

The original documents are located in Box 55, folder “9/17/76 HR6622 Repair of the Del City Aqueduct Oklahoma” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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9/17/76

APPROVED
SEP 17 1976

THE WHITE HOUSE
WASHINGTON
September 16, 1976

ACTION

Last Day: September 21

Rated 9/18/76
To AR 41075
9/20/76

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON *J. Cannon*
SUBJECT: H.R. 6622 - Repair of the Del City
Aqueduct, Oklahoma

Attached for your consideration is H.R. 6622, sponsored by Representatives Steed and Jarman.

The enrolled bill authorizes the Secretary of the Interior to assume responsibility for certain repair costs for the Del City Aqueduct, a feature of the Norman Oklahoma Federal reclamation project.

The Department of the Interior has supported this legislation and believes that due to an unusually high number of pipeline breaks, this is a rather unique situation and merits this unusual treatment.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf and I recommend approval of the enrolled bill. Counsel's Office (Kilberg) states the "enrolled bill could create a precedent for other situations. However, since the Administration reported favorably on the bill to both the House and the Senate, Counsel's Office does not object to signing."

RECOMMENDATION

That you sign H.R. 6622 at Tab B.

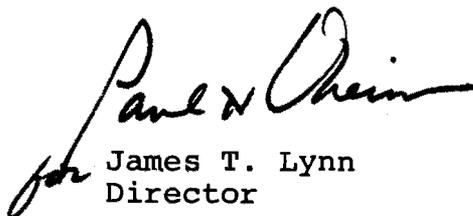


From the outset this aqueduct pipeline has been troubled by an unusual number of breaks. Between the time of its initial operation in 1966 until the end of 1972, 74 breaks in the pipeline occurred and these were repaired by the contractor at no cost to either the district or the Federal Government. Subsequent to 1972, 10 pipeline breaks have been repaired by the Department of the Interior, as part of research studies aimed at ascertaining causes of the breaks. However, this research has ended, and the district is now responsible for repairing the Del City aqueduct.

The present contract calls for the district to repay the Federal Government nearly \$12 million, two-thirds of the project's cost, in annual increments over a 50-year period. H.R. 6622 would authorize the Secretary of the Interior to amend the contract by adjusting the district's annual amounts due to the United States during the remaining 40-year repayment period for the Del City aqueduct. The specific adjustment would be a credit against the district's annual repayment obligation equalling those costs incurred by the district to repair the Del City aqueduct, which, in the opinion of the Secretary, are in excess of the costs of normal aqueduct operation, maintenance, and replacement.

In testimony and reports on this legislation, Interior supported its enactment, noting that the pipeline breaks have been caused by several factors beyond the district's control, including unusual soil conditions, and that the anticipated breaks should not all be considered a routine operation, maintenance, and replacement responsibility.

In its attached enrolled bill letter, Interior recommends approval based on the unique circumstances of this case, the modest cost, and considerations of fairness to the district. Interior estimates that based upon the historical record, an average of six breaks will occur each year for some time in the future, and that the average annual cost of the repairs would be approximately \$3,000. The total future cost of pipeline repairs is not expected to exceed \$150,000 over the anticipated repayment period.


for James T. Lynn
Director

Enclosures

other situations

THE WHITE HOUSE
WASHINGTON

could create precedent for
However, since ~~Interior~~
Administration reported
favorably on bill to both
House & Senate; ~~to do so~~
Counsel's office does NOT
object to signing.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 15

Time: 400pm

FOR ACTION: George Humphreys *ok*
Max Friedersdorf *ok* cc (for information):
Ken Lazarus *comments*

Jack Marsh
Jim Connor
Ed Schmulke

FROM THE STAFF SECRETARY

DUE: Date: September 16

Time: 900am

SUBJECT: *6622*
H.R. ~~662~~--Repair of the Del City Aqueduct, Okla.

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

please return to judy johnston, ground floor 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



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

SEP 13 1976

Dear Mr. Lynn:

This responds to your request for the views of this Department concerning H.R. 6622, an enrolled bill "To provide for repair of the Del City aqueduct, a feature of the Norman Federal reclamation project, Oklahoma."

We recommend that the President approve enrolled bill H.R. 6622.

The bill would authorize the Secretary of the Interior to amend his contract of September 5, 1961, with the Central Oklahoma Master Conservancy District to adjust the District's repayment obligations by an amount equal to the costs incurred by the District for excessive repairs to the aqueduct. The contract is for 50 years with 40 years of repayment obligation left. The aqueduct was federally constructed under an agreement requiring the District to maintain and operate it after construction.

During the approximately ten years the six-mile-long Del City aqueduct has been in service, 87 breaks have occurred. The aqueduct is a concrete pressure pipeline similar to others which are being operated successfully on projects within the Southwest Region.

The Central Oklahoma Master Conservancy District has borne the cost of operation with the exception of expenses incurred in repairing and assessing the numerous pipeline breaks. A total of 42 breaks during the 36-month warranty period and 32 additional breaks during the following 41-1/2 months ending December 31, 1972, were repaired by the contractor at no expense to the District or to the United States. Pipeline breaks subsequent to 1972 have been repaired by the United States, in conjunction with studies of their causes.

We have concluded that the pipeline breaks have been caused by several factors beyond the District's control, including unusual soil conditions. We cannot predict how far into the future the pipeline failures will continue. Based upon the historical record, however, we estimate that an average of six breaks will



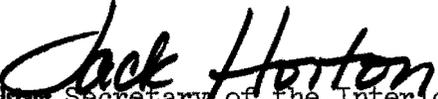
occur each year for some time in the future, and that the average annual cost of the repairs (approximately \$500/break) would be approximately \$3,000. The total future cost of pipeline repairs is not expected to exceed \$150,000 over the anticipated repayment period. The total estimated project cost, including \$685,323 interest during construction, is \$18,371,444. The total value of contracted repayment is \$11,978,000.

Not all of the anticipated breaks should be considered a routine operation, maintenance, and replacement responsibility. We recommend that future pipeline breaks be repaired by the District, as a part of its operation and maintenance program, with the District's costs for excessive repairs (as determined by the Secretary) credited toward its annual construction repayment obligation to the United States, as provided in the proposed bill.

The Department reported favorably on the bill to both the House and the Senate. No changes have been made in the bill since we first reported to the House in June of 1975.

The unique circumstances of this case, the very modest cost of the bill, and considerations of fairness to the District make it appropriate that enrolled bill H.R. 6622 be enacted.

Sincerely yours,


Assistant Secretary of the Interior

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

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

SEP 15 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6622 - Repair of the Del
City aqueduct, Oklahoma
Sponsors - Rep. Steed (D) Oklahoma and
Rep. Jarman (R) Oklahoma

Last Day for Action

September 21, 1976 - Tuesday

Purpose

Authorizes the Secretary of the Interior to assume responsibility for certain repair costs for the Del City aqueduct, Oklahoma.

Agency Recommendations

Office of Management and Budget

Approval

Department of the Interior

Approval

Discussion

The Norman Oklahoma Federal reclamation project consists of a reservoir and a system of pumping plants and aqueducts for delivery of municipal and industrial water to three cities in Central Oklahoma. A component of this project, the Del City aqueduct, was constructed under a contract whereby the Central Oklahoma Conservancy District would maintain and operate it.



10-
J. Johnston
9-15-76
2:30 p.m.

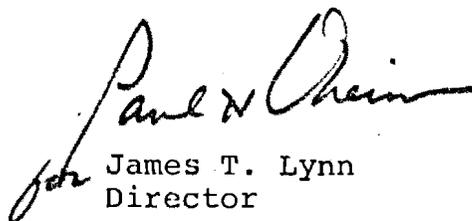


From the outset this aqueduct pipeline has been troubled by an unusual number of breaks. Between the time of its initial operation in 1966 until the end of 1972, 74 breaks in the pipeline occurred and these were repaired by the contractor at no cost to either the district or the Federal Government. Subsequent to 1972, 10 pipeline breaks have been repaired by the Department of the Interior, as part of research studies aimed at ascertaining causes of the breaks. However, this research has ended, and the district is now responsible for repairing the Del City aqueduct.

The present contract calls for the district to repay the Federal Government nearly \$12 million, two-thirds of the project's cost, in annual increments over a 50-year period. H.R. 6622 would authorize the Secretary of the Interior to amend the contract by adjusting the district's annual amounts due to the United States during the remaining 40-year repayment period for the Del City aqueduct. The specific adjustment would be a credit against the district's annual repayment obligation equalling those costs incurred by the district to repair the Del City aqueduct, which, in the opinion of the Secretary, are in excess of the costs of normal aqueduct operation, maintenance, and replacement.

In testimony and reports on this legislation, Interior supported its enactment, noting that the pipeline breaks have been caused by several factors beyond the district's control, including unusual soil conditions, and that the anticipated breaks should not all be considered a routine operation, maintenance, and replacement responsibility.

In its attached enrolled bill letter, Interior recommends approval based on the unique circumstances of this case, the modest cost, and considerations of fairness to the district. Interior estimates that based upon the historical record, an average of six breaks will occur each year for some time in the future, and that the average annual cost of the repairs would be approximately \$3,000. The total future cost of pipeline repairs is not expected to exceed \$150,000 over the anticipated repayment period.


for James T. Lynn
Director

Enclosures

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOC NO.:

Date: September 15

Time: 400pm

FOR ACTION: George Humphreys
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 16

Time: 900am

SUBJECT: 6622
H.R. ~~662~~--Repair of the Del City Aqueduct, Okla.

ACTION REQUESTED:

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

REMARKS:

please return to judy johnston, ground floor west wing

This looks like a special favor bill, despite the unusual number of pipeline breaks. I will not raise any objection to signing only because Interior places Administrator in favor of bill in both House & Senate

Bobbie Kilberg 9/15/76

OPTIONAL FORM NO. 10 (MAY 1962 EDITION) GSA FPMR (41 CFR) 101-11.6

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

James V. Cannon
for the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 15

Time: 400pm

FOR ACTION: George Humphreys
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 16

Time: 900am

SUBJECT: 6622

H.R. 687--Repair of the Del City Aqueduct, Okla.

ACTION REQUESTED:

___ For Necessary Action

___ For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

For Your Comments

___ Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

I recommend approval

MEMORANDUM FOR THE PRESIDENT

If you have any questions or if you wish to participate in any way, please advise the staff secretary.

J. M. Cannon
for the President

THE WHITE HOUSE

WASHINGTON

September 16, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *MS*
SUBJECT: HR ~~662~~⁶⁶³² - Repair of the Del City Aqueduct, Okla.

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

PROVIDING FOR REPAIR OF THE DEL CITY AQUEDUCT,
A FEATURE OF THE NORMAN FEDERAL RECLAMA-
TION PROJECT, OKLAHOMA

SEPTEMBER 15, 1975.—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 H.R. 6622]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 6622) to provide for repair of the Del City aqueduct, a feature of the Norman Federal reclamation project, Oklahoma, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF LEGISLATION

The purpose of H.R. 6622 by Representatives Steed and Jarman is to enable the Secretary of the Interior to participate financially in the cost of repairing a defective pipeline installed by the United States as a feature of the Norman Project, Oklahoma.

BACKGROUND

The Norman Project was authorized for construction by the Act of June 27, 1960 (74 Stat. 225) and was essentially completed by 1965. The project consists of a major multiple-purpose reservoir, Lake Thunderbird, and a system of pumping plants and aqueducts for delivering municipal and industrial water supply to three cities comprising the Central Oklahoma Master Conservancy District. The Conservancy District has contracted to operate, maintain and replace the project facilities and to repay \$11,978,000 with interest to the Federal Government as the share of the project allocable to municipal and industrial water supply. The remainder of the \$19 million project is non-reimbursable for flood control, fish and wildlife, and recreation.

As soon as the aqueduct system became operational, breaks commenced to occur in the 6.2 mile Dell City aqueduct. Since 1966 there

have been about 84 instances of failure of the precast concrete pipeline from not yet fully determined causes. In the remaining 24 miles of aqueduct serving Norman and Midwest City there have been only two instances of pipe failure.

Responsibility for repairing the pipeline was borne by the construction contractor under his warranty until 1972, during which period a total of 74 breaks were repaired. Since 1972, the Bureau of Reclamation was financed the repair of ten additional cases of pipe failure as part of an ongoing research effort to determine the cause of the breaks. The Administration feels that it should not continue to operate on this basis.

DISCUSSION

H.R. 6622 would authorize the Secretary of the Interior to amend the repayment contract with the Conservancy District in such a way as to contemplate a credit on the District's annual repayment obligation to the United States in an amount determined by the Secretary to represent extraordinary maintenance as distinct from routine maintenance. This determination would be based on an analysis of the maintenance history of a representative sample of comparable projects and would be subject to negotiation with the Conservancy District. The Committee understands that a maximum of three breaks per year would probably represent the upper limit of normal maintenance—although a lower level might be developed through the analysis of maintenance history of similar lines. The Committee further understands that only special equipment rental, materials and special labor skills not normally available on the District maintenance staff would be credited to the District.

COSTS

The Committee estimate of the cost of the legislation as required to be presented by the Rules of the House is \$150,000, whereas the estimate presented by Departmental witnesses in oral testimony was approximately \$125,000. It should be borne in mind that, with experience and additional insight into the cause of the breaks, it may be possible to minimize or eliminate their occurrence and thereby sharply reduce the cost of this legislation.

INFLATIONARY IMPACT

H.R. 6622 involves no new expenditure of federal funds although it does contemplate a maximum reduction in Federal revenues in the approximate amount of about \$3,000 annually, for a term of about 40 years. The inflationary impact on the National economy, when viewed in this light, is so minor as to be of negligible significance.

COMMITTEE RECOMMENDATION

The Committee on Interior and Insular Affairs, on the basis of a voice vote, recommends that H.R. 6622 be enacted.

EXECUTIVE COMMUNICATION

The report of the Department of the Interior supporting enactment of H.R. 6622 is dated June 5, 1975. It is set forth below in its entirety:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., June 5, 1975.

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

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department concerning two bills, H.R. 589 and H.R. 6622.

H.R. 589 is a bill, "To authorize the Secretary of the Interior to provide relief to the Santa Ynez River Water Conservation District due to delivery of water to the Santa Ynez Indian Reservation lands." H.R. 6622 is a bill, "To provide for repair of the Del City aqueduct, a feature of the Norman Federal reclamation project, Oklahoma."

We have reviewed the proposed bills; we favor the enactment of H.R. 6622, and we do not favor enactment of H.R. 589.

H.R. 589 would allow the Secretary to relieve the Santa Ynez River Water Conservation District of repayment of a small reclamation project loan, to the extent of \$1120 per year. In 1960 the District entered into a contract with the United States to repay a Small Reclamation Projects loan of about \$3,800,000, which was used to construct a distribution system. The distribution system was completed in 1965. The bill would compensate the District for repayment of the portion of the distribution system attributable to the Santa Ynez Indian Reservation. The District usually obtains funds for the loan by the ordinary means of tax assessment, but because the lands involved are Federally owned it cannot assess the Indian reservation. The loan was originally for a term of 40 years, and has 30 years left to run.

The Santa Ynez Indian Reservation is located within the boundaries of the 10,000 acre Santa Ynez River Water Conservation District. There are some 15 Indian families living on the 88-acre reservation. The District is a member unit of the Santa Barbara County Water Agency, the contracting entity on the Cachuma Project. The project is located near Goleta in southern Santa Barbara County, California. The District is also paying the United States for water supplied from the Cachuma project.

The District is providing water for domestic use by the Indians through a part of the water distribution system constructed with the loan funds. The Indian Health Service, a part of the Department of Health, Education, and Welfare, installed a distribution system within the reservation boundaries about five years ago.

The Santa Ynez Indians have made and will continue to make payments to the District for water delivered. This charge is to compensate the District for maintenance and operation costs, and for the District's payments to the United States for water. However, because the annual tax assessment made against other District lands is not possible against the reservation lands, no equitable adjustment can be made to the District for the water distribution system without specific legislation.

The cost of the District's distribution system amounts to approximately \$382 per acre over the balance of the repayment period which would be equal to about \$34,000 for the 88 acres of Indian land. This is slightly less than one percent of the loan and is the approximate amount the District would be credited under the proposed legislation.

The Administration has opposed enactment of H.R. 589. It has taken

a position that the matter of payment by the Indians for the distribution system is a matter between the District and the Indians. The original loan agreement between the District and the United States contains no reservations or stipulations regarding prospective water service to the Indians.

H.R. 6622 would authorize the Secretary to amend its contract of September 5, 1961 with the Central Oklahoma Master Conservancy District to adjust the District's repayment obligations by an amount equal to the costs incurred by the District for excessive repairs to the aqueduct. The contract is for 50 years with 40 years of repayment obligation left. The aqueduct was Federally constructed under an agreement with the District whereby the District would maintain and operate it thereafter.

During the time the six-mile-long Del City pipeline has been in service, approximately nine years, 84 breaks have occurred. The pipeline, a concrete pressure pipeline, is similar to pipelines which are being operated successfully on several other projects within the Southwest Region.

The Central Oklahoma Master Conservancy District, which has operated the pipeline since May 2, 1966, has borne the cost of operation, with the exception of expenses incurred in repairing and assessing the numerous pipeline breaks. A total of 42 breaks during the 36-month warranty period and 32 additional breaks during the following 41½ months ending December 31, 1972, were repaired by the contractor at no expense to the District or to the United States. Pipeline breaks subsequent to 1972 have been repaired by the United States, in conjunction with research studies aimed at ascertaining causes of the breaks.

We have concluded that the pipeline breaks have been caused by several factors beyond the District's control, including unusual soil conditions. We cannot predict how far into the future the pipeline failures will continue. Based upon the historical record, however, we estimate that an average of six breaks will occur each year for some time in the future, and that the average annual cost of the repairs (approximately \$500/break) would be approximately \$3,000. The total future cost of pipeline repairs is not expected to exceed \$150,000 over the anticipated repayment period. The total estimated project cost, including \$685,323 interest during construction, is \$18,371,444. The total value of contracted repayment is \$11,978,000.

We do not believe that all of the anticipated breaks should be considered a routine operation, maintenance, and replacement responsibility. We recommend that future pipeline breaks be repaired by the District, as a part of its operation and maintenance program, with the District's costs for excessive repairs (as determined by the Secretary) credited toward its annual construction repayment obligation to the United States, as provided in the proposed bill.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

ROYSTON C. HUGHES,
Assistant Secretary of the Interior.

REPAIR OF THE DEL CITY AQUEDUCT, NORMAN FEDERAL RECLAMATION PROJECT, OKLAHOMA

—————
AUGUST 27, 1976.—Ordered to be printed
—————

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

REPORT

[To accompany H.R. 6622]

The Committee on Interior and Insular Affairs, to which was referred the act (H.R. 6622) to provide for the repair of the Del City aqueduct, a feature of the Norman Federal reclamation project, Oklahoma, having considered the same, reports favorably thereon without amendment and recommends that the act do pass.

PURPOSE

H.R. 6622 authorizes the Secretary of the Interior to enter into an amendatory contract with the Central Oklahoma Master Conservancy District in order that the Secretary may participate financially in the cost of repairing a defective pipeline installed by the United States as a feature of the Norman project in Oklahoma.

BACKGROUND

The Norman project (authorized in 1960) consists of a multipurpose storage reservoir and a system of pumping plants and aqueducts for delivery of municipal and industrial water to three cities in Central Oklahoma. As soon as the project began water delivery in 1966, breaks began to occur in the 6.2-mile Del City aqueduct, with 84 breaks to date. Responsibility for repairing the pipeline was borne by the contractor until 1972, when the Bureau of Reclamation assumed repair costs as part of a research program to determine the causes of failure. Since then the Bureau of Reclamation has assumed the costs for the repair of 10 breaks in the pipeline.

The Administration, in testimony before the Energy Research and Water Resources Subcommittee of the Senate Committee on Interior

and Insular Affairs on June 15, 1976, testified in favor of enactment of H.R. 6622.

ANALYSIS

H.R. 6622 would authorize the Secretary of the Interior to amend the prepayment contract with the Conservancy District in such a way as to contemplate a credit on the district's annual repayment obligation to the United States in an amount determined by the Secretary to represent extraordinary maintenance as distinct from routine maintenance. This determination would be based on an analysis of the maintenance history of a representative sample of comparable projects and would be subject to negotiation with the Conservancy District.

Administration testimony indicated that based on historical records, an average of six breaks will occur in the 36-inch pre-cast concrete pipe each year for the foreseeable future. Average annual costs of the repairs are estimated to be \$3,000 and it is anticipated that repairs will be undertaken by the district with the costs being credited toward the annual repayment obligation for the project to the United States.

LEGISLATIVE HISTORY

A hearing to take public and Administration testimony on H.R. 6622 was held before the Energy Research and Water Resources Subcommittee of the Senate Committee on Interior and Insular Affairs on June 15, 1976.

H.R. 6622 was reported to the floor of the House on September 15, 1975, and was approved by the House on October 6, 1975.

COMMITTEE RECOMMENDATION AND TABULATION OF VOTES

The Senate Committee on Interior and Insular Affairs, in open business session on August 4, 1976, by unanimous vote of a quorum present recommends that the Senate pass H.R. 6622.

COST AND BUDGETARY CONSIDERATIONS

Pursuant to section 401 of the Congressional Budget Act of 1974, the Congressional Budget Office prepared a 5-year cost estimate for H.R. 6622 and the repair of the Del City aqueduct, a feature of the Norman Federal reclamation project.

It was assumed that the legislation will be enacted during the transition quarter and that repair costs would be paid by the district beginning in fiscal year 1977.

The cost estimate is derived by estimating the total number of breaks expected in the aqueduct and the average cost to repair a given break. The estimate of the number of breaks is based on the recent historical experience and excludes those expected to occur under normal operating conditions.

The Bureau of Reclamation provided an estimate of the cost of repairing a single break in the Aqueduct based on 1975 price levels. This cost has been adjusted in the estimate for fiscal year 1977 to reflect costs of concrete pipeline based on 1976 price levels. This adjustment was based on Bureau of Reclamation construction cost indices. The adjusted cost for fiscal year 1978, fiscal year 1979, fiscal

year 1980, and fiscal year 1981, was based on the projected increases in the implicit price deflator for nonresidential structures.

Cost estimate (dollars)

Revenue loss:

Fiscal year:

1977	-----	\$3, 100
1978	-----	3, 800
1979	-----	3, 400
1980	-----	3, 600
1981	-----	3, 800

In accordance with section 252(a) of the Legislative Reorganization Act of 1970, the committee provides the following estimate of costs.

H.R. 6622, as reported by the committee would result in an estimated total reduction in revenue to the Federal Government of \$150,000 over the 40-year period of the repayment contract.

EXECUTIVE COMMUNICATIONS

The pertinent legislative reports and communications received by the committee from the Department of the Interior setting forth Executive agency recommendations relating to H.R. 6622 are set forth below:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., June 4, 1976.

Hon. HENRY M. JACKSON,
*Chairman, Committee on Interior and Insular Affairs, U.S. Senate,
Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department concerning H.R. 6622, a bill as it passed the House of Representatives October 6, 1975, "To provide for repair of the Del City aqueduct, a feature of the Norman Federal reclamation project, Oklahoma."

We recommend enactment of H.R. 6622.

The bill would authorize the Secretary to amend its contract of September 5, 1961 with the Central Oklahoma Master Conservancy District to adjust the District's repayment obligations by an amount equal to the costs incurred by the District for excessive repairs to the aqueduct. The contract is for 50 years with 40 years of repayment obligation left. The aqueduct was Federally constructed under an agreement with the District whereby the District would maintain and operate it thereafter.

During the time the six-mile-long Del City pipeline has been in service, approximately ten years, 87 breaks have occurred. The pipeline, a concrete pressure pipeline, is similar to pipelines which are being operated successfully on several other projects within the Southwest Region.

The Central Oklahoma Master Conservancy District, which has operated the pipeline since May 2, 1966, has borne the cost of operation, with the exception of expenses incurred in repairing and assessing the numerous pipeline breaks. A total of 42 breaks during the 36-

month warranty period and 32 additional breaks during the following 41½ months ending December 31, 1972, were repaired by the contractor at no expense to the district or to the United States. Pipeline breaks subsequent to 1972 have been repaired by the United States, in conjunction with research studies aimed at ascertaining causes of the breaks.

We have concluded that the pipeline breaks have been caused by several factors beyond the district's control, including unusual soil conditions. We cannot predict how far into the future the pipeline failures will continue. Based upon the historical record, however, we estimate that an average of six breaks will occur each year for some time in the future, and that the average annual cost of the repairs (approximately \$500/break) would be approximately \$3,000. The total future cost of pipeline repairs is not expected to exceed \$150,000 over the anticipated repayment period. The total estimated project cost, including \$685,323 interest during construction, is \$18,371,444. The total value of contracted repayment is \$11,978,000.

We do not believe that all of the anticipated breaks should be considered a routine operation, maintenance, and replacement responsibility. We recommend that future pipeline breaks be repaired by the district, as a part of its operation and maintenance program, with the District's costs for excessive repairs (as determined by the Secretary) credited toward its annual construction repayment obligation to the United States, as provided in the proposed bill.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

CHRIS FARRAND,
Acting Assistant Secretary of the Interior.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of Rule XXIX of the Standing Rules of the Senate, the committee states that no changes in existing law would be made by H.R. 6622, as ordered reported.



H.R. 6622

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

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

An Act

To provide for repair of the Del City aqueduct, a feature of the Norman Federal reclamation project, Oklahoma.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is hereby authorized to enter into an amendatory contract with the Central Oklahoma Master Conservancy District, organized under the laws of the State of Oklahoma, providing for an adjustment of the payment obligations of the Central Oklahoma Conservancy District under the contract of September 5, 1961, between said district and the United States pursuant to an Act of June 27, 1960 (74 Stat. 225); said adjustment of repayment obligations to be equal to the costs incurred by said district to repair the Del City aqueduct, which, in the opinion of the Secretary of Interior, are in excess of the costs of normal operation, maintenance, and replacement: *Provided*, That any such costs shall be credited so as to reduce the repayment obligation of said district annually at the end of the year during which said costs are incurred.*

Speaker of the House of Representatives.

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