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HEARING BEFORE THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS UNITED STATES SENATE

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

THE NOMINATION OF KENNETH HOLUM, OF SOUTH DAKOTA, TO BE ASSISTANT SECRETARY OF THE INTERIOR (WATER AND POWER)

JANUARY 26, 1961

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NOMINATION OF KENNETH HOLUM TO BE AN ASSISTANT SECRETARY OF THE INTERIOR

THURSDAY, JANUARY 26, 1961

U.S. SENATE, COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, Washington, D.C.

The committee met, pursuant to other business, at 10:35 a.m., in room 3110, Senate Office Building, Senator Clinton P. Anderson (chairman of the committee) presiding.

(chairman of the committee) presiding. Present: Alan Bible, of Nevada; John A. Carroll, of Colorado; Frank Church, of Idaho; Ernest Gruening, of Alaska; Frank E. Moss, of Utah; Oren E. Long, of Hawaii; Quentin N. Burdick, of North Dakota; Lee Metcalf, of Montana; J. J. Hickey, of Wyoming; Henry Dworshak, of Idaho; Barry Goldwater, of Arizona; Gordon Allott, of Colorado; Hiram L. Fong, of Hawaii; and Jack Miller, of Iowa.

Also present: Richard L. Callaghan, staff director.

The CHAIRMAN. We now take up the nomination of Kenneth Holum to be an Assistant Secretary of the Interior.

Senator Burdick, of North Dakota, has expressed a desire to introduce Mr. Holum.

STATEMENT OF HON. QUENTIN BURDICK, A U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Senator BURDICK. Thank you, Mr. Chairman.

I am very pleased to hear the nomination of Mr. Holum. I have known him for a great many years. He comes from one of the old pioneer families of South Dakota and has devoted most of his adult life to the problems concerning water and power, which are problems we are all concerned with in the northwest area.

He succeeds a man who was also from the northwest area.

I know that, from my personal association with Mr. Holum, he is aware of all our problems in the Missouri River Valley. I consider him fully equipped to meet those problems.

He has had a formal education in the public schools, and holds a bachelor of arts degree from Augustana College.

As I say, most of his adult life has been concerned with the problems of water and power. He has been active in REA associations and RTA associations.

I believe in the last 5 years he has been more active in the field involving the public, involving the consumers. So I think that he is experienced in all fields and can represent all interests.

I can't think of a finer appointment for this particular position. Thank you, Mr. Chairman.

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The CHAIRMAN. Do you have any statement to make, Mr. Holum? Mr. HOLUM. Mr. Chairman, I do not have a prepared statement. My biographical material has been submitted to the committee.

The CHAIRMAN. Without objection, that biographical material will be placed into the record at this point.

(The material referred to follows:)

KENNETH HOLUM

Born Groton, S. Dak., August 30, 1915. Married Solveig Myrwang.

Children: Six children-Margaret, Kenneth, Jr., John, Robert, Charles, Knute. Son of the late Knute Holum, grandson of Nels Holum, who homesteaded and established the Holum farm.

Church affiliation: Lutheran.

Education: Attended public schools, Henry Township, Brown County, S. Dak. Graduated from Groton High School in 1932, B.A. degree Augustana College, Sioux Falls, S. Dak., 1936.

Experience: Managed and operated a South Dakota farm from 1933 until the

Member, South Dakota Legislature 1949 through 1953. Candidate, U.S. Senate, 1954, 1956. Member, Missouri Basin Survey Commission appointed by President Truman, 1951-52.

Vice president, Northern Electric Cooperative (REA) 1948 through 1960. Secretary, East River Electric Power Cooperative (REA) 1950-54. President, James Valley Cooperative Telephone, 1952-60. President, South Dakota Rural Telephone Association, 1954-60. Executive secretary South Dakota Association

Telephone Association, 1954–00. Executive secretary South Dakota Association of Cooperatives, January 1957 through January 15, 1961. President, Mid-West Electric Consumers Association, January to July 1957; executive director, July 1957 through January 15, 1961; chairman, Western States Water and Power Consumers Conference, 1956 through January 15, 1961. Supervisor, South Brown Soil Conservation District, 1950–54. Vice chairman, South Debute of School Research 1054 through 1054

South Dakota Association of School Boards, 1951 through 1954. Political affiliation: Democratic. Present position: Farmer, Groton, S. Dak. Temporary residence: 2401 H Street NW., Washington, D.C.

Legal residence: South Dakota.

Mr. HOLUM. I am here to answer any questions that the committee might wish to inquire of me.

I perhaps should say that outside of a modest farm in South Dakota, I have no interests outside of the Government, and I am sure I have no conflict of interest problems.

The CHAIRMAN. Your paper shows some activities with REA and the Rural Telephone Association. What experience, if any, have you had in the organization or development or operation of reclamation projects and the development of the water power?

Mr. HOLUM. In 1951 I served as a member of the Missouri Basin Survey Commission. I was appointed by President Truman.

My colleagues were six of the distinguished Members of the Congress and four other citizens from the basin.

I spent practically all that year becoming acquainted with the problems of the Missouri Basin, but we also had some opportunity to get acquainted with problems outside the area of the Missouri Basin.

For the last 3 years I have been executive director of the Midwest Electric Consumers Association. I have directed most of my attention to problems connected with the development of water resources in the Missouri Basin.

The CHAIRMAN. Where is the headquarters of the Midwest Electric **Consumers** Association?

Mr. HOLUM. Aberdeen, S. Dak.

The CHAIRMAN. How^{*}much of the west does it cover? Mr. Holum. The eight States of the upper Missouri Basin. The CHAIRMAN. Senator Dworshak?

STATEMENT OF HON. HENRY DWORSHAK, A U.S. SENATOR FROM THE STATE OF IDAHO

Senator DWORSHAK. Mr. Chairman, Senator Miller of Iowa, a member of this committee, is detained in his State today and has asked me to submit three questions to Mr. Holum. First, Mr. Holum, are you in favor of a Missouri Valley Authority,

First, Mr. Holum, are you in favor of a Missouri Valley Authority, or some similar single agency having control over development and uses of the Missouri River?

Mr. HOLUM. Senator, if I have the peasure to serve in the Department of the Interior, I shall hope that the Department of the Interior will be able to execute its responsibilities in such a way that the Congress of the United States is confident that the resources of the Missouri Valley are being properly managed.

The CHAIRMAN. That is not really an answer, is it?

Mr. HOLUM. Senator, would you read the question again? Perhaps I missed the question.

Senator DWORSHAK. The question is: Are you in favor of a Missouri Valley Authority or some similar single agency having control over development and uses of the Missouri River?

Mr. HOLUM. If you want a yes or no answer under the existing circumstances, the answer would be "No."

Senator Dworshak. The second question is: Do you favor emphasizing power development over navigation development of the Missouri River?

Mr. HOLUM. Senator, this, of course, is a question very closely related to questions that have been discussed with my two superiors. It becomes a question involving the interests of the Upper Basin States against the Lower Basin States, in this case of the Missouri Basin.

I favor full multipurpose development of all of our water resources. I think it is absolutely essential for the future welfare of our country that we do. I think we must be careful as we develop these water resources to make sure that we make the maximum beneficial use of those water resources.

As I serve in the Department of the Interior, I shall be representing certain water users of the Missouri Valley.

The U.S. Corps of Army Engineers has other duties, of course. I shall, of course, vigorously represent the interest of the Department of the Interior.

SENATOR DWORSHAK. The third question is: If priority for power development of the Missouri River over, for example, navigation development, is to be given, do you think that this can be done without changing the Flood Control Act of 1944?

Senator Miller has indicated that there is no mention of power development in this act.

Mr. HOLUM. I think that Senator Miller is asking me a legal question. As a representative of the Department of the Interior, I am not completely competent to answer at this moment. I think I can refer back to what I said previously: that I believe in the full multipurpose, comprehensive development of our water resources, and that that involves a maximum amount of conservation in all areas.

What the legal status would be, whether or not this situation exists or could exist, without an act of Congress, I do not know.

The CHAIRMAN. Mr. Holum, I have two questions that were sent to me by Senator Long of Louisiana. I think it is appropriate that they be asked.

The first one is: Do you advocate operation of the reservoir systems of the United States in a manner such that navigation may be jeopardized?

Mr. HOLUM. These questions are all very closely related. I can assure the Senator that while I have been extremely busy in the last days that I have been in Washington, I have devoted as much time as I could to studying the proposed filling criteria for the Colorado River projects, because I think the problem of reservoir filling in the Missouri Basin is a critical problem.

The CHAIRMAN. I am not familiar with what Senator Long is alluding to, but we have heard stories about the program for slack water navigation in the Missouri River below Sioux City and so forth.

I assume that, since his State is on the Missouri River, he wonders whether the primary emphasis is going to be such that navigation will be jeopardized.

Mr. HOLUM. The U.S. Corps of Army Engineers has the responsibility for operating not only the main stem dams but also the navigational projects on the Missouri River.

It has been my experience as a citizen of South Dakota that the Corps of Army Engineers is competent in representing those interests.

The CHAIRMAN. I will read you the next question.

Do you agree that the Senators, Representatives, Governors and other officials elected under a statewide basis, from the States which have a conflict between fish and wildlife regulations and the needs of navigation and other purposes are best able to speak for the overall requirements of their State, and, if not, who is?

Mr. HOLUM. Well, certainly I would recognize that the Governors and the elected officials of any State should be in a position to be highly competent to speak for the interests in their States.

The CHAIRMAN. Senator Bible?

Senator BIBLE. I have no questions.

The CHAIRMAN. Senator Goldwater?

STATEMENT OF HON. BARRY GOLDWATER, A U.S. SENATOR FROM THE STATE OF ARIZONA

Senator GOLDWATER. I have a few questions, Mr. Holum.

I note that recently in the midwest the electric users association, of which you have been executive director, adopted a resolution which said, in part:

We believe that the management agency in the Missouri Basin should construct the transmission facilities necessary to accomplish the economical distribution of Federal and non-Federal power to the preference customers.

Does not this mean that the Federal Government should provide transmission facilities to bring non-Federal power to preference customers? Mr. HOLUM. I was not present when the resolution was adopted. I think the resolution refers to non-Federal power, that the members of the Midwest Electric Consumers Association were concerning themselves principally with power generated or to be generated by facilities that they might have, and that they are hopeful that that would be possible, to use the capacities in the Federal transmission system, which is built or might be built, to use the excess capacities in that transmission system.

Senator GOLDWATER. I do not think I have any further questions. The CHAIRMAN. Senator Bible.

STATEMENT OF HON. ALAN BIBLE, A U.S. SENATOR FROM THE STATE OF NEVADA

Senator BIBLE. What would your interpretation be relative to the transmission of non-Federal power? Would you, for instance, be in favor of Federal lines being constructed to transmit non-Federal power if non-Federal power meant privately developed power?

Mr. HOLUM. I think that all of the facilities related to the development of our water resources should be used to the maximum, both from the point of view of receiving the maximum return to the Federal Treasury and accomplishing the maximum good.

I would think these facilities would be available to all, recognizing, of course, the preference clause.

Senator BIBLE. Then, if I interpret your answer correctly, you would favor public transmission lines being constructed to transmit private power and public power?

Mr. HOLUM. The primary justification, of course, would have to be for the transmission of public power, but the excess capacity should be available to others, recognizing the preference clause.

Senator BIBLE. Why should the Federal Government build transmission lines to supply non-Federal power to anyone? Especially if the existing companies are willing and able to provide service?

Mr. HOLUM. It is a matter of economics, in my judgment, Senator. The federally developed power, I think, demands a program with it, a program for the transmission of that power, to the load centers of the ultimate users.

If in the design of these transmission facilities there are excess capacities, and, in almost every case, there will be, because you cannot design to the exact capacity required. Then I think those capacities should be made available to interests outside the Government, first, to preference customers and then to any other interests.

Senator BIBLE. What I am getting at is the case of private power companies who are willing to finance the construction of the transmission lines.

Do you believe that the Federal Government should build lines in these areas when private companies are willing to do it?

Mr. HOLUM. It is a matter of economics. If we can increase the return to the Federal Government by constructing Federal transmission lines—and this is tremendously important to protect the payout of these projects—then I think the Government should build them.

If the economics are the other way, the situation is different.

Senator BIBLE. Why should taxpayers' money be used to construct facilities that private capital is willing to construct?

Mr. HOLUM. To protect the Federal investment in the hydroelectric projects themselves.

Senator BIBLE. Where we have privately developed transmission lines today operating from Federal projects, I cannot recall it ever having worked a hardship on the Federal Government.

Mr. HOLUM. It is a matter, Senator, of what fees the private utilities want to charge for the use of their facilities.

If the Government can build facilities and capitalize them and built the facilities cheaper than a private company, then I would say that the economics require that the Government build the facilities.

Senator BIBLE. In our position relative to the problems that will arise in the future where transmission lines have to be built, that will be an open-minded one and not closed towards the private line in favor of the public line?

Mr. HOLUM. My decisions to make them will be made on economics and feasibility.

Senator BIBLE. There is another resolution that was adopted by the same association that Senator Goldwater referred to, which reads in part:

"Whereas a committee of the Midwest Electric Consumers Association has been working closely with designated representatives of both the Department of the Interior and the Bureau of Reclamation in close harmony for the past 12 months, and whereas the combined efforts of the parties has resulted in an acceptable plan of meeting the full power requirements of the preference customers in the Missouri Basin through December 1963: Now, therefore, be it

and whereas the combined efforts of the parties has resulted in an acceptable plan of meeting the full power requirements of the preference customers in the Missouri Basin through December 1963: Now, therefore, be it *Resolved*, That the Secretary of the Interior and the Bureau of Reclamation be requested not to enter into any long-term interconnections, integrations, coordination or other wheeling contracts covering supplemental thermal power until uniform power marketing policies concerning these matters be developed and published by the Department of the Interior and the Bureau of Reclamation after discussion with the Midwest Electric Consumers Association power supply committee.

That is the end of that particular part of that resolution. This mentions in the course of the language meeting the full power requirements of preference customers and the proposal on marketing appears to assume that Federal power should be marketed so as to meet the full requirements of such customers.

My question on that is: Do you believe that the Federal Government should build or finance steamplants to supplement power produced from Federal hydroprojects that preference customers will not have to get any of their power from privately owned electrical companies.

Mr. HOLUM. Senator, the resolution refers to an arrangement that Midwest Electric Consumers Association developed with the Bureau of Reclamation in the Department of the Interior during the past 12 months.

This arrangement is an arrangement whereby the Bureau of Reclamation, in order to meet the very severe power shortages in the Missouri Basin, agreed to purchase supplemental power from any interest, where they could buy the cheapest, to firm up their own capacity and meet the growing requirements of the preference customers.

I think it is an excellent arrangement. It provides an opportunity for all types of power suppliers in the Missouri Basin to participate in meeting these growing requirements. Senator BIBLE. You did not quite answer the question. I asked you if you felt that the Government should build or finance steamplants to supplement power produced from Federal hydroplants?

Mr. HOLUM. I don't think the resolution adopted by the Midwest Electric Consumers Association requests that. I think that that is a policy decision that would be made far above my desk—by the Congress of the United States.

Senator BIBLE. You are going to be asked about it by Secretary Udall and others above you. What is your personal feeling about the Federal Government investing taxpayers' moneys in steamplants to supplement power produced from Federal hydroprojects?

Mr. HOLUM. At the moment I am completely openminded about it. As far as I know, no study has been made in the Department of the Interior as to what the economics would be. If those studies are made, the economics would determine my final position.

It becomes, of course, completely a question of whether or not you can achieve the best financial result for the Government and for its customers by firming up the rather limited amount of hydroelectric power in the Missouri Basin with thermal generated power, whether it is better to have that generated by a separate source, or to accomplish all the results by the generation under one ownership.

Senator BIBLE. I still have not had the full answer. The example that comes to my mind is TVA, built as a hydroproject, flood control, and navigation, et cetera, which now has the great portion of the power developed by steamplants.

In fact, barges carrying coal to run the steam plants constitute a major portion of the traffic on that river.

Again, what is your own feeling about the Government engaging in the construction of steamplants to augment hydropower?

Either you can say you believe in it, or you do not believe in it because whether you think it or not, you are going to be participating in decisions relating to this in all probability.

Mr. HOLUM. Senator, it is completely a matter of economics and my mind is open at the present time.

Senator BIBLE. So you are not for it and you are not against it?

Mr. HOLUM. No, sir.

Senator BIBLE. Well, you leave me up in the air on that. I wish you could give me an answer on that. It is a very important question.

I think if you answer that you do believe this, that it will have a decided bearing on the feeling of many on this committee and in the Senate as to your confirmation.

If you answer no, it would have a like effect upon others.

I am sorry that you cannot take a stand on this. We will have to depend on future history to determine what your opinion is.

Let me ask you this in relation to your resolution: Do you feel that the Federal Government is under an obligation to meet all the power requirements of preference customers in the Missouri Basin?

Mr. HOLUM. No, sir.

Senator BIBLE. If the Federal Government should build transmission lines to supply non-Federal power to preference customers and should take steps to meet their full power requirements by building or financing steam plants, then what in your opinion should be the role or function of the privately owned electrical companies?



Mr. HOLUM. I think that the great challenge of the sixties, of the years ahead, is the challenge of providing the growing needs of energy and an expanding economy, to meet this Nation's responsibilities at home and worldwide.

I think that every segment of the electric industry is going to have a real challenge—a real job to move ahead fast enough to meet these growing requirements.

I am sure that everybody will be extremely busy and find lots of work to do.

Senator BIBLE. Do you feel that the Federal Government has a responsibility in this field where private companies can and are willing to operate?

Mr. HOLUM. I think the Federal Government has a responsibility of making sure that ample electric energy is available to meet the growing requirements of a growing economy.

Senator BIBLE. Even when private companies can fill that responsibility?

Mr. HOLUM. I did not say that. All I said is that I am sure that it is the responsibility of the Government to make sure that the energy is available.

If it is being made by available sources, fine, but if it is not being made available, then it is the responsibility of the Government to do so.

Senator BIBLE. The original concept of the Federal role was, when the private companies could not do it by virtue of not seeing any possible return on their investment or the project was too large, then the Federal Government would accept it and step in.

Lately the Federal Government, in my estimation, has taken the attitude that it is its responsibility to provide electricity for the people of this country. Federal power has grown rather markedly in the last several years.

I think the Government now produces 16 percent of all the power produced in this country.

While that is a relatively small percentage, that could become 20, 25, and 50, and eventually we would find the Federal Government in the power business and private electric companies with private capital completely out of it.

Is it your opinion that this relationship still exists between the Federal Government and the private power companies?

Mr. HOLUM. Which relationship, Senator?

Senator BIBLE. Namely, the Federal Government supplying power through its sources, where the private companies can not do it for economic reasons.

Mr. HOLUM. Yes; I think that the Government's responsibility is perhaps the same in the electric energy as it is all over, to make sure that the economy is moving ahead and that the country is in a position to meet its growing requirements.

Senator BIBLE. Of course, if the Federal Government makes all the power, then the Federal Government is denying one segment of the economy any chance of moving ahead at all.

Is your attitude going to be one of a limited Federal role in the power picture?

Mr. HOLUM. I think my position will be the historic role of the Government, the Department of the Interior, as far as the power industry is concerned.

I think there is plenty of room for all segments.

Senator BIBLE. In the complete development of the Missouri Basin, would you like to see that developed along the lines of the TVA?

Mr. HOLUM. I would like to see the economic development of the Missouri Basin that we have had in the Tennessee Valley, very much. Senator BIBLE. Would you say that again?

Mr. HOLUM. I would like to see the economic development in the Missouri Valley as we have had in the Tennessee Valley. The Tennessee Valley has moved ahead, and the Missouri Basin has lost population and it is going backward.

Senator BIBLE. Of course, there are quite a few depressed areas in the Tennessee Valley. My personal feeling is that the TVA has not done as much for the Tennessee Valley area as people think that it has.

But suppose legislation were put before the Congress to create a TVA type of project in the Missouri Valley. Would you favor that?

Mr. HOLUM. I previously answered that question negatively.

The CHAIRMAN. The questioning of Senator Goldwater interested me because he referred to the resolutions of the association.

What sort of a group is that? Who finances it?

Mr. HOLUM. It is the rural electric cooperatives, the municipal utilities, and public power districts in the eight States of the Upper Missouri Basin.

The CHAIRMAN, Senator Carroll.

Senator CARROLL. I have no questions. I know the background of this gentleman.

The CHAIRMAN. Senator Church.

Senator CHURCH. No questions.

The CHAIRMAN. Senator Fong?

Senator Fong. I have no questions.

The CHAIRMAN. Senator Moss. Senator Moss. I have no questions. I know Mr. Holum and have worked with him. I am very well satisfied with his qualifications.

The CHAIRMAN. Senator Long? Senator Long. No questions.

The CHAIRMAN. Senator Burdick.

Senator BURDICK. No questions.

Senator ANDERSON. Senator Metcalf?

STATEMENT OF HON. LEE METCALF, A U.S. SENATOR FROM THE STATE OF MONTANA

Senator METCALF. Mr. Holum, in the State of Montana the Missouri River rises and the Columbia River rises. We are upstream of two great river basins.

The Senator from Louisiana has asked some questions about an attitude toward downstream development, and the Senator from Missouri has suggested something about part way downstream development.

We are concerned in Montana, as you are in South Dakota, with power, with reclamation, adjusting uses of water, and are very little concerned with navigation and a slack-water channel.

I would like to have you state just for the record your attitude whether you believe, as an Assistant Secretary of the Interior, you can resolve in an objective way these conflicts so that the State of Louisiana and the State of Montana and the State of Missouri and other States, are protected in the Missouri Basin.

Mr. HOLUM. Senator, I find, of course, myself, in this position: That all I can do is give you my assurance that, as I approach these responsibilities, I shall look at it objectively.

I come from an upstream State. I am completely familiar with the problems and the needs for the development of these upstream States.

My background is upstream. I come to the Department of the Interior and pledge myself to look at all these problems from an objective point of view.

Senator METCALF. Thank you. I am glad to have those assurances. I would like to pursue just a little further the topic that the Senator from Arizona raised.

I feel that in the Columbia Basin we have arrived at a happy marriage between Federal public power and non-Federal public power, especially the public utilities districts and private power companies.

For instance, in the State of Montana, you start downstream and you have the Hungry Horse Dam, a Federal development. Then you move down to Kerr Dam, a Montana power company dam, and on down through to the Washington Water Power Co. Dam, and we market to the Bonneville authority.

Do you see any reason to disturb what I feel is a very sensible relationship between the private and the public power companies in their separate spheres in that area?

Mr. HOLUM. No, sir.

Senator METCALF. Do you feel that in the Missouri Valley, where we do not have much development but where we have possibilities for private and public development, that we can achieve somewhat of the same relationship?

Mr. HOLUM. I would hope so.

Senator METCALF. Thank you.

The CHAIRMAN. Senator Hickey?

STATEMENT OF HON. J. J. HICKEY, A U.S. SENATOR FROM THE STATE OF WYOMING

Senator HICKEY. Mr. Chairman, I have had the privilege of associating with Mr. Holum on the Missouri Valley projects in the past as a Governor.

I only have one question: I think the initial concept of the Missouri Valley was a flood control concept. I think important to the Upper Basin States is small dam retaining type of flood control dams, not directed toward public power or any of the other facets.

What is your concept of this flood control aspect as it affects the Upper Basin States?

Mr. HOLUM. It is my basic believe that every drop of water should be stored just as close to its point of origin as possible, first in the sale, itself, if that is possible, and then in small dams on the tributaries, and it should be used and reused in developing the economy of America. It is demanded that it be used and reused many, many times.

I think we have a lot more developing to do upstream in the Missouri Basin, and I am sure all over the West, to put water to maximum use.

Senator METCALF. And some of this can be done by local irrigation districts?

Mr. HOLUM. Yes.

Senator METCALF. You agree with that?

Mr. HOLUM. Yes, sir.

Senator METCALF. That is all. The CHAIRMAN. There appears to be no further questions. Thank you, Mr. Holum.

(Thereupon, at 11 a.m., the committee proceeded to other business.)





