

license. Under the Federal Power Act this project is not subject to recapture because it is owned by a public agency.

The effect of the St. Stephen Project would be to divert most of the water from the Cooper River into the Santee River. It would leave the Pinopolis plant almost high and dry. The average flow through the Pinopolis Plant is something like 15,600 cubic feet per second. When St. Stephen is completed, this flow will be reduced to about 3,000 cubic feet per second, less than twenty percent of the present normal flow. The license does not expire until April 1, 1976.

The St. Stephen project as recommended by the Corps, including the provision for keeping Santee-Cooper whole, has been approved by Governor McNair of South Carolina and by every state and federal agency to which it has been presented, except for the Bureau of the Budget, which released its adverse report only yesterday. This report comes as a complete surprise in view of the unanimous endorsement which the project has received up to that point. It is a very negative and damaging report and I hope that this committee will reject it.

Now, of course, it would be the height of unfairness and confiscation if the Federal Government were to take away the water required to operate the Pinopolis plant without making compensation. I am not talking about the legal questions now, but simple fairness. The Corps of Engineers has therefore negotiated an arrangement with Santee-Cooper to keep Santee-Cooper whole. That arrangement is a part of the proposal which the Corps of Engineers is making. It was negotiated at arms length and after a lot of hard bargaining which took many months. Of course the agreement is tentative and is subject to Congressional authorization to negotiate the final terms. I strongly urge that the Corps be given this authority.

The Corps has also proposed what they call an early implementation feature which means that the Corps would have authority to divert the water before completion of the plant upon reimbursing Santee-Cooper for the additional cost of replacing the lost generation. I believe that this is a valuable and desirable feature also, provided it is not used to delay or block the construction of the St. Stephen project but only to get the benefits as soon as possible and without awaiting the completion or even the start of the St. Stephen project.

I am not going to waste my time commenting on the Bureau of the Budget. You know that the Bureau recommended authorization only for early implementation between now and the date of expiration of the Federal Power Commission license on April 1, 1976. This type of a recommendation is so absurd that I do not intend to even discuss it, since it involved breach of faith to say the very least to the customers of Santee-Cooper and the bond holders of this comparatively small power project.

I will far rather depend on your good judgment than the position of the Bureau of the Budget. This is not the first time that they have demonstrated a rather dismal lack of knowledge on a very important matter to a community about which they know practically nothing. I am perfectly willing to leave the fate of this project in the hands of this Committee. It may only be necessary to appropriate \$100,000 for the next fiscal year but I would be most grateful if this Committee would approve the entire project as recommended by the Army since authorization will be needed anyway to implement the needed funds for the future. The recommendation of the Bureau of the Budget could well sound the death knell to this project.

I urge this Committee to authorize the St. Stephen Project as proposed by the Corps of Engineers.

Thank you very much for your attention.

STATEMENT OF J. B. THOMASON, GENERAL MANAGER, SOUTH CAROLINA PUBLIC SERVICE AUTHORITY, MONCKS CORNER, S.C.

This statement is submitted by the South Carolina Public Service Authority in support of the recommendation of the Corps of Engineers for construction of the St. Stephen project, including the request of the Corps for authorization to negotiate an agreement with the Authority which would keep the Authority whole in connection with project construction and operation.

The South Carolina Public Service Authority is a public agency of the State of South Carolina created in 1934 by an Act of the South Carolina Legislature. It owns and operates an electric generating, transmitting and distributing system in eastern South Carolina with lines extending across approximately 2/3 of