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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-163310

January 29, 1980

The Honorable Robert Byrd
Majority Leader
United States Senate

Dear Senator Byrd:

We recently received a copy of a letter sent to you by Mr. Earl D. McCartney which makes observations and comments on the way the General Accounting Office (GAO) functions and makes comments on a recent study requested by Senator Max Baucus and the resulting report, "Montana's Libby Dam Project: More Study Needed Before Adding Generators and A Reregulating Dam" (copy enclosed). In addition, the letter raises a question on the use of combustion turbines as a generating alternative to the expanded Libby Dam project for supplying peaking power in the Pacific Northwest. We offer the following information to address Mr. McCartney's concern.

With respect to our operations in general, Mr. McCartney argues GAO reports are biased and disclose only those facts supporting the position of the Congressman requesting the assignment. We disagree and believe GAO's greatest single asset is the competence, dedication, and enthusiasm of our staff. We emphasize to our staff the great responsibility with which they are entrusted. Our staff has maintained a long-standing and hard-earned reputation for objectivity, accuracy, and high professional standards. However, we realize we cannot avoid the situation where certain portions of our reports will be considered controversial in the eyes of those who may disagree with our conclusions.

Concerning the Libby Dam study, we were requested to (1) assess the Corps of Engineers benefit/cost study for adding generators at the existing dam and building a reregulating dam downstream and (2) determine if there are other options for meeting peaking power needs in the Pacific Northwest in lieu of the Libby expansion. We found that the Corps' original benefit/cost methods used to justify the project are inappropriate and they overstate project benefits. We did not recommend that the project be stopped but instead recommended that the Corps of Engineers recompute the costs and benefits of the Libby project using a more appropriate method. The

fact that the Corps is conducting a new benefit/cost study adds further credence to the validity of issues raised in our study.

In regards to Mr. McCartney's comment on combustion turbines, we considered combustion turbines along with other alternatives--cogeneration, seasonal peak exchanges, load management, and pricing options--for meeting or reducing future peaking needs in lieu of Libby. We found neither the Corps nor Bonneville Power Administration within the Department of Energy thoroughly analyzed these alternatives before starting work on Libby. As a result, we recommended the Department of Energy analyze the incremental effect of peaking alternatives for the Pacific Northwest.

In doing our analysis and as recognized in our report, the Northwest has about 1200 megawatts of existing combustion turbine capacity (which includes that at Libby) with additional capacity under construction. The existence of this capacity demonstrates that combustion turbines are a realistic option to Libby. The options considered in our report would not have to be physically located at Libby if economics dictated otherwise. This would include not only the combustion turbine option, but others such as cogeneration or load management--which might be spread widely throughout the Pacific Northwest if they were pursued in lieu of Libby.

Additionally, Mr. McCartney argues that the savings brought about by GAO reports are never realized since the Congress and the agencies do not adopt GAO's recommendations. Of course, not all of GAO's recommendations are accepted. But each year we report to the Congress the dollar savings or other benefits resulting from actions attributable to our work. These actions may be taken directly by us, as in the case of claims collections, but usually are taken by the Congress, Federal agencies and others in response to our recommendations.

For fiscal year 1979, GAO identified estimated savings of \$2.6 billion attributable to our work. This, however, is not the total or even the most important part of GAO's accomplishments. Many savings resulting from management improvements cannot be measured accurately, and improvements which make programs work better, but not necessarily cheaper, are often more important than actual financial savings. Also, the very

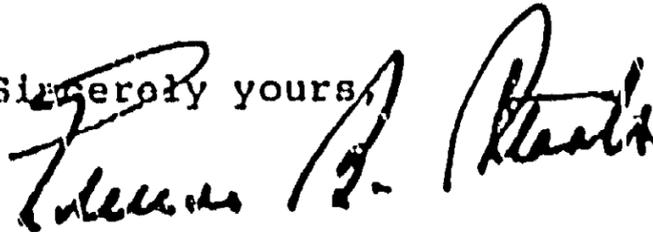
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existence of an agency such as GAO, which can ferret out problems and publicly disclose them, is a vital asset to the Government and can often serve to deter wasteful and otherwise improper governmental actions.

Moreover, the Congress recognizes our ability to assist in its consideration of critical issues, investigations and pending legislation. This is evidenced by the fact that GAO officials testified before congressional committees 230 times during calendar year 1979.

We trust this information addresses the concerns expressed by Mr. McCartney. If we can be of further assistance, please let us know.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Thomas A. Rusk".

Comptroller General
of the United States

Enclosure