



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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ENERGY AND MINERALS  
DIVISION

JULY 10, 1980

B-199278

The Honorable Clifford L. Alexander, Jr.  
Secretary of the Army



112751

Dear Mr. Secretary:

Subject: [Continuation of Funding for Montana's Libby Dam Project--  
Is It Warranted?] (EMD-80-93)

In our recent report "Montana's Libby Dam Project: More Study Needed Before Adding Generators And A Reregulating Dam" (EMD-80-25, Nov. 20, 1979) we recommended the Corps not proceed with the Libby Project until a new benefit-cost study using proper methodology was performed, including an analysis of peaking alternatives, and such report submitted to the Congress. We recognize the Corps of Engineers performed preliminary studies in commenting on our report and is now preparing a supplemental environmental impact statement on the Libby Project which, we understand, will consider alternatives to the Libby expansion. However, this document has not been provided to the Congress. At this time, the Libby Reregulating Dam has not been approved by the Congress and, in fact, the pending legislation (Water Resources Development Act) has passed the House with the Libby authorization deleted.

We have recently learned that the Army Corps of Engineers is continuing to fund and request funds to install four additional generating units at the main Libby dam. It is our understanding that the estimated project cost for the additional generators is about \$52 million and about \$21 million will have been expended by the end of fiscal year 1980. In addition, the Corps is requesting about \$10 million for fiscal year 1981 to continue the project.

As you are aware, the reregulating dam is necessary to reduce the water fluctuation and to minimize environmental and safety hazards associated with the operation of the additional generators being installed. As a result, the use of the additional turbines and generators in the main dam could not serve their full purpose without the currently unauthorized reregulating dam.

Under these circumstances, and considering the administration and congressional desire to balance the Federal budget, we recommend that you proceed no further in funding the installation of turbines and generators in the main Libby Dam until the Congress reaches a decision on the need for the Libby Reregulating Dam.

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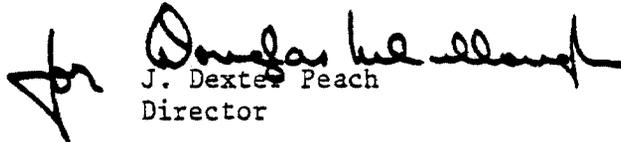
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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committee on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving a copy of your statement when it is provided to the congressional committees and to be informed of any action taken on our recommendations.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Defense; and the House and Senate Committees having oversight and appropriation responsibilities for the Army Corps of Engineers.

Sincerely yours,

A handwritten signature in black ink, appearing to read "for Douglas M. ...".  
J. Dexter Peach  
Director