

Secretary UDALL. It will be handled by contracts with the various Arizona entities.

Mr. REINECKE. Is there any plan at the present time to use any spreading in Arizona of existing water from CAP?

Secretary UDALL. No.

Mr. REINECKE. In S. 1004, I believe, it indicates on page 26 a cost of CAP of \$768 million. Is this a figure on which your cost and analysis was based to provide that the project would pay out even without a basin fund at present?

Mr. DOMINY. That is correct.

Mr. REINECKE. My recollection is that the prices we were dealing with earlier were somewhat smaller than this.

On the same page, it is indicated that the prices will be not to exceed \$100 million in drainage distribution and facilities. Is this included in the payout from the basin fund?

Mr. DOMINY. That would be repaid by the water users through separate loans. They would be small project-type loans.

The costs are not part of the estimate cost of CAP. They would be additional obligations picked up on separate contract.

Mr. REINECKE. The Senate bill calls for it in the CAP legislation.

Mr. DOMINY. But it would be separate contracts.

Mr. REINECKE. It is in addition to the \$786 million. I do understand that.

Mr. DOMINY. Yes.

Mr. REINECKE. But I am wondering where the revenue for that would come from?

Mr. DOMINY. It would come under separate contracts for the distribution systems.

Mr. REINECKE. Then the cost analysis which led you to think the project was feasible would be a total cost of \$878 million or the \$787 million figure?

Mr. DOMINY. It would wash out because it would be under separate contract with the full cost being paid by the water district.

Mr. REINECKE. Is this considered subsequent money at interest rate?

Mr. DOMINY. It would be repaid without interest.

Mr. REINECKE. You mentioned earlier something about you may have to line some canals over the California side, I believe. This was 2 days ago. I am interested in knowing what specific areas you are referring to where you feel this might be necessary.

Secretary UDALL. I was referring primarily to the All-American Canal.

Mr. REINECKE. I was under the impression that there was some substantial amount of lining done there and a lot of tests indicate that that might not be necessary.

Mr. DOMINY. There has been some substantial lining and, of course, the Coachella distribution system is a closed pipe system. The difficulty in lining the All-American Canal is the fact that you cannot take it out of use. We are still trying to find a material that can be put in the water to seal the canal.

Mr. REINECKE. Would the funding for this lining also come out of the development fund without prior appropriation?