

Broken Bow Reservoir, Mountain Fork River
Red River Basin, Oklahoma

Project was authorized in 1958 without power. Power was authorized under Public Law 87-874, Title II--Flood Control.

"The modification of the Broken Bow Reservoir, Mountain Fork River, Oklahoma, is hereby authorized substantially in accordance with the recommendations of the Chief of Engineers in Senate Document Numbered 137. Eighty-seventh Congress, at an estimated cost of \$23,800,000."

In Senate Document No. 137, a 100-year amortization was used by the District Engineer in justifying the addition of power at Broken Bow. No specific repayment period is stated in the report. As shown on page xiii of Senate Document No. 137:

"... The Southwestern Power Administration has previously indicated to the Tulsa District Engineer that it can so market power from the 85,000 kilowatt hydro plant as to recover the allocated power costs (\$1,107,000 annually) given in the survey report."

Senate Document No. 137 also includes a letter dated September 13, 1962, from the Bureau of the Budget. Here are pertinent paragraphs:

"In its letter of comment, the Department of the Interior indicates that the Southwestern Power Administration can market power from the project so as to cover, at least, the annual reimbursable project power costs given in the report of the District Engineer, as modified by the Board of Engineers for Rivers and Harbors. We note that these power costs are based on a repayment period of 100 years."

"As you know, Section 5 of the Flood Control Act of 1944 requires that power produced at reservoir projects under control of the Department of the Army be sold at rates which will recover costs of power production and transmission, including capital investments allocated to power, over a reasonable period of years. As a matter of policy, a period of 50 years has been considered appropriate for the recovery of power investment. Such a period was most recently affirmed by the Congress as a condition of the authorization of Laurel River Reservoir in the Flood Control Act of 1960. Accordingly, the Bureau of the Budget would expect that

It is considered of particular interest that Bulletin "X" of the U. S. Internal Revenue Service titled "Income Tax, Depreciation and Obsolescence, Estimated Useful Lives and Depreciation Rates" lists average useful lives for hydraulic power production ranging from 150 years for reservoirs, dams, and waterways to 35 years for power plant equipment. On that basis private hydroelectric projects have been reported as having average useful lives of 85 years. The National Power Survey Report of all power systems in the United States, currently under preparation by the Federal Power Commission, uses 75 years as the composite useful life of hydroelectric projects.

Data presented by Southwestern Division Engineer in May 1963 to House Public Works Subcommittee on Appropriations for fiscal year 1964 construction funds for Broken Bow, Keystone, Eufaula, Dardanelle, Beaver, and Greets Ferry contained the following statement for each project:

"Responsibility for repayment of power costs rests with the Department of the Interior pursuant to Federal laws."

construction of power features of the Broken Bow Reservoir project, other than penstocks or other provisions for future power installations, not be undertaken until there is specific assurance that all costs including joint costs allocated to power can be returned with interest within a period of 50 years."

WWB-72 Addressed to Senator Monroney from Tulsa at 2:46 p.m., Feb. 6
Reference requested in your telegram this date the average number of years
for amortization of existing power features in multiple-purpose dams and
reservoirs. Now on the line with installed capacity 881,000. KW is
approximately 75 years with present rate schedules.

Additional data requested will be furnished by mail shortly.

Signed:

Douglas G. Wright
Administrator
Southwestern Power Administration

army contract \$6,348,831 to Nellie L. Teer, PO Box 1131, Durham, N. C.
for construction of embankment and dike consisting of
approximately 350,000 cubic yards of excavation; 5 million
cubic yards of compacted fill; 150,000 cubic yards of rock fill;
27,000 cubic yards of rock protection; 3,100 linear feet of dubble
bituminous surface roadway..... performed at Broken Bow Reservoir
near Broken Bow, Okla.....

Broken Bow Reservoir