

*Boulder Dam*

*Pays Own Way*

Boulder Dam's best known claim to fame is its breathtaking height. Towering 726 feet above its foundations on the Colorado River, it is the tallest dam in the world.

But Boulder Dam is unique in another category also, writes Robert Lee in the Los Angeles Times. It is the outstanding example of how a federal power plant can be operated for financial success. This attribute is especially important now, when new policies for federal power plants and reclamation projects are under consideration. President Eisenhower's appointee as Secretary of the Interior, Douglas McKay, is the key figure in future developments on this important subject.

### **IS YARDSTICK**

The characteristic that makes Boulder Dam a yardstick for federal power operations is the fact that it is the only multipurpose dam in the history of the United States for which complete repayment was guaranteed without cost to the taxpayer before any money was spent. No such claim can be made for any other federal dam.

Former President Herbert Hoover modestly mentioned the distinctive economic soundness of the dam named in his honor when he outlined his views on federal power policies in an address given at the Case Institute of Technology in Cleveland earlier this year.

What he did not spell out in specific figures was the impressive financial earning record of the giant power plant.

### **EARNS MILLIONS**

In the 16 years since commercial power generation began, in 1937, Boulder Dam has earned approximately \$75,000,000 for the federal treasury. Of that amount in round figures, \$57,000,000 has been applied to interest costs and \$18,000,000 to principal.

The estimated total cost of the dam and power plant is \$173,000,000. By 1987 power sales will have repaid all of that amount with interest, except for \$25,000,000 charged to flood control purposes. The flood control item is deferred until the other costs have been repaid. Then that amount, too, will be paid off within a relatively short time from power sales.

The guarantee that the U. S. Treasury will get back its money, with 3 per cent interest, is written into the iron-clad contracts which Mr. Hoover explained in his Cleveland speech. Referring to Boulder Dam, he said it was stipulated that "before construction began the energy should be leased to the private utilities and municipalities. And we contracted to sell it at a rate which provided interest on the government investment and the complete repayment of the investment within a period of 50-years. The consumers since have found no cause for complaint from that arrangement."

## CAN TAKE PRIDE

Every Southern California citizen can take pride in the fact that the "private utilities and municipalities" referred to by Mr. Hoover are strictly Southern Californian. The utilities — public and private — that signed on the dotted line guaranteeing repayment to Uncle Sam, and the percentages of firm power they obligated themselves for, are as follows:

Agency	Per Cent
Metropolitan Water District .....	35.25
L. A. Department of Water and Power .....	36.95
Southern California Edison Co. ....	21.15
City of Glendale .....	1.85
City of Pasadena .....	1.58
City of Burbank .....	.58
California Electric Power Co. ....	2.64

The percentage figures shown include the obligations assumed by Southern California agencies to guarantee payment for the 35.25 per cent allocated to the states of Arizona and Nevada. If the states do not buy the amount of firm power set aside for them the Department of Water and Power is liable financially for 55 per cent of the two states' total, the Southern California Edison Co. for 40 per cent and the California Electric Power Co. for 5 per cent.

## PAY MOST MONEY

Southern California power purchasers have accounted to date for about 90 per cent of the \$75,000,000 that Boulder Dam has put back in the federal treasury. The remainder has come from power sales in Nevada and Arizona but, as pointed out above, neither of those states is obligated to buy any power or to pay back any of the cost of Boulder Dam.

If Boulder Dam can be paid for through sales of power, with no tax subsidies, why cannot the same business-like formula be ap-