of larger tankers at fully-loaded draft on a 40-foot channel into Port Jefferson Harbor "would reach the general public as lower prices for the products or as additional services offered to the consumer." The District Engineer also stated that "savings in transportation cost to the Long Island Lighting Company would be reflected in the rates charged users of electric power." The latter statement has been confirmed by the Long Island Lighting Company. One of the principal factors which determine the ultimate cost of products to consumers is the cost of transporting such products. Accordingly, a decrease or increase in the cost of transportation will have a corresponding effect on the consumer price structure.

As you know, the policies, standards and criteria which the U.S. Army Corps of Engineers is required to follow in evaluating the economic justification of waterway improvement projects and which are contained in Senate Document No. 97 (87th Congress) stipulate, among other things, that benefits estimated to accrue from a waterway improvement project must exceed the cost of such project in order that the project may be considered to be economically justified. In the case of the Port Jefferson Harbor improvement project, the benefits estimated to accrue from the improvement project exceed the cost of the improvement by a ratio of 6 to 1, according to the report of the Chief of Engineers and New York District Engineer. This means that for every dollar the Federal Government might invest in this improvement project, benefits equivalent to $6.00 would be returned. This, of course, is a very favorable benefit-cost ratio.

EFFECT OF INTERNATIONAL LOAD LINES CONVENTION, 1966

The new Load Lines Convention will come into force on an international basis July 21 of this year, as a result of which the freeboards of all qualified U.S. and foreign-flag vessels, including tankers operated to Port Jefferson harbor, will be reduced considerably, enabling these vessels to operate at deeper drafts, thereby reducing transportation costs and increasing the cargo-carrying capacity and revenue-earning capability of such vessels. The operation of these vessels at deeper drafts resulting from the assignment of the reduced freeboards in the new Convention makes it all the more necessary that the present 26-foot channel into Port Jefferson Harbor be deepened to 40 feet in order to adequately accommodate such vessels.

CHANNEL DEPTHS AT ORIGIN PORTS

We wish to point out that a deeper channel into Port Jefferson Harbor is necessary in consideration of the fact that channels in practically all major ports on the U.S. Gulf coast from which petroleum products are shipped to U.S. ports on the Atlantic coast have been deepened to 40 feet. In line with this general trend, the channel to Providence Harbor, Rhode Island, is now being dredged to 40 feet and a channel of the same depth is expected to be approved for New Haven Harbor.

ELIMINATION OF OIL BARGE TRAFFIC AND TERMINALS

Reduction in the cost of transporting petroleum products into Port Jefferson Harbor through the use of larger tankers fully loaded on a 40-foot channel below the cost of transporting such products in barges from New York Harbor would, we believe, have the effect of gradually eliminating oil barge traffic in this harbor since distributors using barges will not be able to compete with the lower transportation costs of petroleum products carried in fully-loaded large tankers.

MULTIPLE USER ASPECT

The New York District Engineer, North Atlantic Division Engineer, Board of Engineers for Rivers and Harbors, Chief of Engineers and Secretary of the Army have all rejected the contention made by certain interests that the improvements recommended for accomplishment in Port Jefferson Harbor would benefit only a single company, namely, Consolidated Petroleum Terminal, Inc. The fact of the matter is that there are even now multiple users of the existing 26-foot channel and there will be additional users of the 40-foot channel when it in made available. The Long Island Lighting Company has stated that they would dredge an access channel to their berth from the 40-foot channel. Furthermore, Consolidated Petroleum Terminal, Inc., simply acts as a distribution agency for oil companies which deliver petroleum products to their dock in Port Jefferson Harbor for