the state. It serves over 20,000 retail customers from its own system and over 100,000 rural customers through lines owned for the most part by electric cooperatives, but operated by the Authority. The Authority serves two large air bases and other large military and naval installations, as well as a number of large industries which have located in eastern South Carolina since the Authority commenced operation.

The heart of the Authority's power system is a hydroelectric generating plant near Pinopolis, South Carolina. This plant discharges the major portion of the flow of the Santee River into the headwaters of the Cooper River which flows into Charleston Harbor. The Authority commenced the discharge of water into the Cooper River in 1942. Since that date Charleston Harbor has continuously been improved for military and commercial purposes. The navigation channels within and adjacent to the Harbor have been both changed in location and greatly deepened within the period of the Authority's operation. The cost of dredging within Charleston Harbor has substantially increased within the same period, with the largest increases having occurred within the last ten years.

The Charleston District Office of the Corps of Engineers has almost continuously both studied and implemented harbor improvements. The report of the U.S. Army Engineers, Charleston District, Corps of Engineers, July 1966, concurred in by the Division Engineer, South Atlantic Division, November 4, 1966, and the report of the Board of Engineers for Rivers and Harbors, February 16, 1967, have been approved by letter from the Governor of South Carolina to the Chief of Engineers dated May 26, 1967, and by all federal agencies concerned, including the Departments of the Interior, Agriculture, Commerce, and Transportation, excepting the Bureau of the Budget.

As shown by its report, the Corps' plan for Charleston Harbor is the result of negotiations between the Corps, the South Carolina Public Service Authority and many other state and federal agencies. This plan recommends the rediversion of the major portion of the flow of the Santee River away from the Cooper River, and the construction of a new hydroelectric plant near St. Stephen, South Carolina, which will discharge into the lower Santee River. The plan would reduce the discharge from the Authority's present Pinopolis hydroelectric plant from approximately 15,600 cfs to 3,000 cfs, and the Corps believes that this rediversion would result in average annual savings in the dredging of Charleston Harbor of approximately $2,600,000 per year.

The South Carolina Public Service Authority has made no independent study of the rediversion plan, but has accepted this plan in view of the basic responsibility of the Corps for Charleston Harbor, and has agreed to cooperate fully on the basis that it will be kept whole with respect to any adverse impact on its operations. This cardinal principle underlies the tentative agreement between the Authority and the Corps of Engineers which is made a part of the project report and it is also the basis upon which the project has been endorsed by the Governor of South Carolina.

The Corps has not taken the position that the South Carolina Public Service Authority is liable for the siltation in Charleston Harbor. Since the license was granted both the location and the depths of the harbor navigation channels have been changed. The Corps has pointed out that the Authority's operations have been fully authorized, and page 37 of the District Engineers report reads:

"Therefore, no liability for shoaling is considered to attach to the South Carolina Public Service Authority since their operations have complied with the terms of FPC license 199, as amended."

The report of the Bureau of the Budget recommends against authorization of the St. Stephen project as proposed by the Army Engineers and approved by South Carolina and federal governmental agencies. Instead, the Bureau of the Budget recommends that the Corps negotiate an agreement with the Authority for immediate reduction of the discharge from the Pinopolis hydroelectric plant to 3,000 cfs, and that the Corps be authorized to purchase substitute power for the Authority for a term not to extend beyond 1976 and in amounts not to exceed the savings in dredging costs. The Bureau of the Budget could hardly have had an adequate understanding of the situation. For example, the limitation of power replacement funds to the amount of the savings in dredging in itself makes its proposal meaningless. The savings in dredging would be minor in the first few years after the rediversion of water from the Cooper River, until the channel stabilized. The savings in this period would amount to only a small fraction of the cost of the alternative power supply.

The electric generation which will be lost by eliminating more than 80% of the flow through the Pinopolis power house will greatly exceed 500,000,000 kilo-