

NEWS RELEASE - Wednesday, August 22, 1956

Klickitat County Public Utility District authorized Tuesday the filing of an application with the Federal Power Commission for a preliminary permit to investigate building the 1,105,000 kw John Day power project on the Columbia River in Klickitat County.

The action by the District's commissioners followed approval received last week from the citizens utility advisory committee.

The filing will be made to establish a priority under federal law and to not only protect Klickitat County's interest but also the interest of the general public in low-cost power.

The P.U.D. and the people of Klickitat County believe the John Day project would best be built with federal funds on the same basis that Bonneville, McNary, Coulee Dam and other projects have been built, and as the Dalles Dam is now being built. The filing of this application is intended to insure control of this great natural resource by public interests if the federal government continues to take the position that such projects should be built by local rather than national agencies.

"We recognize that federal development provides the cheapest electric power because of the lower cost money available to the federal government. Interest is the largest single item of cost in the generation of power. Development by a local P.U.D. is the next best way to build the project, because our state's revenue bond law provides a practical method of low-cost financing. These tax-exempt revenue bonds are attractive to private investors and the interest cost is lower than with other types of local financing available in the region," stated L. E. Darland, President of the PUD Board of Commissioners.

If the Klickitat County P.U.D. builds the dam, it will share the power output with other utilities in the Pacific Northwest and operate the project as an integrated part of the Northwest Power Pool. The District's plan would call for full and comprehensive development as outlined by the Army Engineers "308" report.

"Our District will fully protect the interests of the people of our neighboring state of Oregon where the southern part of the dam project will be anchored, and to whom large blocks of power should rightfully go," said Mr. Darland.

"There is a great need for the building up of large and small industries in the communities where these great regional dams are located. The local areas should not be by-passed. The new payrolls which are brought by low cost public power will help all segments of the population, farmers as well as business and labor. All that Klickitat County wants for itself is sufficient power to attract its share of new industry, plus power for its own local needs," Mr. Darland added.

Klickitat County P.U.D. would build the John Day project in accordance with the plans developed by the U. S. Corps of Army Engineers, and at a height approved by that agency and the Federal Power Commission. The P.U.D. would also expect to comply with recommendations of other agencies of the government such as the Fish & Wildlife Service and to consult with interested state agencies such as the Fish and Game Departments of Washington and Oregon. If legally possible, the P.U.D. may ask the Corps of Engineers to build the project, letting contracts for construction under standard government procedures. Assistance from the federal government would also be sought for flood control and other non-power expenditures. The filing of this application is to establish priority for the Klickitat County PUD. Time is of the essence in view of the rapidly growing electrical requirements throughout the Northwest Region.

PUBLIC UTILITY DISTRICT NO. I OF KLICKITAT COUNTY
Goldendale, Washington

L. E. Darland, President

PUBLIC UTILITY DISTRICT NO. ONE OF KLICKITAT COUNTY

BACKGROUND INFORMATION

Klickitat County PUD has preference for the issuance of a preliminary permit under the terms of title 16 Section 800 Federal Code Annotated under the act adopted June 10, 1920, c. 285, Section 7, Stat. 1067; and as revised or amended August 26, 1935 x. 687, Title II, Section 205, 49 Stat. 842 which pertinent section is as follows:

"(a) In issuing preliminary permits hereunder or license where no preliminary permit has been issued and in issuing licenses to new licensees under section 808 of this title the commission shall give preference to applications therefor by states and municipalities, provided the plans for same are deemed by the commission equally well adapted, or shall within a reasonable time to be fixed by the commission be made equally well adapted, to conserve and utilize in the public interest the water resources of the region..."

In the case of the Wells project permit, applied for by Puget Sound Power & Light Co. of Seattle and Douglas County PUD, the preliminary permit went to the PUD, even though its filing was later than that of the Company. In the case of Priest Rapids, the fact that its permit was on file first gave Grant PUD preference over the Washington State Power Commission.

Klickitat County is located on the Columbia River midway between the Idaho line and the Pacific Ocean. It faces Hood River, Wasco, Sherman, Gilliam and Morrow Counties in Oregon. Klickitat County had a population of 12,049 in 1950, and an estimated population today of 14,000. Part of the growth is the result of rural electrification, and part of construction at The Dalles dam.

Klickitat County PUD is a municipal corporation under the laws of the state of Washington. It was organized in 1938 and built rural lines in 1941 with REA loans. These lines served Trout Lake and Glenwood areas. A total of 225 customers were served. During the war, lines were built to serve 160 more customers.

In 1947 the PUD acquired the properties of Pacific Power & Light Co. and 2,400 more customers, and began a countywide program of line extensions and system rehabilitation. In five years it had extended lines into every section of this sparsely-settled rural county and had a rural electrification record unmatched in counties of like character in the Pacific Northwest. It now serves 2,100 urban and 3,000 rural customers.

For further information phone

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Goldendale, Washington
November 27, 1956

News Data With Regard To The John Day Development By The Klickitat P.U.D.

In light of the election and summary analysis we have made of the election, our findings are, that we are probably as much concerned, or somewhat more concerned, with regard to the outcome of the John Day Project and our filing on the Project, as we were before the election.

As you are probably well aware, we are in the situation of having almost an entire delegation from the Pacific Northwest who are committed to a strictly Federal development elected to Congress. It would appear that many were elected on the basis of their power policy position. On the other hand, we returned to office a national administration that is committed to a partnership program.

As we have stated before, we feel that the great dams like the John Day should be developed on the same basis, and the power distributed on the same basis, as the Dalles Dam and Bonneville Dam, McNary Dam and Grand Coulee. However, if there was to be some sort of abbreviation or alteration of that planning wherein the development and disposition of the power was to be handled in some other manner, then the Klickitat County P.U.D. was anxious to have its share or part in the program, and if it was to be constructed by others than the Federal government, then certainly Klickitat County should be the logical contender for that position. It now puts us in the position of probably having to wait until after Congress is in session to see the tenor of Congress and the Administration with respect to what direction the power program will take.

We have been making some engineering analysis of the design of the Project as has been prepared by the Army Engineers. This will be used to make future decisions regarding the action of this P.U.D.

Interest rates have been going up so rapidly that it is making it exceedingly difficult for this type of a project, or any similar type project, to be financed at a rate that the power can be sold. As you know, the interest rate is the largest single component in the cost of power. The Administration has created a situation of trying to encourage local development of power projects and on the other hand has caused the increase of interest rates to the point where such projects are becoming un-financeable so far as low cost power is concerned.

It is the feeling of the Commissioners that we will take the position of "wait and see" what Congress and the Administration will do after Congress is in session; and, continue to do enough work to keep our finger on the John Day situation so that we will continue to have priority position. In the meantime, we are making studies of other possible sources of power for the District, particularly so in the event the District is unable to get an allocation of power out of the John Day Dam if it is a Federal development.

We are also seeking to get a better interpretation of the 'at-site' rate; the possibility of an allocation of power out of a Federal project for the locality surrounding the project. During our attendance of the recent National Rural Electric Cooperative Association meeting in Spokane on November 12th and 13th, resolutions were passed which support the Klickitat County PUD's position with regard to the John Day development and power supply from Federal Projects.

Public Utility District No. 1
of Klickitat County
Goldendale, Washington