



May 10, 2007

Honorable Mary L. Landrieu
United States Senate
Washington, DC 20510

Dear Senator:

This letter responds to your request for further information about the CBO cost estimate transmitted on April 20, 2007, for S. 1248, the Water Resources Development Act of 2007, as ordered reported by the Senate Committee on Environment and Public Works on March 29, 2007. Specifically, you requested information for the basis of CBO's statement that section 1003(o) of the bill would cost at least \$15 billion to implement during the decade following 2012.

Section 1003(o) of the reported bill would effectively authorize the Corps of Engineers to construct projects in southern Louisiana to protect the region from a hurricane storm surge that results from a category 5 hurricane, subject to approval by the relevant Congressional committees and appropriation of the necessary amounts in subsequent appropriation acts. As CBO's cost estimate indicated, little information is available about the resources that would be needed to protect southern Louisiana from such a storm surge. The Corps of Engineers is in the process of studying this issue and has not provided detailed assessments of the costs of specific projects that would be necessary to provide the region with that degree of protection.

In the absence of detailed information about the nature or cost of such an effort, CBO concluded that its cost estimate for the bill should provide the Congress with an indication of the potential magnitude of the undertaking that would be authorized by S. 1248. CBO's rough estimate of \$15 billion is based on public statements by Corps officials about the likely costs of restoring the region's flood protection system to provide the level of protection that existed

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before Hurricane Katrina. Based on conversations with Corps staff, we concluded that protecting the region from a category 5 hurricane could be much more costly than restoring the area's previous flood control infrastructure. CBO estimated that any such costs would be incurred after 2012.

If you wish further details about this cost estimate we would be pleased to provide them. The CBO staff contact for this estimate is Tyler Kurzich.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter R. Orszag". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Peter R. Orszag
Director

cc: Honorable Barbara Boxer
Chairman
Committee on Environment and Public Works

Honorable James M. Inhofe
Ranking Member