE OF THE REVENUES OF THE FEDERAL COLUMBIA RIVER POWER SYSTEM AND THE PROCEEDS OF REVENUE BONDS, AND FOR OTHER PURPOSES

SEPTEMBER 25, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

[To accompany S. 3362]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 3362) to enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The Committee also considered the related bill, H.R. 14168, introduced by Mr. Johnson of California, Mr. Hosmer, Mr. Dellenback, Mr. Ullman, Mr. Lujan, Mr. Wyatt, Mr. Foley, Mr. Roncalio of Wyoming, Mr. Towell, Mr. Pritchard, Mr. Meeds, Mrs. Hansen of Washington, Mr. Hicks, Mr. McCormack, and Mrs. Green of Oregon.

BACKGROUND FOR LEGISLATION

Legislation authorizing the construction of Bonneville Dam on the Columbia River (Act of August 20, 1937, 50 Stat. 731) provided for the establishment of the position of Administrator to dispose of electric power produced by the project. Through subsequent amendatory enactments and administrative directives the Bonneville Power Administration (BPA) has been established to carry out the mandate of the above-cited Act.

The Administrator was authorized and directed to provide, construct, operate, maintain and improve electrical transmission facili-

ties as needed, to facilitate the delivery of such power to then existing and potential markets. His authority is exercised subject to supervision and direction of the Secretary of the Interior—from whom his appointment is derived. The Administrator's authority has been extended, through law and Executive action, to cover power marketing from all hydroelectric power projects in the Columbia River drainage basin with the exception of one project of the Bureau of Reclamation in the State of Oregon.

In this capacity, BPA plays a major role in the electric power system of the entire Pacific Northwest. The interconnected Federal Columbia River Power System (FCRPS), for which BPA is the marketing agency, consists of 26 generating projects with total installed capacity of almost 10,500,000 kilowatts. This represents almost 60 percent of the generating capacity in the entire region. The Bonneville Power Administration transmission system incorporates more than 12,000 circuit miles of high voltage lines and 330 substations representing a Federal investment of \$1.3 billion. More than 80 percent of the primary transmission system in the Pacific Northwest is under BPA management and operation.

PLANNING FOR FUTURE DEVELOPMENT

Historically, the Pacific Northwest has relied, predominantly, on hydroelectric generation as the source of electric power. With development and utilization of most of the major attractive sites for hydroelectric projects it has been necessary to consider other concepts of power development for meeting the load growth in the region. Planning for meeting these demands has been complicated by the shortage of fossil fuels in the region. As a result there has been projected a substantial amount of nuclear power to be developed by private and non-Federal public utilities. As a major marketing and transmission entity, BPA has played an important role in the planning for such future generation on a coordinated basis. The Committee recognizes the contribution BPA has made toward sound regional economic development and commends the Administration for its constructive role.

Through the leadership of BPA there has been developed a regional hydro-thermal program to which all sectors of the utility industry subscribe as participants. This program contemplates specific projects at specific locations—to be constructed under specific auspices as determined by continually refined estimates of load growth and distribution.

Economical and efficient implementation of the hydro-thermal plan for the Pacific Northwest relies to a major extent on the availability of transmission facilities for moving the power to load centers.

PURPOSE AND NEED FOR LEGISLATION

The primary purpose of S. 3362 is to provide a financing mechanism through which the Bonneville Power Administration can be assured of the financial flexibility required to accomplish transmission line construction on a schedule compatible with the requirement for distributing power produced by successive increments of the hydro-thermal program. Unless BPA can be assured of its ability to provide,

in a timely manner, backbone transmission capacity, non-Federal utilities may be foreclosed or reluctant to proceed with the major investments required to install major blocks of generating capacity when needed to meet regional growth requirements.

The major obstacle to BPA performance is the uncertainty of the Federal budgetary process. Failure to make budgetary decisions on a timely basis and curtailment, or denial, of appropriations have oftentimes delayed completion of essential elements of the distribution and marketing system. Delays of this nature increase the cost of complete works and withhold essential services from the ultimate consumer of the energy resource. Analysis of the BPA appropriations history, over the last sixteen years, reveals that program needs have been reduced below the optimum level in every year and that reductions have been as much as 60 percent in some years. The successful accomplishment of the projected power development program cannot realistically be predicted unless some means can be found to stabilize the availability of construction funds for use by BPA in discharging its assigned responsibility in the program.

SECTION-BY-SECTION EXPLANATION AND DISCUSSION OF THE BILL

Section 1—Short Title.—This section declares the title of the legislation to be the “Federal Columbia River Transmission System Act”.

Section 2—Findings.—This section is comprised of two parts, the first of which is the finding by Congress that it is advantageous and desirable to enable the use of system revenues and the proceeds from revenue bonds in carrying out the mandates of existing law relative to the marketing of federally-generated hydroelectric power, the provision of financial assistance to Federal Reclamation projects and cooperative development of regional resources.

The second part of Section 2 establishes that there is no change in the duties and authorities of the Secretary of the Interior and reiterates that the Administrator of the Bonneville Power Administration is subordinate and responsible to the Secretary of the Interior, from whom he receives his appointment.

Section 3—Definitions.—The definitions contained in section 3 are self-explanatory.

Section 4—The Federal Columbia River Transmission System.—This section reaffirms the statutory mandate of the Secretary of the Interior and the Administrator to operate and maintain and to make improvements, betterments, additions and replacements to the Federal Transmission System within the Pacific Northwest, as required, to accomplish the following objectives:

(a) integrate and transmit electric power from present and future Federal and non-Federal generating plants;

(b) provide service to the Administration's customers;

(c) provide interregional transmission facilities (Note: It is not intended that the authority to accomplish this objective shall modify in any manner the requirements of Section 8 of the Act of August 31, 1964 (78 Stat. 756) concerning restrictions on construction of transmission lines and arrangements for transmission capacity; and

(d) maintain the electrical stability and electrical reliability of the Federal system.

Activities for accomplishment of the foregoing objectives are subject to the proviso that the expenditure of funds for initiating construction of facilities outside the Pacific Northwest (except certain limited customer service facilities) or the construction of major transmission facilities, as defined by subsection 3(c), regardless of location, shall not be made without specific approval of Congress. The requirement for approval by Congress of initial expenditures preserves Congressional control over major investment decisions which has, historically, been exercised through the appropriations process. The Committee understands that the annual budget of Bonneville Power Administration will hereafter be submitted to Congress as provided by the Government Corporations Control Act. Except for approval of major new facility construction no affirmative action by Congress is required. However, Congressional approval of such major new starts will be required to be included in the Appropriation Act. Expenditures for construction in subsequent years will not require Congressional approval.

In carrying out the provisions of this section, respecting initiation of new major Federal facilities, the Committee on Interior and Insular Affairs has been assured, and expects, that the Administrator will scrupulously adhere to the past policy of conducting good-faith negotiations with all non-Federal electrical utilities that may wish to construct transmission facilities and/or provide wheeling service over existing lines prior to its initiating construction of Federal facilities. The Committee further expects that the Administrator will submit evidence of such negotiations to the Congress as a part of his budget submission when requests for Congressional approval of expenditures for initiating construction of such major new facilities.

The Committee notes, with particular approval, that Bonneville Power Administration customers in Southern Idaho are presently being served through long-term wheeling arrangements with the Idaho Power Company and Utah Power and Light Company on terms satisfactory to Bonneville Power Administration. The Committee also understands that Bonneville Power Administration has no intention to exercise the authority contained in S. 3362 to construct facilities that would duplicate or replace the facilities being provided by the Companies pursuant to those arrangements, so long as the agreed services is provided by the Companies pursuant to such arrangements.

Section 5—Congressional Approval of Expenditures.—This section prohibits the use of funds made available by this legislation for acquisition by condemnation of any existing transmission line unless such action is specifically approved by Congress. Crossings of existing transmission lines may be accomplished by condemnation if necessary. The section also requires that the Administrator must give at least 60 days notice to all power entities in the Pacific Northwest with which he has power sales, exchange or transmission contracts of his intention to seek Congressional approval of expenditures for initiating major transmission construction or for condemnation of existing lines. The Committee on Interior and Insular Affairs feels that this provision affords ample safeguards against injudicious or capricious use of the Administrator's authority to expend funds for these pur-

poses by allowing time for affected parties to express their viewpoints to the Congress.

Section 6—Transmission of Non-Federal Power.—Section 6 provides that the Administrator of BPA shall not discriminate between public and private power entities in contracting for use of transmission line capacity which is surplus to the Administrator's requirements for transmitting Federal power. The Committee understands that it is essential that non-Federal entities be able to secure transmission service through the Federal System on a non-discriminatory basis, in order to assure the marketability of power to be produced from future non-Federal generating plants.

The Committee further expressly points out that Section 6 is not intended to represent a policy having application other than in the Pacific Northwest—nor is it intended, in any way, to be construed as affecting National policy respecting the preference for purchase of federally generated or acquired power by publicly-owned utilities.

Section 7—Acquisition of Property.—This section restates the Administrator's authority to acquire property and to enter into contractual arrangements, as required, to carry out his responsibilities under law. This authority is subject only to the limitations imposed by section 5 of this legislation regarding condemnation of existing transmission lines.

Section 8—Marketing Authority.—This section provides a statutory basis for the Administrator's marketing authority for all power generated at existing or authorized powerplants constructed by the Bureau of Reclamation, Department of the Interior and the Corps of Engineers, Department of the Army, in the Pacific Northwest except the Green Springs Powerplant of the Bureau of Reclamation in the State of Oregon. The power from Green Springs is covered by a long-term contract with Pacific Power and Light Company and is therefore not available for marketing by BPA. Heretofore, the Administrator's basic authority derived from Secretarial Orders except in the case of his authority for marketing power from the Bonneville Project.

Section 9—Rates and Charges.—This section consists of a restatement of statutory standards and principles for derivation of wholesale rates for sale of power by the Bonneville Power Administration and an application of the same standards and principles to the derivation of charges for wheeling non-Federal power. The section preserves the existing requirement of law that rate schedules prepared by BPA must be approved by the Federal Power Commission before they become effective.

Section 10—Uniform Rates.—This section authorizes the Administration to establish uniform rates in designated transmission areas and to equitably allocate, for recovery among Federal and non-Federal users, the cost of the Federal transmission system.

Section 11—Bonneville Power Administration Fund.—Section 11(b) of S. 3362 establishes the Bonneville Power Administration Fund in the Treasury of the United States and sets forth the sources from which fund accruals will derive. The subsection also authorizes the Secretary, acting through the Administrator, to make expendi-

tures from the fund subject only to the limitations of his legislation and future Appropriations Acts.

Section 11(b) enumerates the purposes for which the Administrator may make expenditures without further appropriation and without limitation as to fiscal year, provided, that the items have been set forth in an annual business-type budget submitted to the Congress under the procedures set forth in the Government Corporation Control Act.

Section 11(c) limits the purposes for which appropriated funds or trust funds may be used by the Administrator and subjects the Administrator to the provisions of the Government Corporation Control Act.

Section 11(d) exempts the Comptroller General from the requirement of the Government Corporation Control Act to make annual audits of the financial affairs of the Bonneville Power Administration. The Committee understands that the frequency of audit will be discretionary on the part of the Comptroller General and the performance of the audit will still be as prescribed by existing law.

Section 12—Investment of Excess Funds.—This section permits the Administrator to request the Secretary of the Treasury to invest surplus funds in the Bonneville Power Administration Funds in specified obligations of the United States. The section also allows the Administrator, subject to the approval of the Secretary of the Treasury, to deposit money from the fund in specified financial institutions.

Section 13—Revenue Bonds.—Section 13(a) authorizes the Administrator to issue and sell bonds to the Secretary of the Treasury to assist in financing the construction, acquisition and replacement of the transmission system or the refund of such bonds.

The bonds issued and sold to the Secretary shall be subject to the terms and conditions prescribed by the Secretary and shall bear interest at a rate determined by the Secretary of the Treasury to be compatible to that prevailing in the market for similar bonds. The principal amount of bonds outstanding at any time is not to exceed \$1,250,000,000.

Section 13(b) provides that repayment of the bonds is to be made from the amounts remaining in the Bonneville Power Administration Fund after paying operation, maintenance and other specified costs of the Federal Columbia River Transmission System.

Section 13(c) requires the Secretary of the Treasury to purchase the bonds issued by the Administrator pursuant to this measure and authorizes the Secretary to use proceeds from the sale of any securities issued under the Second Liberty Bond Act, in addition to other available sources, to purchase said bonds.

The Committee notes that Section 12 and Section 13 of the proposed measure impose upon BPA the obligation to determine many matters relative to the issuance of its bonds and the security associated with such issues, including such matters as the proper timing and size of the issues, the refunding provisions to be incorporated in the bonds, the fiscal management of surplus funds and many other matters requiring expert knowledge of market conditions. Determinations made on such matters will bear directly upon the future rates of BPA and, therefore, upon its rate payers. The Committee encourages BPA to utilize the services of private expert consultants to advise it in the

formative stages of such determinations so as to assure to the region's rate payers the advantage of the specialized expertise warranted in decisions of such magnitude.

COMMITTEE AMENDMENTS

None.

COSTS

The Committee on Interior and Insular Affairs finds that there are no Federal costs associated with the enactment of S. 3362. Ultimate savings to the Federal Government may be expected to occur as a result of this legislation through the added efficiency of construction afforded to Bonneville Power Administration by the availability, on a timely basis, of adequate construction funds.

COMMITTEE RECOMMENDATIONS

The Committee on Interior and Insular Affairs, on the basis of a unanimous voice vote, recommends enactment of S. 3362.

REPORTS AND COMMUNICATIONS

An Executive Communication, dated April 3, 1974, from the Secretary of the Interior, to the Speaker of the House, is set forth below. Also presented below, in its entirety, is a legislative report dated June 5, 1974, from the Deputy Comptroller General of the United States.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 3, 1974.

HON. CARL B. ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a bill "To enable the Secretary of the Interior to provide for the operation, maintenance and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes." Also enclosed is a section-by-section analysis of the bill.

We recommend that this proposed legislation be enacted.

The purpose of this bill is to shift the financing of the Department of the Interior's electric power transmission program in the Pacific Northwest from the present arrangement of funding through Federal appropriations to a self-financing basis.

The Pacific Northwest is liberally endowed with hydroelectric power potential, and over the period of the last sixty years the Federal Government, acting through the Department of the Interior and the Department of the Army has invested heavily in the construction of some two dozen dams and generating plants to develop this significant energy resource. The Department of the Interior acting through the Bonneville Power Administration has also constructed an extensive transmission system to market the electric power and energy from

these projects and to interconnect these projects and the load centers of the Pacific Northwest. Today the Federal transmission system in the Pacific Northwest incorporates over 12,000 circuit miles of 115 kv to 500 kv ac and 800 kv dc transmission lines, and over 330 substations, representing a Federal investment of \$1.3 billion. This system provides approximately 70 percent of the bulk power transmission grid in the Pacific Northwest.

As the construction and improvement of hydroelectric projects in the region approaches the level of full development of the energy resource, the utilities in the Pacific Northwest have turned to the construction of large thermal generating plants to meet the continually growing requirements of their customers for electric power. The remaining hydro projects to be developed will be essentially peaking projects. Working through the Joint Power Planning Council and the Pacific Northwest Utilities Conference Committee, the Bonneville Power Administration has cooperated with the 108 utilities in the region to coordinate the planning and construction of Federal and non-Federal facilities. This effort has resulted in the Pacific Northwest Hydro-Thermal Power Program. Phase 1 of the program, adopted in 1969 and approved by Congress, is expected to meet the power needs of the region for generation and transmission facilities through the early 1980's, and the recently proposed Phase 2 extends the program and proposes a schedule of generating projects through 1986.

The hydro-thermal power program involves contributions by each of the cooperating entities. The non-Federal utilities have sole responsibility for the construction of the new thermal generating plants, which will be fueled by coal mined in the Pacific Northwest or adjacent areas, or by nuclear energy. This constitutes the largest amount of new investment. The Bureau of Reclamation and the Corps of Engineers have the responsibility for the installation of additional generating units at Federal hydroelectric power projects as now authorized. The continuation of the Federal Columbia River transmission grid under the Bonneville Power Administration is looked upon as the most feasible and efficient approach for interconnecting the new generating units with the rest of the system and for transmitting their output throughout the region.

The enclosed bill would deal with a separate issue relating to the unique situation in the Pacific Northwest by authorizing the Secretary of the Interior to finance the operation and maintenance and the future construction of the Federal Columbia River transmission system from revenues and from the proceeds of revenue bonds. This will free BPA from the constraints inherent in the appropriations process that impede compliance with financing and construction schedules. As in the past, all capital and O&M costs of the Federal Columbia River Power System will be fully recovered from the power users of the region. However, the proposed legislation would alleviate the demand on appropriated Federal funds resulting from BPA's transmission system financial requirements.

The Bonneville operations are comparable to those of an electric utility. The revenues from the sale and the transmission of electric power will be more than adequate to cover annual operating costs, repay the Federal investment in both generation and transmission

facilities as required by law, and amortize the investment in new transmission facilities financed from the proceeds of revenue bonds. The ability of BPA to construct modifications or additions to the transmission system on a timely schedule is highly important in order to assure reliability of the system and to assure that the needed transmission facilities are in place and operational at the time that the power from the new generating units comes on line. The appropriations method of financing is not satisfactory for this kind of a program because delays are often encountered that are caused by other budgetary considerations which are not related to the merits of the construction program.

It would put Bonneville on a "pay as you go" basis for future investments utilizing revenue bonds on a business-like repayment basis and giving the flexibility in obtaining financing that is considered necessary in carrying out this utility-like transmission function.

The bill would authorize the Bonneville Power Administration to construct transmission facilities in the Pacific Northwest that are needed additions to the regional grid. Restrictions are included, however, which would prevent encroachment upon the opportunity for non-Federal utilities to construct facilities which are equally adequate to serve the regional purposes.

The Federal transmission system will carry both power generated or acquired by the Government and power generated at non-Federal facilities owned and controlled by others. Rates for transmission of non-Federal power over the Federal system are subject to review and approval by the Federal Power Commission.

The BPA activities would be subject to the provisions of the Government Corporation Control Act. The budget would be submitted to Congress for review by the appropriations committees and be subject to limitations or directives contained in appropriations acts.

The Administrator would be authorized to issue and sell bonds to the Secretary of the Treasury up to a maximum amount outstanding at any time of \$1.25 billion. This amount is estimated to be sufficient to meet borrowing needs for approximately 10 years. The Secretary of the Treasury will prescribe the form and denomination, maturities, and terms and conditions relating to the bonds issued, taking into account terms and conditions prevailing in the market for similar bonds, the useful life of the facilities for which the bonds are issued and the financing practices of the utility industry. The interest rate is also determined by the Secretary of the Treasury to provide rates comparable to those prevailing in the market for similar bonds.

Other than the specific changes required to accommodate the new financing method, the bill preserves the existing provisions of law relating to the Bonneville Power Administration. Among other things, this leaves unchanged the preference rights of public bodies and cooperatives to acquire Federal power.

Because this bill deals primarily with the method of financing the Federal transmission program in the Pacific Northwest rather than the program itself, the proposal does not significantly affect the quality of the human environment. Accordingly, no environmental impact statement is submitted herewith.

The Office of Management and Budget has advised that enactment of the proposed bill would be in accord with the program of the President.

Sincerely yours,

ROG MORTON,
Secretary of the Interior.

Enclosure.

A BILL To enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Columbia River Transmission System Act."

DEFINITIONS AND INTERPRETATION

SEC. 2. (a) Congress finds that in order to enable the Secretary of the Interior to carry out the policies of Public Law 88-552 relating to the marketing of electric power from hydroelectric projects in the Pacific Northwest, Public Laws 89-448 and 89-561 relating to use of revenues of the Federal Columbia River Power System to provide financial assistance to Reclamation projects in the Pacific Northwest, the treaty between the United States and Canada relating to the cooperative development of the resources of the Columbia River Basin, and other applicable law, it is desirable and appropriate that the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds be used to further the operation, maintenance and further construction of the Federal transmission system in the Pacific Northwest.

(b) Other than as specifically provided herein, the present authority and operations of the Secretary of the Interior relating to the Federal Columbia River Power System shall not be affected by this Act. Powers and duties of the administrator referred to herein are subject to the supervision and direction of the Secretary.

SEC. 3. As used in this Act—

(a) The term "administrator" means the Administrator, Bonneville Power Administration.

(b) The term "electric power" means electric peaking capacity or electric energy or electric power and energy.

(c) The term "Pacific Northwest" means (1) the region consisting of the states of Oregon, Washington, and Idaho, the state of Montana west of the Continental Divide, and such portions of the states of Nevada, Utah, and Wyoming as are within the Columbia drainage basin, and (2) any contiguous areas, not in excess of seventy-five airline miles from said region, which are a part of the service area of a distribution cooperative which has (i) no generating facilities, and (ii) a distribution system from which it serves both within and without said region.

THE FEDERAL COLUMBIA RIVER TRANSMISSION SYSTEM

SEC. 4. The Secretary of the Interior, acting by and through the administrator, shall operate and maintain the Federal transmission system within the Pacific Northwest and shall construct improvements, betterments and additions to and replacements of such system within the Pacific Northwest as he determines are appropriate and required to:

- (a) integrate and transmit the electric power from existing or additional Federal or non-Federal generating units;
- (b) provide service to the administrator's customers;
- (c) provide interregional transmission facilities; and
- (d) maintain the electrical stability and electrical reliability of the Federal system.

SEC. 5. (a) Unless specifically authorized by Act of Congress, the administrator shall not pursuant to the authority of this Act:

(1) acquire any operating transmission facility by condemnation, provided that this provision shall not restrict the acquisition of the right to cross such a facility by condemnation.

(2) construct additional transmission facilities which duplicate existing facilities or will duplicate transmission facilities which a utility (or utilities) commits itself to construct unless such facilities are required for one or more of the purposes specified in section 4 hereof, and the administrator, at or prior to the time the administrator's budget is submitted to Congress for the use of revenue or the issuance of revenue bonds to finance the construction of such transmission facilities, after good faith negotiations, is unable to make arrangements for the use of non-Federal transmission facilities which shall be at least equivalent in electrical capability to the proposed Federal facilities and which arrangements shall be no less favorable to the Government than the financing and construction of the proposed Federal facilities.

(b) At least 60 days prior to the time the budget for the Bonneville Power Administration is sent to Congress, the administrator shall notify utilities in the Pacific Northwest of the new transmission facilities proposed for construction therein. If the administrator, after good faith negotiations with a utility desiring to provide all or a part of such facilities, retains an item in his budget for a transmission facility, such utility may bring suit in the Federal District Court for Oregon for the purpose of determining if the administrator has complied with the provisions of this section. The administrator shall not begin construction of such facility until at least 150 days after the budget proposing to initiate such facility has been presented to both houses of Congress and he has given such utility at least 30 days prior written notice of his intent to begin such construction. No such suit may be brought by such utility after the later of (1) said 150 days or (2) 30 days after notice by the administrator of his intent to begin construction.

SEC. 6. The administrator shall make available to all utilities on a fair and nondiscriminatory basis, any capacity in the Federal transmission system which he determines to be in excess of the capacity required to transmit electric power generated by, acquired by, or under the control of the United States.

SEC. 7. Subject to the provisions of section 5 of this Act the administrator may purchase or lease or otherwise acquire and hold such real and personal property in the name of the United States as he deems necessary or appropriate to carry out his duties pursuant to law.

MARKETING AUTHORITY

SEC. 8. The administrator is hereby designated as the marketing agent for all electric power generated by Federal generating plants in the Pacific Northwest, constructed by, under construction by, or presently authorized for construction by the Bureau of Reclamation or the United States Corps of Engineers except electric power required for the operation of each Federal project and except electric power from the Green Springs Project of the Bureau of Reclamation.

RATES AND CHARGES

SEC. 9. Schedules of rates and charges for the sale, including dispositions to Federal agencies, of all electric power made available to the administrator pursuant to section 8 of this Act or otherwise acquired, and for the transmission of non-Federal electric power over the Federal transmission system, shall become effective upon confirmation and approval thereof by the Federal Power Commission. Such rate schedules may be modified from time to time by the Secretary of the Interior, acting by and through the administrator, subject to confirmation and approval by the Federal Power Commission, and shall be fixed and established (1) with a view to encouraging the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles, (2) having regard to the recovery (upon the basis of the application of such rate schedules to the capacity of the electric facilities of the projects) of the cost of producing and transmitting such electric power, including the amortization of the capital investment allocated to power over a reasonable period of years, and (3) at levels to produce such additional revenues as may be required, in the aggregate with all other revenues of the administrator, to pay when due the principal of, premiums, discounts and expenses in connection with the issuance of, and interest on all bonds issued and outstanding pursuant to this Act, and amounts required to establish and maintain reserve and other funds and accounts established in connection therewith.

SEC. 10. The said schedules of rates and charges for transmission, the said schedules of rates and charges for the sale of electric power, or both such schedules, may provide, among other things, for uniform rates or rates uniform throughout prescribed transmission areas. The recovery of the cost of the Federal transmission system shall be equitably allocated between Federal and non-Federal power utilizing such system.

BONNEVILLE POWER ADMINISTRATION FUND

SEC. 11. (a) There is hereby established in the Treasury of the United States a Bonneville Power Administration fund (hereinafter referred to as the "Fund"). The Fund shall consist of (1) all receipts, collections and recoveries of the administrator in cash from all sources,

including trust funds, (2) all proceeds derived from the sale of bonds by the administrator, (3) any appropriations made by the Congress for the Fund, and (4) the following funds which are hereby transferred to the administrator: (i) all moneys in the special account in the Treasury established pursuant to Executive Order No. 8526 dated August 26, 1940, (ii) the unexpended balances in the continuing fund established by the provisions of section 11 of the Bonneville Project Act of August 20, 1937 (16 U.S.C. 831, et seq.), and (iii) the unexpended balances of funds appropriated or otherwise made available for the Bonneville Power Administration. All funds transferred hereunder shall be available for expenditure by the Secretary of the Interior, acting by and through the administrator, as authorized in this Act and any other Act relating to the Federal Columbia River transmission system, subject to such limitations as may be prescribed by any applicable appropriation act effective during such period as may elapse between their transfer and the approval by the Congress of the first subsequent annual budget program of the administrator.

(b) The administrator may make expenditures from the Fund, which shall have been included in his annual budget submitted to Congress, without further appropriation and without fiscal year limitation, but within such specific directives or limitations as may be included in appropriation acts, for any purpose necessary or appropriate to carry out the duties imposed upon the administrator pursuant to law, including but not limited to—

(1) construction, acquisition and replacement of (i) the transmission system, including facilities and structures appurtenant thereto, and (ii) additions, improvements and betterments thereto (hereinafter in this Act referred to as "transmission system");

(2) operation, maintenance, repair and relocation, to the extent such relocation is not provided for under subsection (1) above, of the transmission system;

(3) electrical research, development, experimentation, test, and investigation related to construction, operation and maintenance of transmission systems and facilities;

(4) marketing of electric power;

(5) transmission over facilities of others and rental, lease or lease-purchase of facilities;

(6) purchase of electric power (including the entitlement of electric plant capability) (i) on a short-term basis to meet temporary deficiencies in electric power which the administrator is obligated by contract to supply, or (ii) if such purchase has been heretofore authorized or is made with funds expressly appropriated for such purchase by the Congress;

(7) defraying emergency expenses or insuring continuous operation;

(8) paying the interest on, premiums, discounts and expenses, if any, in connection with the issuance of, and principal of all bonds issued under section 13(a) of this Act, including provision for and maintenance of reserves and other funds established in connection therewith;

(9) making such payments to the credit of the reclamation fund as are required by or pursuant to law to be made into that fund: *Pro-*

vided, That this clause shall not be construed as permitting the use of revenues for repayment of costs allocated to irrigation at any project except as otherwise expressly authorized by law;

(10) making payments to the credit of miscellaneous receipts of the Treasury for all unpaid costs required by or pursuant to law to be charged to and returned to the General Fund of the Treasury for the repayment of the Federal investment in the Federal Columbia River Power System from electric power marketed by the administrator; and

(11) acquiring such goods and services, and paying dues and membership fees in such professional, utility, industry, and other societies, associations and institutes, together with expenses related to such memberships including but not limited to the acquisitions and payments set forth in the General Provisions of the annual appropriations acts for the Department of the Interior, as the administrator determines to be necessary or appropriate in carrying out the purposes of this Act.

(c) Moneys heretofore or hereafter appropriated shall be used only for the purposes for which appropriated, and moneys received by the administrator in trust shall be used only for carrying out such trust. The provisions of the Government Corporation Control Act (31 U.S.C. 841, et seq.) shall be applicable to the administrator in the same manner as they are applied to the wholly owned Government corporations named in section 101 of such Act (31 U.S.C. 846), but nothing in the proviso of 31 U.S.C. 850 shall be construed as affecting the powers granted in subsection (b) (11) of this section and in sections 2 (f), 10 (b), and 12 (a) of the Bonneville Project Act (16 U.S.C. 832, et seq.).

SEC. 12. (a) If the administrator determines that moneys in the Fund are in excess of current needs he may request the investment of such amounts as he deems advisable by the Secretary of the Treasury in direct, general obligations of, or obligations guaranteed as to both principal and interest by, the United States of America.

(b) With the approval of the Secretary of the Treasury, the administrator may deposit moneys of the Fund in any Federal Reserve bank or other depository for funds of the United States of America, or in such other banks and financial institutions and under such terms and conditions as the administrator and the Secretary of the Treasury may mutually agree.

REVENUE BONDS

SEC. 13. (a) The administrator is authorized to issue and sell to the Secretary of the Treasury from time to time in the name and for and on behalf of the Bonneville Power Administration bonds, notes, and other evidences of indebtedness (in this Act collectively referred to as "bonds") to assist in financing the construction, acquisition and replacement of the transmission system, and to issue and sell bonds to refund such bonds. Such bonds shall be in such forms and denominations, bear such maturities and be subject to such terms and conditions as may be prescribed by the Secretary of the Treasury taking into account terms and conditions prevailing in the market for similar bonds, the useful life of the facilities for which the bonds are issued and financing practices of the utility industry. Refunding provisions may be prescribed by the administrator. Such bonds shall

bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities, plus an amount in the judgment of the Secretary of the Treasury to provide for a rate comparable to the rates prevailing in the market for similar bonds. The aggregate principal amount of any such bonds outstanding at any one time shall not exceed \$1,250,000,000.

(b) The principal of, premiums, if any, and interest on such bonds shall be payable solely from the administrator's net proceeds as hereinafter defined. "Net proceeds" shall mean for the purposes of this section the remainder of the administrator's gross receipts from all sources after first deducting the costs listed in section 11(b)(2) through 11(b)(7) and 11(b)(11), and shall include reserve or other funds created from such receipts.

(c) The Secretary of the Treasury shall purchase forthwith any bonds issued by the administrator under this Act and for that purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the bonds issued by the administrator under this Act. The Secretary of the Treasury may, at any time, sell any of the bonds acquired by him under this Act. All redemptions, purchases, and sales by the Secretary of the Treasury of such bonds shall be treated as public debt transactions of the United States.

SECTION BY SECTION ANALYSIS OF THE COLUMBIA RIVER
TRANSMISSION SYSTEM ACT

SEC. 1. The short title is the "Federal Columbia Transmission System Act."

SEC. 2. The general purposes of the Act are set forth. The current authority of the Secretary of the Interior regarding the Federal Columbia River Power System is not affected by the Act unless specifically provided. The general intent of the Act is to provide for the use of revenues and revenue bond financing as a substitute for the appropriations presently used to finance the operation, maintenance and continued construction of the Federal transmission system in the Pacific Northwest. The provisions of the Bonneville Project Act, the Flood Control Act of 1944 and the Reclamation Project Act of 1939 giving preference and priority to public bodies and cooperatives for power produced by Federal projects is not affected by the Act. The powers and duties designated to the administrator under the Act are made subject to the supervision and direction of the Secretary of Interior.

SEC. 3. The definition of "Pacific Northwest" encompasses the boundaries of the region which have priority on hydroelectric generation from the Federal Columbia River Power System pursuant to Public Law 88-552. This definition is important in defining the areas in which the Bonneville Power Administration may use revenue financing to construct transmission facilities.

SEC. 4. The Secretary of Interior, acting by and through the administrator, is authorized to construct additions to the Federal transmission in the Pacific Northwest for four specific purposes. These are (1) the transmission of the output from new Federal or non-Federal generating units, (2) for additional service to Bonneville's customers, (3) for inter-regional transmission facilities, and (4) maintain electrical stability and reliability on the Federal system.

SEC. 5. Unless specifically authorized by Act of Congress, including appropriations acts, the administrator has no authority under the Act to condemn non-Federal transmission facilities and his authority to construct duplicating facilities is specifically limited. The administrator is obligated to enter into good faith negotiations with any utility which proposes to provide facilities in lieu of Federal construction on a time, facility and cost equivalency. This section also provides that a utility which contests Federal construction of new transmission facilities will be given adequate notice of Bonneville's intent to construct and time to bring legal action to challenge such construction in the Federal District Court of Oregon. Specific time periods are allowed so that there will be no cloud upon any bonds which Bonneville issues to finance a contested transmission facility.

SEC. 6. This section provides that any capacity in the Federal transmission system excess to the needs of the Government will be made available to all utilities on a fair and nondiscriminatory basis. It is anticipated that firm long term contracts for the transmission of non-Federal power will be executed by the administrator in the same manner as has been previously the case.

SEC. 7. This section gives the administrator the right to enter into such real and personal property transactions as are necessary to carry out his responsibilities under this and the Bonneville Project Act. No change is anticipated in current procurement and property transactions of the administrator.

SEC. 8. This section designates the administrator as the marketing agent for all Federal hydroelectric projects constructed, under construction, or authorized in the Pacific Northwest excepting the Bureau of Reclamation's Green Springs Project in Southern Oregon currently under long term contractual arrangements with Pacific Power & Light Company. The administrator is presently designated as marketing agent of excess power from most federal projects by Secretarial Order which could be withdrawn at any time. Since Bonneville revenues will be used to secure bonds issued to finance future construction it is important that this marketing authority be designated by statute.

SEC. 9. This section restates the standards for Bonneville's wholesale power rates which are provided in existing law, applies these standards to the rates for the transmission of non-Federal power, and adds the requirements to provide revenue sufficient to pay debt service on revenue bonds issued. All rates are made subject to the approval of the Federal Power Commission.

SEC. 10. This section allows the administrator to establish uniform rates throughout the region or throughout prescribed transmission areas. It also places an obligation to equitably allocate transmission system costs between Federal and non-Federal utilization.

SEC. 11. This section establishes the Bonneville Power Administration Fund which will be the depository of all funds which are received by Bonneville. The administrator is authorized to make expenditures from the Fund for any purpose which is necessary under this Act, the Bonneville Project Act, or for any legally incurred expenses. Specific categories of expenditure are outlined to make clear the extent of this authority. The Fund will also include trust funds deposited by non-Federal agencies to pay the cost of power purchased or facilities constructed on behalf of such agencies by the administrator. The variety, size and quantity of trust fund transactions entered into by the administrator are expected to increase substantially in the future.

Bonneville is subject to the budget and audit provisions of the Government Corporation Control Act. This would require the administrator to submit a budget through the Department of the Interior to the OMB for review and then to the congressional appropriations committees which currently review Bonneville's appropriation requests. This method would allow for the same kind of review that BPA appropriations currently undergo. Specific reference is made to 31 U.S.C. 850 and its relationship to several sections of the Bonneville Project Act. There is no intent in this section to change the interpretation which Bonneville and the General Accounting Office have made of these sections and their relationship to current legal requirements upon Bonneville.

SEC. 12. This section allows Bonneville to request investment of surplus funds by the Secretary of the Treasury in direct, general obligations of, or obligations guaranteed as to both principal and interest by the United States. With the approval of the Secretary of the Treasury he may deposit moneys from the Fund in any Federal Reserve bank or other United States depository.

SEC. 13. The administrator is authorized to issue and sell bonds to the Secretary of the Treasury to finance construction of the transmission system. The maximum amount outstanding at any time is limited to \$1.25 billion.

Debt service on the bonds is payable from Bonneville's net proceeds. Net proceeds are the amounts remaining in the Bonneville Fund after paying Bonneville's O&M and other related costs. The administrator is prohibited from making a payment from the net proceeds to the Reclamation fund or the miscellaneous receipts of the Treasury until he has met such of the currently due debt service on the revenue bonds.

The bonds sold to the Secretary of the Treasury will be in the form, of the maturities and subject to the terms and conditions prescribed by the Secretary of the Treasury, taking into account the terms and conditions prevailing in the market for similar bonds, the useful life of the facilities for which the bonds are issued, and the financing practices of the utility industry. The interest rate on the bonds will be determined by the Secretary of the Treasury so as to provide an interest rate comparable to that for bonds of a similar quality.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 5, 1974.

B-137458.

HON. JAMES A. HALEY,
*Chairman, Committee on Interior and Insular Affairs,
 House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This refers to H.R. 14168, 93d Congress, a bill referred to your Committee which if enacted would be cited as the "Federal Columbia River Transmission System Act."

Because one aspect of the bill bears upon the duties of this Office, we offer, as agreed with your staff, the following suggestions for the Committee's consideration.

Section 11 of the bill would establish a "Bonneville Power Administration Fund" in the Treasury, referred to as the "fund." Section 11(c), after setting forth certain restrictions on the use of moneys by the Administrator, Bonneville Power Administration, provides that the Administrator shall be subject to the provisions of the Government Corporation Control Act (31 U.S.C. 841 et seq.) "in the same manner as they are applied to the wholly owned Government corporations named in section 101 of such Act (31 U.S.C. 846) * * *" (with exceptions not here relevant). Section 105 of the Government Corporation Control Act requires, among other things, that this Office make annual audits of the corporations subject to the act, and report thereon to the Congress.

We recommend that, to allow flexibility to the General Accounting Office in the use of its available manpower resources to the maximum advantage, the bill be amended by adding the following sentence to section 11(c):

"Notwithstanding the provisions of sections 105 and 106 of the Government Corporation Control Act, the financial transactions of the Administrator shall be audited by the Comptroller General at such times and to such extent as he deems necessary and reports of the results of each such audit made to the Congress within six and one-half months following the end of the fiscal year covered by the audit."

On page 8 at line 17, the reference to "16 U.S.C. 831" should be to "16 U.S.C. 832."

Sincerely yours,

ROBERT F. KELLER,
*Deputy Comptroller General
 of the United States.*

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FEDERAL COLUMBIA RIVER TRANSMISSION SYSTEM ACT

JULY 25, 1974.—Ordered to be printed

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

REPORT

[To accompany S. 3362]

The Committee on Interior and Insular Affairs, to which was referred the bill (S. 3362) to enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following new text:

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Columbia River Transmission System Act".

FINDINGS

SEC. 2. (a) Congress finds that in order to enable the Secretary of the Interior to carry out the policies of Public Law 88-552 relating to the marketing of electric power from hydroelectric projects in the Pacific Northwest, Public Laws 89-448 and 89-561 relating to use of revenues of the Federal Columbia River Power System to provide financial assistance to reclamation projects in the Pacific Northwest, the treaty between the United States and Canada relating to the cooperative development of the resources of the Columbia River Basin, and other applicable law, it is desirable and appropriate that the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds be used to further the operation, maintenance, and further construction of the Federal transmission system in the Pacific Northwest.

(b) Other than as specifically provided herein, the present authority and duties of the Secretary of the Interior relating to the Federal Columbia River System shall not be affected by this Act. The authority and duties of the Administrator referred to herein are subject to the supervision and direction of the Secretary.

DEFINITIONS

SEC. 3. As used in this Act—

(a) The term "Administrator" means the Administrator, Bonneville Power Administration.

(b) The term "electric power" means electric peaking capacity or electric energy or both.

(c) The term "major transmission facilities" means transmission facilities intended to be used to provide services not previously provided by the Bonneville Power Administration with its own facilities.

THE FEDERAL COLUMBIA RIVER TRANSMISSION SYSTEM

SEC. 4. The Secretary of the Interior, acting by and through the Administrator, shall operate and maintain the Federal transmission system within the Pacific Northwest and shall construct improvements, betterments, and additions to and replacements of such system within the Pacific Northwest as he determines are appropriate and required to:

(a) integrate and transmit the electric power from existing or additional Federal or non-Federal generating units;

(b) provide service to the Administrator's customers;

(c) provide interregional transmission facilities; and or

(d) maintain the electrical stability and electrical reliability of the Federal system; *Provided, however,* That the Administrator shall not construct any transmission facilities outside the Pacific Northwest, excepting customer service facilities within any contiguous areas, not in excess of seventy-five airline miles from said region, which are a part of the service area of a distribution cooperative which has (i) no generating facilities, and (ii) a distribution system from which it serves both within and without said region, nor shall he commence construction of any major transmission facility within the Pacific Northwest, unless the expenditure of the funds for the initiation of such construction is specifically approved by Act of Congress.

CONGRESSIONAL APPROVAL OF EXPENDITURES

SEC. 5. (a) Unless specifically authorized by Act of Congress, the Administrator shall not expend funds made available under this Act—, other than funds specifically appropriated by the Congress for such purpose, to acquire any operating transmission facility by condemnation: *Provided,* That this provision shall not restrict the acquisition of the right to cross such a facility by condemnation.

(b) At least sixty days prior to the time a request for approval or authority under section 4 or 5 of this Act is sent to Congress, the Administrator shall give notice of such request to entities in the Pacific Northwest with which the Administrator has power sales or exchange contracts or transmission contracts or which have a transmission interconnection with the Federal transmission system.

TRANSMISSION OF NON-FEDERAL POWER

SEC. 6. The Administrator shall make available to all utilities on a fair and nondiscriminatory basis, any capacity in the Federal transmission system which he determines to be in excess of the capacity required to transmit electric power generated or acquired by the United States.

ACQUISITION OF PROPERTY

SEC. 7. Subject to the provisions of section 5 of this Act the Administrator may purchase or lease or otherwise acquire and hold such real and personal property in the name of the United States as he deems necessary or appropriate to carry out his duties pursuant to law.

MARKETING AUTHORITY

SEC. 8. The Administrator is hereby designated as the marketing agent for all electric power generated by Federal generating plants in the Pacific Northwest, constructed by, under construction by, or presently authorized for construction by the Bureau of Reclamation or the United States Corps of Engineers except electric power required for the operation of each Federal project and except electric power from the Green Springs project of the Bureau of Reclamation.

RATES AND CHARGES

SEC. 9. Schedules of rates and charges for the sale, including dispositions to Federal agencies, of all electric power made available to the Administrator pursuant to section 8 of this Act or otherwise acquired, and for the transmission of non-Federal electric power over the Federal transmission system, shall become effective upon confirmation and approval thereof by the Federal Power Commission. Such rate schedules may be modified from time to time by the Secretary of the Interior, acting by and through the Administrator, subject to confirmation and approval by the Federal Power Commission, and shall be fixed and established (1) with a view to encouraging the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles, (2) having regard to the recovery (upon the basis of the application of such rate schedules to the capacity of the electric facilities of the projects) of the cost of producing and transmitting such electric power, including the amortization of the capital investment allocated to power over a reasonable period of years and payments provided for in section 11 (b) (9), and (3) at levels to produce such additional revenues as may be required, in the aggregate with all other revenues of the Administrator, to pay when due the principal of, premiums, discounts, and expenses in connection with the issuance of and interest on all bonds issued and outstanding pursuant to this Act, and amounts required to establish and maintain reserve and other funds and accounts established in connection therewith.

UNIFORM RATES

SEC. 10. The said schedules of rates and charges for transmission, the said schedules of rates and charges for the sale of electric power, or both such schedules, may provide, among other things, for uniform rates or rates uniform throughout prescribed transmission areas. The recovery of the cost of the Federal transmission system shall be equitably allocated between Federal and non-Federal power utilizing such system.

BONNEVILLE POWER ADMINISTRATION FUND

SEC. 11. (a) There is hereby established in the Treasury of the United States a Bonneville Power Administration fund (hereinafter referred to as the "fund"). The fund shall consist of (1) all receipts, collections, and recoveries of the Administrator in cash from all sources, including trust funds, (2) all proceeds derived from the sale of bonds by the Administrator, (3) any appropriations made by the Congress for the fund, and (4) the following funds which are hereby transferred to the Administrator: (i) all moneys in the special account in the Treasury established pursuant to Executive Order Numbered 8526 dated August 26, 1940, (ii) the unexpended balances in the continuing fund established by the provisions of section 11 of the Bonneville Project Act of August 20, 1937 (16 U.S.C. §31, et seq.), and (iii) the unexpended balances of funds appropriated or otherwise made available for the Bonneville Power Administration. All funds transferred hereunder shall be available for expenditure by the Secretary of the Interior, acting by and through the Administrator, as authorized in this Act and any other Act relating to the Federal Columbia River transmission system, subject to such limitations as may be prescribed by any applicable appropriation act effective during such period as may elapse between their transfer and the approval by the Congress of the first subsequent annual budget program of the Administrator.

(b) The Administrator may make expenditures from the fund, which shall have been included in his annual budget submitted to Congress, without further appropriation and without fiscal year limitation, but within such specific directives or limitations as may be included in appropriation acts, for any purpose necessary or appropriate to carry out the duties imposed upon the Administrator pursuant to law, including but not limited to—

(1) construction, acquisition, and replacement of (i) the transmission system, including facilities and structures appurtenant thereto, and (ii) additions, improvements, and betterments thereto (hereinafter in this Act referred to as "transmission system");

(2) operation, maintenance, repair, and relocation, to the extent such relocation is not provided for under subsection (1) above, of the transmission system;

(3) electrical research, development, experimentation, test, and investigation related to construction, operation, and maintenance of transmission systems and facilities;

(4) marketing of electric power;

(5) transmission over facilities of others and rental, lease, or lease-purchase of facilities;

(6) purchase of electric power (including the entitlement of electric plant capability) (i) on a short-term basis to meet temporary deficiencies in electric power which the Administrator is obligated to contract to supply, or (ii) if such purchase has been heretofore authorized or is made with funds expressly appropriated for such purchase by the Congress, or (iii) if to be paid for with funds provided by other entities for such purpose under a trust or agency arrangement;

(7) defraying emergency expenses or insuring continuous operation;

(8) paying the interest on, premiums, discounts, and expenses, if any, in connection with the issuance of, and principal of all bonds issued under section 13(a) of this Act, including provision for and maintenance of reserve and other funds established in connection therewith;

(9) making such payments to the credit of the reclamation fund or other funds as are required by or pursuant to law to be made into such funds in connection with reclamation projects in the Pacific Northwest: *Provided*, That this clause shall not be construed as permitting the use of revenues for repayment of costs allocated to irrigation at any project except as otherwise expressly authorized by law;

(10) making payments to the credit of miscellaneous receipts of the Treasury for all unpaid costs required by or pursuant to law to be charged to and returned to the general fund of the Treasury for the repayment of the Federal investment in the Federal Columbia River Power System from electric power marketed by the administrator; and

(11) acquiring such goods and services, and paying dues and membership fees in such professional, utility, industry, and other societies, associations, and institutes, together with expenses related to such memberships, including but not limited to the acquisitions and payments set forth in the general provisions of the annual appropriations Act for the Department of Interior, as the Administrator determines to be necessary or appropriate in carrying out the purposes of this Act.

(c) Moneys heretofore or thereafter appropriated shall be used only for the purposes for which appropriated, and moneys received by the Administrator in trust shall be used only for carrying out such trust. The provisions of the Government Corporation Control Act (31 U.S.C. 841 et seq.) shall be applicable to the Administrator in the same manner as they are applied to the wholly owned Government corporations named in section 101 of such Act (31 U.S.C. 846), but nothing in the proviso of section 850 of title 31, United States Code, shall be construed as affecting the powers granted in subsection (b) (11) of this section and in sections 2(f), 10(b), and 12(a) of the Bonneville Project Act (16 U.S.C. 832 et seq.).

(d) Notwithstanding the provisions of sections 105 and 106 of the Government Corporation Control Act, the financial transactions of the Administrator shall be audited by the Comptroller General at such times and to such extent as the Comptroller General deems necessary, and reports of the results of each such audit shall be made to the Congress within 6½ months following the end of the fiscal year covered by the audit.

INVESTMENT OF EXCESS FUNDS

SEC. 12 (a) If the Administrator determines that moneys in the fund are in excess of current needs he may request the investment of such amounts as he deems advisable by the Secretary of the Treasury in direct, general obligations

of, or obligations guaranteed as to both principal and interest by, the United States of America.

(b) With the approval of the Secretary of the Treasury, the Administrator may deposit moneys of the fund in any Federal Reserve bank or other depository for funds of the United States of America, or in such other banks and financial institutions and under such terms and conditions as the Administrator and the Secretary of the Treasury may mutually agree.

REVENUE BONDS

SEC. 13. (a) The Administrator is authorized to issue and sell to the Secretary of the Treasury from time to time in the name and for and on behalf of the Bonneville Power Administration bonds, notes, and other evidences of indebtedness (in this Act collectively referred to as "bonds") to assist in financing the construction, acquisition, and replacement of the transmission system, and to issue and sell bonds to refund such bonds. Such bonds shall be in such forms and denominations, bear such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary of the Treasury taking into account terms and conditions prevailing in the market for similar bonds, the useful life of the facilities for which the bonds are issued, and financing practices of the utility industry. Refunding provisions may be prescribed by the Administrator. Such bonds shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities, plus an amount in the judgment of the Secretary of the Treasury to provide for a rate comparable to the rates prevailing in the market for similar bonds. The aggregate principal amount of any such bonds outstanding at any one time shall not exceed \$1,250,000,000.

(b) The principal of, premiums, if any, and interest on such bonds shall be payable solely from the Administrator's net proceeds as hereinafter defined. "Net proceeds" shall mean for the purposes of this section the remainder of the Administrator's gross receipts from all sources after first deducting trust funds and the costs listed in section 11(b) (2) through 11(b) (7) and 11(b) (11), and shall include reserve or other funds created from such receipts.

(c) The Secretary of the Treasury shall purchase forthwith any bonds issued by the Administrator under this Act and for that purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force are extended to include any purchases of the bonds issued by the Administrator under this Act. The Secretary of the Treasury may, at any time, sell any of the bonds acquired by him under this Act. All redemptions, purchases, and sales by the Secretary of the Treasury of such bonds shall be treated as public debt transactions of the United States.

I. PURPOSE OF THE MEASURE

The measure, which was proposed by the Department of the Interior, has two principal purposes:

(1) It would establish a Bonneville Power Administration Fund in the U.S. Treasury to receive revenues from electric power sales, appropriations made by the Congress, receipts from the sales of bonds, and miscellaneous other receipts of the Bonneville Power Administration. The Fund would then be available, without further appropriation but subject to several limitations, for carrying out the purposes of the Bonneville Power Administration.

(2) It would authorize the Bonneville Power Administrator to issue bonds and sell them to the Secretary of the Treasury to assist in financing the construction, acquisition, and replacement of the Bonneville electric power transmission system.

II. BACKGROUND

BONNEVILLE POWER ADMINISTRATION

The Bonneville Project Act of 1937 (Act of August 20, 1937, 50 Stat. 731), authorizing the construction of Bonneville Dam by the Corps of Engineers, provided that the electric power generated at the dam should be marketed by a Bonneville Power Administrator to be appointed by the Secretary of the Interior. The Administrator was authorized to construct, operate, and maintain transmission lines necessary to market the power.

The Bonneville Power Administration, through subsequent legislation and interpretation of the Act, has become a major part of the electric power system in the Pacific Northwest. The Federal Columbia River Power System, for which BPA is the marketing agency, had 26 power projects in operation in 1973 with a total generating capacity of 10,486 megawatts. In that year, the system represented 57.3 percent of the region's total electric generation. The BPA transmission system includes 12,050 circuit miles, representing about 80 percent of the region's primary transmission system.

FEDERAL COLUMBIA RIVER POWER SYSTEM (FCRPS)

The FCRPS consists of the electric power generating facilities of the Corps of Engineers and the Bureau of Reclamation, for which BPA is power marketing agency, and the BPA transmission system. Although the activities of BPA, the Corps, and the Bureau are separately administered and financed, the facilities are operated as an integrated power system and the debt for Federal investment in electric facilities is repaid through a coordinated financial arrangement.

Until recently, the Pacific Northwest was predominantly upon hydroelectric generation for electric power. As new opportunities for major power dams became scarce, other electric energy sources were sought. Planning to meet the growth in electric demand of the region is difficult in view of the scarcity of fossil fuels, and BPA, as a major power marketing agency has played a role in such planning. The Congress has recognized the importance of BPA participation by endorsing the regional Hydro-Thermal Program.

The Hydro-Thermal Program represents an effort by the utilities of the region to plan new generating facilities on a cooperative basis to meet the regional needs. BPA has played a significant role in the development of the Hydro-Thermal Program by serving as the catalyst in bringing together the various segments of the industry—investor-owned utilities, public agencies, and cooperatives—together to review regional as well as individual utility requirements and to plan the construction of new generation with these dual needs in mind.

The decision of a utility or group of utilities to construct new generating facilities may be strongly influenced by the availability of transmission facilities on the Federal system to transmit the output from the source of generation to the load centers. In addition to the cooperative use of transmission facilities, the Hydro-Thermal Program encourages the coordination of generating capacity for peak

loads which is available at the hydroelectric dams in the region with the base load energy to be produced by the large thermal projects in the region to provide for the total demand in a reliable manner at the lowest cost.

LEGISLATIVE HISTORY

The Secretary of the Interior transmitted a proposed draft of the measure to the Congress by his letter of April 3, 1974. S. 3862 was introduced on April 22d, by request, by the following Senators: Jackson, Church, Hatfield, Magnuson, Mansfield, and Packwood.

A hearing was held before the Water and Power Resources Subcommittee on June 6, 1974.

III. NEED FOR THE MEASURE

The primary purpose of the proposed measure is to establish a new financing policy for the operations of the Bonneville Power Administration and for the construction of new transmission facilities in the Pacific Northwest. The bill would not affect the authorization or financing of Federal electric generating facilities.

In past years, the sequential decisions associated with the appropriation process have delayed timely construction of transmission facilities, and regional planning for new transmission line capacity presently faces extreme uncertainty about the timing of Federal investment. The following tabulation of the history of appropriations requests for the Bonneville Power Administration's transmission facilities clearly displays the discrepancies between systems planning requirements which are reflected in the initial estimate of fund requirements and the ultimate funding which was made available:

[In thousands of dollars]

Fiscal year—	Preliminary budget request by BPA	Departmental allowance	OMB allowance	Appropriated by Congress	Impounded by OMB
1960.....	36,645	36,177	35,250	31,444	422
1961.....	31,765	31,415	31,195	29,520	
1962.....	36,200	32,650	28,056	33,080	
1963.....	65,050	58,350	47,650	42,513	
1964.....	109,720	109,500	74,847	49,704	
1965.....	105,000	109,625	58,800	102,400	
1966.....	209,100	121,900	114,465	113,765	
1967.....	168,900	128,465	126,175	126,010	2,200
1968.....	156,983	157,700	139,006	129,000	1,521
1969.....	177,982	189,000	137,100	123,500	
1970.....	208,800	188,700	123,900	118,000	
1971.....	148,000	138,700	117,122	115,200	
1972.....	127,300	127,300	121,250	118,825	416
1973.....	144,200	128,400	120,513	125,520	
1974.....	145,500	141,233	131,500	130,800	
1975.....	157,000	156,003	152,667		

It is apparent that a funding mechanism is necessary which provides greater assurance that the needs of the region for transmission capacity will be met and which has the flexibility to respond to changing requirements. This measure would establish a Bonneville Power Administration fund in the Treasury and authorize the Administra-

tor to issue and sell revenue bonds. These actions should assure an adequate and flexible cash flow thereby permitting the construction of transmission facilities on a timely basis in response to changing needs.

IV. COMMITTEE AMENDMENTS

The Committee on Interior and Insular Affairs amended S. 3362 by striking everything after the enacting clause and substituting a new text. The principal purposes of the Committee amendment are as follows:

(1) The Committee amended S. 3362 by deleting the provision of the original Section 3(c) of the bill as introduced which set forth a definition of the term "Pacific Northwest." It is the intention of the Committee that the body of existing law, legislative history, and policy regarding the definition would not be changed by the enactment of this measure.

(2) The Committee adopted an amendment adding a proviso to Section 4, as follows:

Provided, however; That the Administrator shall not construct any transmission facilities outside the Pacific Northwest, excepting customer service facilities within any contiguous areas, not in excess of seventy-five airline miles from said region, which are a part of the service area of a distribution cooperative which has (i) no generating facilities, and (ii) a distribution system from which it serves both within and without said region, nor shall he commence construction of any major transmission facility within the Pacific Northwest, unless the expenditure of the funds for the initiation of such construction is specifically approved by Act of Congress.

By this proviso, it is the intent of the Committee to preserve the existing Congressional oversight over major new investments. Under the provisions of the Government Corporation Control Act, the annual budget for the Bonneville Power Administration will continue to be submitted to the Congress, but no affirmative action need be taken. This proviso would require affirmative approval, by a statement in the Appropriations Act, of expenditures for (1) the initiation of construction of major new transmission facilities, or (2) new transmission facilities outside the Pacific Northwest other than customer service facilities to serve customers which are located both within and outside the region. Funding of continued construction of such facilities in later years would not require approval.

The Committee considers a "major transmission facility" to be any facility intended to be used to provide services not previously provided by BPA with its own facilities. The definition is incorporated in the bill as reported as a new section 3(c).

The Committee expects the Administrator to continue the policy, which has been pursued in the past, of carrying on good faith negotiations with non-Federal utilities desiring to construct transmission facilities and provide wheeling service prior to initiating the construction of Federal facilities. The Committee expects the Administrator to present evidence of such negotiations to the Congress when he requests approval of expenditures to initiate construction of major Federal facilities.

The Committee also noted that BPA customers in Southern Idaho are presently being served through long-term wheeling arrangements with the Idaho Power Company and Utah Power & Light Company on terms satisfactory to BPA. There is no intention to exercise the authority conferred by the bill to construct transmission facilities which would replace the facilities provided by these companies pursuant to those arrangements so long as the agreed service is provided by the Companies pursuant to such arrangements.

(3) Because the existing requirement for specific Congressional approval of expenditures for the initiation of construction of major new transmission facilities was retained in the amended bill, the Committee deleted the provisions of Section 5(a)(2) setting for the criterion for the initiation of such lines and the provisions of subsection 5(b) providing for court review of decisions regarding such initiation.

(4) The Committee amended Section 5 to retain the existing authority of the Administrator to acquire transmission lines by condemnation but restricted such action to those cases where funds for such acquisition are specifically appropriated by the Congress or the expenditure of funds made available by this measure is specifically authorized by the Congress for that purpose.

(5) The Committee, upon the recommendation of the Comptroller General, inserted a new subsection 11(d) to provide latitude for the Comptroller to determine the appropriate frequency of audits of transactions made by the Administrator.

V. SECTION-BY-SECTION ANALYSIS

SHORT TITLE

Section 1 declares that the measure may be cited as the "Federal Columbia River Transmission System Act."

FINDINGS

Section 2(a) states that the Congress finds that in order to carry out the directives and policies contained in previous legislation relating to the production and distribution of electrical power in and from the Pacific Northwest it would be advantageous to utilize revenues to the Federal Columbia River Power System and the proceeds from the sale of revenue bonds for the operation, maintenance, and construction of the Federal electric power transmission system in the Pacific Northwest.

Section 2(b) establishes that this measure is not to affect the present authority and duties of the Secretary of the Interior except as specifically provided therein. This subsection also provides that the actions of the Administrator of the Bonneville Power Administration in response to the authority and duties provided by this measure are subject to the supervision and direction of the Secretary of the Interior.

DEFINITIONS

Section 3 includes definitions which are self-explanatory.

THE FEDERAL COLUMBIA RIVER TRANSMISSION SYSTEM

Section 4 instructs the Secretary of the Interior, acting by and through the Administrator of the Bonneville Power Administration, to operate and maintain the system, constructing such improvements, betterments, additions and replacements as he determines to be appropriate to carry out the functions specified in subsections (a), (b), (c), and (d) of this section as follows:

Subsection 4(a) to integrate and transmit electric power produced from existing or future Federal or non-Federal generating facilities.

Subsection 4(b) to serve customers of the Administrator.

Subsection 4(c) to construct inter-regional transmission facilities within the Pacific Northwest.

Subsection 4(d) to maintain the electrical stability and electrical reliability of the transmission system with the proviso that the expenditure of funds for the construction of facilities outside of the region (except certain customer service facilities) or the construction of any major transmission facility regardless of location be explicitly approved by Congress.

CONGRESSIONAL APPROVAL OF EXPENDITURES

Section 5(a) prohibits the Administrator from acquiring by condemnation any operating transmission facility unless the funds for that purpose are specifically approved by Congress for that purpose.

Section 5(b) requires the Administrator of the Bonneville Power Administration, at least 60 days prior to transmittal to the Congress of a request for approval of the expenditure of funds for purposes pursuant to section 4 or 5 of this measure, to give notice of his intended request to entities such as utilities or direct customers in the Pacific Northwest with which the Administrator has power sales, exchange contracts, wheeling agreements, or which have a transmission inter-connection with the Federal transmission system.

The intent of the provisions of Sec. 5 is to assure that the parties specified will have the opportunity to communicate, should they wish to do so, with the Congress regarding the expenditure of funds proposed by the Bonneville Power Administration prior to Congressional approval of said expenditure.

TRANSMISSION OF NON-FEDERAL POWER

Section 6 provides that the Administrator of the Bonneville Power Administration shall not discriminate among classes of customers in making agreements to transmit electric power over Federal transmission lines. The intention of this provision is to enable the Administrator to carry out the responsibilities assigned to him in this measure. It is not the Committee's intention to make an expression of Congressional policy regarding the transmission of energy over Federal systems outside of the Pacific Northwest.

ACQUISITION OF PROPERTY

Section 7 insures the existing authority of the Administrator of the Bonneville Power Administration to enter into such real and personal

property transactions as may be necessary to carry out the responsibilities assigned to him by law. It makes these authorities subject to the restricting elements of Section 5 of this measure regarding condemnation of transmission facilities.

MARKETING AUTHORITY

Section 8 designates the Administrator of the Bonneville Power Administration as the marketing agent for electric power produced at existing or future Federal generating facilities. Excluded from his authority is that electric power necessary for the operation of each such project and the electric power presently under long-term contract from the Bureau of Reclamation's Green Springs Project in Southern Oregon.

The Administrator's present authority for marketing Federally produced power is conferred in most part by Secretarial Order. In view of the long-term obligations which would be entered into as a result of the sale of revenue bonds, it is believed that this marketing authority should be designated by statute.

RATES AND CHARGES

Section 9 restates existing standards for the derivation of the Bonneville Power Administration's wholesale power rates and extends these standards to the charges for wheeling of non-Federal power over the Federal Columbia River Transmission System. The section further requires all rates and charges, including those for the sale or the wheeling of electric power, to be subject to approval by the Federal Power Commission.

The rates and schedules are to be sufficient to pay debt service on revenue bonds as well as meeting existing rate and schedule criteria. As used in this section, the phrase "cost of producing and transmitting such electric power" includes the costs associated with reclamation projects which have been designated by statute to be repaid out of power revenues.

UNIFORM RATES

Section 10 authorizes the Administrator of the Bonneville Power Administration to establish uniform rates in prescribed transmission areas. This section would continue the authority of the Administrator to establish "postage stamp" rates subject to equitable allocation of the costs associated with transmission and delivery of power in particular segments of the Federal Columbia River Transmission System.

BONNEVILLE POWER ADMINISTRATION FUND

Section 11(a) establishes a Bonneville Power Administration Fund in the Treasury of the United States and enumerates the sources from which moneys may accrue to the fund. The Secretary of the Interior, acting by and through the Administrator of the Bonneville Power Administration, is authorized to make expenditures from the fund subject to the provisions of legislation relating to the Federal Columbia River Transmission System or any applicable appropriation act.

Section 11(b) authorizes the Administrator of the Bonneville Power Administration to make expenditures from the fund and enumerates those purposes or items for which expenditures may be made. The expenditures would be authorized to be made without further appropriation by the Congress. Annual budgets for the Administration's program would be submitted to the Congress, however, under the provisions of the Government Corporation Control Act (31 U.S.C. 841, et seq.) and specific limitations or directives concerning the proposed expenditures may be included in Appropriations Acts.

Section 11(c) proscribes the purposes for which appropriated funds or moneys received by the Administrator in trust may be used, and subjects the Administrator to the provisions of the Government Corporation Control Act of December 6, 1945, as amended.

Section 11(d) exempts the General Accounting Office from the requirement of the Government Corporations Control Act of making an annual audit of the financial transactions of the Administrator of the Bonneville Power Administration. GAO review of the annual report of the BPA would still be required by other provisions of law.

INVESTMENT OF EXCESS FUNDS

Section 12(a) permits the Administrator of the Bonneville Power Administration to request the Secretary of the Treasury to invest surplus funds in direct, general obligations of, or obligations guaranteed as to both principal and interest by the United States.

Section 12(b) allows the Administrator of the Bonneville Power Administration, subject to the approval of the Secretary of the Treasury, to deposit moneys of the fund in any Federal Reserve Bank, United States Depository, or other bank or financial institution.

REVENUE BONDS

Section 13(a) authorizes the Administrator to issue and sell bonds to the Secretary of the Treasury to assist in financing the construction, acquisition and replacement of the transmission system or the refund of such bonds.

The bonds issued and sold to the Secretary shall be subject to the terms and conditions prescribed by the Secretary and shall bear interest at a rate determined by the Secretary of the Treasury to be compatible to that prevailing in the market for similar bonds. The principal amount of bonds outstanding at any time is not to exceed \$1,250,000,000.

Section 13(b) provides that repayment of the bonds is to be made from the amounts remaining in the Bonneville Power Administration fund after paying operation, maintenance and other specified costs of the Federal Columbia River Transmission System.

Section 13(c) requires the Secretary of the Treasury to purchase the bonds issued by the Administrator pursuant to this measure and authorizes the Secretary to use proceeds from the sale of any securities issued under the Second Liberty Bond Act, in addition to other available sources, to purchase said bonds.

VI. ESTIMATE OF COST

The enactment of this measure is not expected to increase the level of Federal costs for the Bonneville Power Administration's program. It is anticipated that funding for proposed construction will be made available more quickly after the termination of need has been made. The funds made available by the Treasury through bond issues authorized by this measure will be repaid to the Treasury out of revenues from BPA power sales at a higher interest than present repayment policy requires. The net Federal cost will therefore be reduced over the repayment period. Furthermore, more effective construction schedules will reduce cost increases resulting from inflation.

In summary, the enactment of the measure is not expected to increase Federal costs and will probably result in some economics in Federal financing of necessary transmission line construction.

VII. COMMITTEE RECOMMENDATIONS

The Committee on Interior and Insular Affairs, by unanimous vote of a quorum present at an open executive session on July 22, 1974, recommends that S. 3362, as amended, be enacted.

VIII. EXECUTIVE COMMUNICATIONS

Printed below is the letter of transmittal from the Secretary of the Interior to the President of the Senate enclosing a proposed bill "to enable the Secretary of the Interior to provide for the operation, maintenance and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes," and a communication to the Committee from the General Accounting Office.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 3, 1974.

HON. GERALD R. FORD,
President, U.S. Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a bill "To enable the Secretary of the Interior to provide for the operation, maintenance and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes." Also enclosed is a section-by-section analysis of the bill.

We recommend that this proposed legislation be enacted.

The purpose of this bill is to shift the financing of the Department of the Interior's electric power transmission program in the Pacific Northwest from the present arrangement of funding through Federal appropriations to a self-financing basis.

The Pacific Northwest is liberally endowed with hydroelectric power potential, and over the period of the last sixty years the Federal Government, acting through the Department of the Interior and the Department of the Army has invested heavily in the construction of some two dozen dams and generating plants to develop this significant energy resource. The Department of the Interior acting through the Bonneville Power Administration has also constructed an extensive transmission system to market the electric power and energy from these projects and to interconnect these projects and the load centers of the Pacific Northwest. Today the Federal transmission system in the Pacific Northwest incorporates over 12,000 circuit miles of 115 kv to 500 kv ac and 800 kv dc transmission lines, and over 330 substations, representing a Federal investment of \$1.3 billion. This system provides approximately 70 percent of the bulk power transmission grid in the Pacific Northwest.

As the construction and improvement of hydroelectric projects in the region approaches the level of full development of the energy resource, the utilities in the Pacific Northwest have turned to the construction of large thermal generating plants to meet the continually growing requirements of their customers for electric power. The remaining hydro projects to be developed will be essentially peaking projects. Working through the Joint Power Planning Council and the Pacific Northwest Utilities Conference Committee, the Bonneville Power Administration has cooperated with the 108 utilities in the region to coordinate the planning and construction of Federal and non-Federal facilities. This effort has resulted in the Pacific Northwest Hydro-Thermal Power Program. Phase 1 of the program, adopted in 1969 and approved by Congress, is expected to meet the power needs of the region for generation and transmission facilities through the early 1980's; and the recently proposed Phase 2 extends the program and proposes a schedule of generating projects through 1986.

The hydro-thermal power program involves contributions by each of the cooperating entities. The non-Federal utilities have sole responsibility for the construction of the new thermal generating plants, which will be fueled by coal mined in the Pacific Northwest or adjacent areas, or by nuclear energy. This constitutes the largest amount of new investment. The Bureau of Reclamation and the Corps of Engineers have the responsibility for the installation of additional generating units at Federal hydroelectric power projects as now authorized. The continuation of the Federal Columbia River transmission grid under the Bonneville Power Administration is looked upon as the most feasible and efficient approach for interconnecting the new generating units with the rest of the system and for transmitting their output throughout the region.

The enclosed bill would deal with a separate issue relating to the unique situation in the Pacific Northwest by authorizing the Secretary of the Interior to finance the operation and maintenance and the future construction of the Federal Columbia River transmission system from revenues and from the proceeds of revenue bonds. This will free BPA from the constraints inherent in the appropriations process.

that impede compliance with financing and construction schedules. As in the past, all capital and O&M costs of the Federal Columbia River Power System will be fully recovered from the power users of the region. However, the proposed legislation would alleviate the demand on appropriated Federal funds resulting from BPA's transmission system financial requirements.

The Bonneville operations are comparable to those of an electric utility. The revenues from the sale and the transmission of electric power will be more than adequate to cover annual operating costs, repay the Federal investment in both generation and transmission facilities as required by law, and amortize the investment in new transmission facilities financed from the proceeds of revenue bonds. The ability of BPA to construct modifications or additions to the transmission system on a timely schedule is highly important in order to assure reliability of the system and to assure that the needed transmission facilities are in place and operational at the time that the power from the new generating units comes on line. The appropriations method of financing is not satisfactory for this kind of a program because delays are often encountered that are caused by other budgetary considerations which are not related to the merits of the construction program.

It would put Bonneville on a "pay as you go" basis for future investments utilizing revenue bonds on a business-like repayment basis and giving the flexibility in obtaining financing that is considered necessary in carrying out this utility-like transmission function.

The bill would authorize the Bonneville Power Administration to construct transmission facilities in the Pacific Northwest that are needed additions to the regional grid. Restrictions are included, however, which would prevent encroachment upon the opportunity for non-Federal utilities to construct facilities which are equally adequate to serve the regional purposes.

The Federal transmission system will carry both power generated or acquired by the Government and power generated at non-Federal facilities owned and controlled by others. Rates for transmission of non-Federal power over the Federal system are subject to review and approval by the Federal Power Commission.

The BPA activities would be subject to the provisions of the Government Corporation Control Act. The budget would be submitted to Congress for review by the appropriations committees and be subject to limitations or directives contained in appropriations acts.

The Administrator would be authorized to issue and sell bonds to the Secretary of the Treasury up to a maximum amount outstanding at any time of \$1.25 billion. This amount is estimated to be sufficient to meet borrowing needs for approximately 10 years. The Secretary of the Treasury will prescribe the form and denomination, maturities, and terms and conditions relating to the bonds issued, taking into account terms and conditions prevailing in the market for similar bonds, the useful life of the facilities for which the bonds are issued and the financing practices of the utility industry. The interest rate is also determined by the Secretary of the Treasury to provide rates comparable to those prevailing in the market for similar bonds.

Other than the specific changes required to accommodate the new financing method, the bill preserves the existing provisions of law relating to the Bonneville Power Administration. Among other things, this leaves unchanged the preference rights of public bodies and cooperatives to acquire Federal power.

Because this bill deals primarily with the method of financing the Federal transmission program in the Pacific Northwest rather than the program itself, the proposal does not significantly affect the quality of the human environment. Accordingly, no environmental impact statement is submitted herewith.

The Office of Management and Budget has advised that enactment of the proposed bill would be in accord with the program of the President.

Sincerely yours,

(Signed) ROG MORTON,
Secretary of the Interior.

A BILL To enable the Secretary of the Interior to provide for the operation, maintenance and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

SHORT TITLE

SECTION. 1. This Act may be cited as the "Federal Columbia River Transmission System Act."

DEFINITIONS AND INTERPRETATION

SEC. 2. (a) Congress finds that in order to enable the Secretary of the Interior to carry out the policies of Public Law 88-552 relating to the marketing of electric power from hydroelectric projects in the Pacific Northwest, Public Laws 89-448 and 89-561 relating to use of revenues of the Federal Columbia River Power System to provide financial assistance to Reclamation projects in the Pacific Northwest, the treaty between the United States and Canada relating to the cooperative development of the resources of the Columbia River Basin, and other applicable law, it is desirable and appropriate that the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds be used to further the operation, maintenance and further construction of the Federal transmission system in the Pacific Northwest.

(b) Other than as specifically provided herein, the present authority and operations of the Secretary of the Interior relating to the Federal Columbia River Power System shall not be affected by this Act. Powers and duties of the administrator referred to herein are subject to the supervision and direction of the Secretary.

SEC. 3. As used in this Act—

(a) The term "administrator" means the Administrator, Bonneville Power Administration.

(b) The term "electric power" means electric peaking capacity or electric energy or electric power and energy.

(c) The term "Pacific Northwest" means (1) the region consisting of the states of Oregon, Washington, and Idaho, the state of Montana west of the Continental Divide, and such portions of the states of Nevada, Utah, and Wyoming as are within the Columbia drainage basin, and (2) any contiguous areas, not in excess of seventy-five airline miles from said region, which are a part of the service area of a distribution cooperative which has (i) no generating facilities, and (ii) a distribution system from which it serves both within and without said region.

THE FEDERAL COLUMBIA RIVER TRANSMISSION SYSTEM

SEC. 4. The Secretary of the Interior, acting by and through the administrator, shall operate and maintain the Federal transmission system within the Pacific Northwest and shall construct improvements, betterments and additions to and replacements of such system within the Pacific Northwest as he determines are appropriate and required to:

- (a) integrate and transmit the electric power from existing or additional Federal or non-Federal generating units;
- (b) provide service to the administrator's customers;
- (c) provide interregional transmission facilities; and
- (d) maintain the electrical stability and electrical reliability of the Federal system.

SEC. 5. (a) Unless specifically authorized by Act of Congress, the administrator shall not pursuant to the authority of this Act:

(1) acquire any operating transmission facility by condemnation, provided that this provision shall not restrict the acquisition of the right to cross such a facility by condemnation.

(2) construct additional transmission facilities which duplicate existing facilities or will duplicate transmission facilities which a utility (or utilities) commits itself to construct unless such facilities are required for one or more of the purposes specified in section 4 hereof, and the administrator, at or prior to the time the administrator's budget is submitted to Congress for the use of revenue or the issuance of revenue bonds to finance the construction of such transmission facilities, after good faith negotiations, is unable to make arrangements for the use of non-Federal transmission facilities which shall be at least equivalent in electrical capability to the proposed Federal facilities and which arrangements shall be no less favorable to the Government than the financing and construction of the proposed Federal facilities.

(b) At least 60 days prior to the time the budget for the Bonneville Power Administration is sent to Congress, the administrator shall notify utilities in the Pacific Northwest of the new transmission facilities proposed for construction therein. If the administrator, after good faith negotiations with a utility desiring to provide all or a part of such facilities, retains an item in his budget for a transmission facility, such utility may bring suit in the Federal District Court for Oregon for the purpose of determining if the administrator has complied with the provisions of this section. The administrator shall not begin construction of such a facility until at least 150 days after the budget proposing to initiate such facility has been presented to both houses of

Congress and he has given such utility at least 30 days prior written notice of his intent to begin such construction. No such suit may be brought by such utility after the later of (1) said 150 days or (2) 30 days after notice by the administrator of his intent to begin construction.

SEC. 6. The administrator shall make available to all utilities on a fair and nondiscriminatory basis, any capacity in the Federal transmission system which he determines to be in excess of the capacity required to transmit electric power generated by, acquired by, or under the control of the United States.

SEC. 7. Subject to the provisions of section 5 of this Act the administrator may purchase or lease or otherwise acquire and hold such real and personal property in the name of the United States as he deems necessary to appropriate to carry out his duties pursuant to law.

MARKETING AUTHORITY

SEC. 8. The administrator is hereby designated as the marketing agent for all electric power generated by Federal generating plants in the Pacific Northwest, constructed by, under construction by, or presently authorized for construction by the Bureau of Reclamation or the United States Corps of Engineers except electric power required for the operation of each Federal project and except electric power from the Green Springs Project of the Bureau of Reclamation.

RATES AND CHARGES

SEC. 9. Schedules of rates and charges for the sale, including dispositions to Federal agencies, of all electric power made available to the administrator pursuant to section 8 of this Act or otherwise acquired, and for the transmission of non-Federal electric power over the Federal transmission system, shall become effective upon confirmation and approval thereof by the Federal Power Commission. Such rate schedules may be modified from time to time by the Secretary of the Interior, acting by and through the administrator, subject to confirmation and approval by the Federal Power Commission, and shall be fixed and established (1) with a view to encouraging the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles, (2) having regard to the recovery (upon the basis of the application of such rate schedules to the capacity of the electric facilities of the projects) of the cost of producing and transmitting such electric power, including the amortization of the capital investment allocated to power over a reasonable period of years, and (3) at levels to produce such additional revenues as may be required, in the aggregate with all other revenues of the administrator, to pay when due the principal of, premiums, discounts and expenses in connection with the issuance of, and interest on all bonds issued and outstanding pursuant to this Act, and amounts required to establish and maintain reserve and other funds and accounts established in connection therewith.

SEC. 10. The said schedules of rates and charges for transmission, the said schedules of rates and charges for the sale of electric power, or both such schedules, may provide, among other things, for uniform

rates or rates uniform throughout prescribed transmission areas. The recovery of the cost of the Federal transmission system shall be equitably allocated between Federal and non-Federal power utilizing such system.

BONNEVILLE POWER ADMINISTRATION FUND

SEC. 11. (a) There is hereby established in the Treasury of the United States a Bonneville Power Administration fund (hereinafter referred to as the "Fund"). The Fund shall consist of (1) all receipts, collections and recoveries of the administrator in cash from all sources, including trust funds, (2) all proceeds derived from the sale of bonds by the administrator, (3) any appropriations made by the Congress for the Fund, and (4) the following funds which are hereby transferred to the administrator: (i) all moneys in the special account in the Treasury established pursuant to Executive Order No. 8526 dated August 26, 1940, (ii) the unexpended balances in the continuing fund established by the provisions of section 11 of the Bonneville Project Act of August 20, 1937 (16 U.S.C. 831, et seq.), and (iii) the unexpended balances of funds appropriated or otherwise made available for the Bonneville Power Administration. All funds transferred hereunder shall be available for expenditure by the Secretary of the Interior, acting by and through the administrator, as authorized in this Act and any other Act relating to the Federal Columbia River transmission system, subject to such limitations as may be prescribed by any applicable appropriation act effective during such period as may elapse between their transfer and the approval by the Congress of the first subsequent annual budget program of the administrator.

(b) The administrator may make expenditures from the Fund, which shall have been included in his annual budget submitted to Congress, without further appropriation and without fiscal year limitation, but within such specific directives or limitations as may be included in appropriation acts, for any purpose necessary or appropriate to carry out the duties imposed upon the administrator pursuant to law, including but not limited to—

(1) construction, acquisition and replacement of (i) the transmission system, including facilities and structures appurtenant thereto, and (ii) additions, improvements and betterments thereto (hereinafter in this Act referred to as "transmission system");

(2) operation, maintenance, repair and relocation, to the extent such relocation is not provided for under subsection (1) above, of the transmission system;

(3) electrical research, development, experimentation, test, and investigation related to construction, operation and maintenance of transmission systems and facilities;

(4) marketing of electric power;

(5) transmission over facilities of others and rental, lease or lease-purchase of facilities;

(6) purchase of electric power (including the entitlement of electric plant capability) (i) on a short-term basis to meet temporary deficiencies in electric power which the administrator is obligated by contract to supply, or (ii) if such purchase has been heretofore authorized or is made with funds expressly appropriated for such purchase by the Congress;

(7) defraying emergency expenses or insuring continuous operation;

(8) paying the interest on, premiums, discounts and expenses, if any, in connection with the issuance of, and principal of all bonds issued under section 13(a) of this Act, including provision for and maintenance of reserve and other funds established in connection therewith;

(9) making such payments to the credit of the reclamation fund as are required by or pursuant to law to be made into that fund: *Provided*, That this clause shall not be construed as permitting the use of revenues for repayment of costs allocated to irrigation at any project except as otherwise expressly authorized by law;

(10) making payments to the credits of miscellaneous receipts of the Treasury for all unpaid costs required by or pursuant to law to be charged to and returned to the General Fund of the Treasury for the repayment of the Federal investment in the Federal Columbia River Power System from electric power marketed by the administrator; and

(11) acquiring such goods and services, and paying dues and membership fees in such professional, utility, industry, and other societies, associations and institutes, together with expenses related to such memberships, including but not limited to the acquisitions and payments set forth in the General Provisions of the annual appropriations acts for the Department of the Interior as the administrator determines to be necessary or appropriate in carrying out the purposes of this Act.

(c) Moneys heretofore or hereafter appropriated shall be used only for the purposes for which appropriated, and moneys received by the administrator in trust shall be used only for carrying out such trust. The provisions of the Government Corporation Control Act (31 U.S.C. 841, et seq.) shall be applicable to the administrator in the same manner as they are applied to the wholly owned Government corporations named in section 101 of such Act (31 U.S.C. 846), but nothing in the proviso of 31 U.S.C. 850 shall be construed as affecting the powers granted in subsection (b)(11) of this section and in sections 2(f), 10(b), and 12(a) of the Bonneville Project Act (16 U.S.C. 832, et seq.).

SEC. 12. (a) If the administrator determines that moneys in the Fund are in excess of current needs he may request the investment of such amounts as he deems advisable by the Secretary of the Treasury in direct, general obligations of, or obligations guaranteed as to both principal and interest by, the United States of America.

(b) With the approval of the Secretary of the Treasury, the administrator may deposit moneys of the Fund in any Federal Reserve bank or other depository for funds of the United States of America, or in such other banks and financial institutions and under such terms and conditions as the administrator and the Secretary of the Treasury may mutually agree.

REVENUE BONDS

SEC. 13. (a) The administrator is authorized to issue and sell to the Secretary of the Treasury from time to time in the name and for and on behalf of the Bonneville Power Administration bonds, notes, and

other evidences of indebtedness (in this Act collectively referred to as "bonds") to assist in financing the construction, acquisition and replacement of the transmission system, and to issue and sell bonds to refund such bonds. Such bonds shall be in such forms and denominations, bear such maturities and be subject to such terms and conditions as may be prescribed by the Secretary of the Treasury taking into account terms and conditions prevailing in the market for similar bonds, the useful life of the facilities for which the bonds are issued and financing practices of the utility industry. Refunding provisions may be prescribed by the administrator. Such bonds shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities, plus an amount in the judgment of the Secretary of the Treasury to provide for a rate comparable to the rates prevailing in the market for similar bonds. The aggregate principal amount of any such bonds outstanding at any one time shall not exceed \$1,250,000,000.

(b) The principal of, premiums, if any, and interest on such bonds shall be payable solely from the administrator's net proceeds as hereinafter defined. "Net proceeds" shall mean for the purposes of this section the remainder of the administrator's gross receipts from all sources after first deducting the costs listed in section 11(b)(2) through 11(b)(7) and 11(b)(11), and shall include reserve or other funds created from such receipts.

(c) The Secretary of the Treasury shall purchase forthwith any bonds issued by the administrator under this Act and for that purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the bonds issued by the administrator under this Act. The Secretary of the Treasury may, at any time, sell any of the bonds acquired by him under this Act. All redemptions, purchases, and sales by the Secretary of the Treasury of such bonds shall be treated as public debt transactions of the United States.

SECTION BY SECTION ANALYSIS OF THE FEDERAL COLUMBIA RIVER TRANSMISSION SYSTEM ACT

Section 1. The short title is the "Federal Columbia Transmission System Act."

Section 2. The general purposes of the Act are set forth. The current authority of the Secretary of the Interior regarding the Federal Columbia River Power System is not affected by the Act unless specifically provided. The general intent of the Act is to provide for the use of revenues and revenue bond financing as a substitute for the appropriations presently used to finance the operation, maintenance and continued construction of the Federal transmission system in the Pacific Northwest. The provisions of the Bonneville Project Act, the Flood Control Act of 1944 and the Reclamation Project Act of 1989 giving preference and priority to public bodies and cooperatives for power produced by Federal projects is not affected by the Act. The

powers and duties designated to the administrator under the Act are made subject to the supervision and direction of the Secretary of Interior.

Section 3. The definition of "Pacific Northwest" encompasses the boundaries of the region which have priority on hydroelectric generation from the Federal Columbia River System pursuant to Public Law 88-552. This definition is important in defining the area in which the Bonneville Power Administration may use revenue financing to construct transmission facilities.

Section 4. The Secretary of Interior, acting by and through the administrator, is authorized to construct additions to the Federal transmission in the Pacific Northwest for four specific purposes. These are (1) the transmission of the output from new Federal or non-Federal generating units, (2) for additional service to Bonneville's customers, (3) for inter-regional transmission facilities, and (4) maintain electrical stability and reliability on the Federal system.

Section 5. Unless specifically authorized by Act of Congress, including appropriations acts, the administrator has no authority under the Act to condemn non-Federal transmission facilities and his authority to construct duplicating facilities is specifically limited. The administrator is obligated to enter into good faith negotiations with any utility which proposes to provide facilities in lieu of Federal construction on a time, facility and cost equivalency. This section also provides that a utility which contests Federal construction of new transmission facilities will be given adequate notice of Bonneville's intent to construct and time to bring legal action to challenge such construction in the Federal District Court of Oregon. Specific time periods are allowed so that there will be no cloud upon any bonds which Bonneville issues to finance a contested transmission facility.

Section 6. This section provides that any capacity in the Federal transmission system excess to the needs of the Government will be made available to all utilities on a fair and nondiscriminatory basis. It is anticipated that firm long term contracts for the transmission of non-Federal power will be executed by the administrator in the same manner as has been previously the case.

Section 7. This section gives the administrator the right to enter into such real and personal property transactions as are necessary to carry out his responsibilities under this and the Bonneville Project Act. No change is anticipated in current procurement and property transactions of the administrator.

Section 8. This section designates the administrator as the marketing agent for all Federal hydroelectric projects constructed, under construction, or authorized in the Pacific Northwest excepting the Bureau of Reclamation's Green Springs Project in Southern Oregon currently under long term contractual arrangements with Pacific Power & Light Company. The administrator is presently designated as marketing agent of excess power from most federal projects by Secretarial Order which could be withdrawn at any time. Since Bonneville revenues will be used to secure bonds issued to finance future construction it is important that this marketing authority be designated by statute.

Section 9. This section restates the standards for Bonneville's wholesale power rates which are provided in existing law, applies these

standards to the rates for the transmission of non-Federal power, and adds the requirements to provide revenue sufficient to pay debt service on revenue bonds issued. All rates are made subject to the approval of the Federal Power Commission.

Section 10. This section allows the administrator to establish uniform rates throughout the region or throughout prescribed transmission areas. It also places an obligation to equitably allocate transmission system costs between Federal and non-Federal utilization.

Section 11. This section establishes the Bonneville Power Administration Fund which will be the depository of all funds which are received by Bonneville. The administrator is authorized to make expenditures from the Fund for any purpose which is necessary under this Act, the Bonneville Project Act, or for any legally incurred expenses. Specific categories of expenditure are outlined to make clear the extent of this authority. The Fund will also include trust funds deposited by non-Federal agencies to pay the cost of power purchased or facilities constructed on behalf of such agencies by the administrator. The variety, size and quantity of trust fund transactions entered into by the administrator are expected to increase substantially in the future.

Bonneville is subject to the budget and audit provisions of the Government Corporation Control Act. This would require the administrator to submit a budget through the Department of the Interior to the OMB for review and then to the congressional appropriations committees which currently review Bonneville's appropriation requests. This method would allow for the same kind of review that BPA appropriations currently undergo. Specific reference is made to 31 U.S.C. 850 and its relationship to several sections of the Bonneville Project Act. There is no intent in this section to change the interpretation which Bonneville and the General Accounting Office have made of these sections and their relationship to current legal requirements upon Bonneville.

Section 12. This section allows Bonneville to request investment of surplus funds by the Secretary of the Treasury in direct, general obligations of, or obligations guaranteed as to both principal and interest by the United States. With the approval of the Secretary of the Treasury he may deposit moneys from the Fund in any Federal Reserve bank or other United States depository.

Section 13. The administrator is authorized to issue and sell bonds to the Secretary of the Treasury to finance construction of the transmission system. The maximum amount outstanding at any time is limited to \$1.25 billion.

Debt service on the bonds is payable from Bonneville's net proceeds. Net proceeds are the amounts remaining in the Bonneville Fund after paying Bonneville's O&M and other related costs. The administrator is prohibited from making a payment from the net proceeds to the Reclamation fund or the miscellaneous receipts of the Treasury until he has met such of the currently due debt service on the revenue bonds.

The bonds sold to the Secretary of the Treasury will be in the form, of the maturities and subject to the terms and conditions prescribed by

the Secretary of the Treasury, taking into account the terms and conditions prevailing in the market for similar bonds, the useful life of the facilities for which the bonds are issued, and the financing practices of the utility industry. The interest rate on the bonds will be determined by the Secretary of the Treasury so as to provide an interest rate comparable to that for bonds of a similar quality.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 5, 1974.

HON. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate.

DEAR MR. CHAIRMAN: This refers to S. 3362, 93d Congress, a bill referred to your Committee which if enacted would be cited as the "Federal Columbia River Transmission System Act."

Because one aspect of the bill bears upon the duties of this Office, we offer, as agreed with your staff, the following suggestions for the Committee's consideration.

Section 11 of the bill would establish a "Bonneville Power Administration Fund" in the Treasury, referred to as the "fund." Section 11(c), after setting forth certain restrictions on the use of moneys by the Administrator, Bonneville Power Administration, provides that the Administrator shall be subject to the provisions of the Government Corporation Control Act (31 U.S.C. 841 *et seq.*) "in the same manner as they are applied to the wholly owned Government corporations named in section 101 of such Act (31 U.S.C. 846) * * *" (with exceptions not here relevant). Section 105 of the Government Corporation Control Act requires, among other things, that this Office make annual audits of the corporations subject to the act, and report thereon to the Congress.

We recommend that, to allow flexibility to the General Accounting Office in the use of its available manpower resources to the maximum advantage, the bill be amended by adding the following sentence to section 11(c):

"Notwithstanding the provisions of sections 105 and 106 of the Government Corporation Control Act, the financial transactions of the Administrator shall be audited by the Comptroller General at such times and to such extent as he deems necessary and reports of the results of each such audit made to the Congress within six and one-half months following the end of the fiscal year covered by the audit."

On page 8 at line 17, the reference to "16 U.S.C. 831" should be to "16 U.S.C. 832."

Sincerely yours,

ROBERT F. KELLER,
Deputy Comptroller General
of the United States.

IX. CHANGES IN EXISTING LAW

Subsection (4) of rule XXIX of the Standing Rules of the Senate requires a statement of any changes in existing law made by the bill ordered reported. S. 3362 as reported makes no amendment to or changes in existing laws.

October 19, 1974

Office of the White House Press Secretary

THE WHITE HOUSESTATEMENT BY THE PRESIDENT ON
SIGNING OF THE FEDERAL COLUMBIA RIVER
TRANSMISSION SYSTEM ACT

I am pleased to sign into law S. 3362, the Federal Columbia River Transmission System Act. In an era of deepening concern over the Nation's energy well-being, this bill is a solid step forward in meeting our energy requirements on an orderly, planned basis.

The Congress is to be congratulated for enacting this important legislation. Its passage is also a tribute to the broad-based support this measure received from the region's electric utilities, business and labor organizations, and State and local governments.

This partnership has also produced the Pacific Northwest-Pacific Southwest intertie and the Columbia River Basin treaty with Canada. These agreements are vital to a sound interregional power system and serve the over-riding need for conserving our energy resources. Transfers of surplus hydropower from the Pacific Northwest to California have already conserved over 16 million barrels of vital oil this year. This is an outstanding example of partnership planning, and demonstrates once again that the Federal establishment can work in close concert with State and local government and industry to solve problems at the regional level.

This bill authorizes the Bonneville Power Administration to issue revenue bonds and to use the proceeds in carrying out its mission. Such bonding authority, together with provisions enabling BPA to utilize its revenues, should eliminate the need for congressional appropriations. The legislation does provide for continuing congressional review of the BPA program.

In sum, this new law will assist in the efforts outlined in my speech to the Congress last week to assure efficient use of America's precious energy resources.

October 9, 1974

Dear Mr. Director:

The following bills were received at the White House on October 9th:

- | | |
|-----------------|--------------|
| S.J. Res. 123 ✓ | H.R. 7954 ✓ |
| S. 1794 ✓ | H.R. 9054 ✓ |
| S. 2220 ✓ | H.R. 11537 ✓ |
| S. 3362 ✓ | |

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.