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INTERSTATE WATER COMPACTS

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New Sources of Water for Energy
Development and Growth: Interbasin Transfers

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INTERPRETATION AND ENFORCEMENT OF COMPACTS ALLOCATING INTERSTATE STREAMS

I. Introduction: Interstate compacts generally
   A. History of interstate compacts
      1. Compacts before 1789; origin of Compact Clause.
      2. Expansion of the use of compacts.
      3. Compacts for allocation of water of interstate streams.
   B. Structure of compacts.
      1. Federal consent.
      2. Administrative agencies created by compacts.
      3. Compacts for allocation of waters of interstate streams.

II. Constitutional and federalism problems of compacts.
   A. Generally.
      1. Conflict with state constitution or laws.
      2. Judicial supervision.
      3. Legislative supervision.
         a. State
         b. Federal
   B. Water compacts.
      1. Doctrine of equitable apportionment.
      2. Congressional preemption.
         a. Suits between states.
         b. Federal question or federal law: certiorari.
III. Administrative mechanism created by water allocation compacts.
   A. Description and classification.
   B. Operation.
      1. Budgets.
      2. Engineering and technical committees.
   C. Federal government role.
   D. Litigation.

IV. The "law" of interstate water compacts.
   A. Supremacy Clause.
   B. "Most senior call".
   C. Remedies.
      1. Cancellation.
      2. Reformation.
   D. Enforcement after interpretation.
I. INTRODUCTION

This paper is concerned only with interstate compacts which apportion or govern the consumptive use of waters of interstate streams. The compacts considered under this heading are listed and described in the Appendix. Interstate water compacts can and should be distinguished from other types of interstate compacts, the variety and scope of which is amply set forth in the Council of State Governments publication on "Interstate Compacts and Agencies, 1979." Also, see Muys, Interstate Water Compacts, Legal Study for National Water Commission, NTIS, 1971. The key distinction between interstate water compacts and other compacts is that the latter effectuate the Supreme Court's doctrine of equitable apportionment.

Hinderlider v. La Plata and Cherry Creek Ditch Co., 304 U.S. 92 (1938).

It is my conclusion that the interstate water compact has had its
day in the sun; the compact approach to the resolution of problems of apportionment of interstate streams will survive, if it does, as a gesture of goodwill by a dominating federal government. Where it is in the federal government's interest, it may encourage compacts, but Congressional consent in the recent past has only been given when detailed provisions protecting present and possible federal interests are included in the compacts.

II. HISTORY OF INTERSTATE WATER COMPACTS

The history of interstate compacts was both written and influenced by Felix Frankfurter while Professor of Law at Harvard. He and James M. Landis published an encyclopedic and scholarly treatment of compacts from colonial times. [Frankfurter, F. and James M. Landis, "The Compact Clause of the Constitution--A Study in Interstate Adjustments," 34
The article espoused the "Giant Power" scheme which was pushed at the time by Governor Gifford Pinchot of Pennsylvania. The idea was to couple "engineering schemes for private development with a demand for a comprehensive legal control over rates, services, finances, construction and interconnections." The interstate compact was seen as a way to push the idea along, federal legislation as well as independent state action being regarded as impractical. "The vehicle for this process of legal adjustment is at hand in the fruitful possibilities inherent in the Compact Clause of the Constitution."

The polemic aspect of the article may be explained in The Brandeis/Frankfurter Connection, by Bruce Allen Murphy, (Oxford, 1982). The Murphy book details how Justice Brandeis financed the production of a number of Frankfurter's professional publications, and how he also contrib-
uted to the support of graduate re-
search fellows working with Frank-
furter, starting with James M. Landis.
Brandeis cited the interstate compact
article in his dissent in DiSanto v.
Pennsylvania, 273 U.S. 34, (1927)
which struck down a state law requir-
ing licensing of people who sold
steamboat tickets, and in Hinderlider
which he wrote for a unanimous court.

The Frankfurter-Landis arti-

cle, whether or not Justice Brandeis
subsidized it, foresaw an increasing
use of compacts for the resolution of
interstate natural resource problems
as mechanisms between federal pre-
emption and independent state action
which could solve the federalism
problem presented. They were par-
ticularly impressed with the Colorado
River Compact, negotiated three years
earlier, and not yet (or ever) fully
ratified. They wrote:

The Colorado
River is the Nile
for the Southwest;
the State of Colo-
rado its Soudan.
At first there was
no collision among the various users because nature was adequate to their scattered needs. The earlier Imperial Valley development could be made without sacrifice elsewhere. The irrigation projects by Arizona and Colorado could likewise draw freely on the available surplus. But when, in course of time, the United States proposed enormous projects on the public domain within this basin, and when the abutting States planned further works, with the increasing need of water for domestic and industrial uses, the cumulative demands upon the river put an end to laissez faire. Conflicts followed, with the conventional resort to courts. But litigation added confusion, not settlement. The judicial instrument is too static and too sporadic for adjusting a social-economic issue continuously alive in an area embracing more than a half a dozen States. The situation compelled accommodation through agreement
may not do—lies the field in which compacts would operate. Its availability, as a matter of law, depends on whether the constitutional grant to Congress of power to regulate commerce among the several States, however unused, excludes all State action, however reasonably conceived and restricted to the interests of a region of States immediately affected.

The vision which Frankfurter and Landis (and perhaps Brandeis) had about the role of compacts as a mechanism for regionalism in our federal system has been realized most completely in the compact which created the New York Port Authority [New York-New Jersey Port Authority Compact, 42 Stat. 174 (1921)]. Regional electric energy systems came about through federal instrumentalities, the Tennessee Valley Authority and the Bonneville Power Administration.

Because the scholarship of the article was directed toward the
political goal of "Giant Power," little attention was given to the possibility that water compacts might derive from the judicial rather than the legislative article of the Constitution. However, the divergent lines of authority are delineated in the discussion of the history of the clause. The Compact Clause was directly based upon a provision of the Articles of Confederation which made Congress the final authority on the quite common disputes between the colonies and the States under the Confederation about boundaries. In colonial times some of these controversies went directly to the Crown, which generally appointed a Royal Commission. Others went to the Privy Council as cases. In either case, it was obvious when the Articles of Confederation and later the Constitution were drafted that a national-level mechanism for resolution of boundary disputes had to be provided. Under the Articles of Confederation,
Article IX, there was an appeal to Congress "in all disputes and differences now subsisting or that hereafter may arise between two or more states concerning boundary, jurisdiction or any cause whatever. . ." 

This was separate from Article VI of the Articles of Confederation, the direct antecedent of Article I section 10, clauses one and three, of the Constitution:

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<th>Articles of Confederation</th>
<th>Constitution</th>
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<td>No state without the Consent of the United States in congress assembled, shall . . . enter into any conference, agreement, alliance or treaty with any King, prince or state . . .</td>
<td>No state shall enter into any Treaty, Alliance or Confederation. . . (Art. I, sec. 10. cl. 1).</td>
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Articles of Confederation

No two or more states shall enter into any treaty, confederation or alliance whatever between them, without the consent of the United States in congress assembled, specifying accurately the purpose for which the same is to be entered into, and how long it shall continue. (Art. VI).

Constitution

No state shall, without the consent of Congress, . . . enter into any Agreement or Compact with another or with a foreign power . . . (Art. 1, sec. 10, cl. 3).

When the Constitution was drafted, the provision for appeal to Congress became a part of the commerce clause while the colonial-era appeal
to the Privy Council was reflected in the judicial clause, according to Frankfurter and Landis. It appears, therefore, that the boundary cases, and compacts concerning them, may come under both Article III and under the Commerce clause, even though some cases suggest, without deciding, that the Compact Clause defines Congress's power.

III. STRUCTURE OF COMPACTS

The Appendix reveals that interstate water compacts have become fairly standard in structure. All of the recent compacts create an administrative agency, or Compact Commission. The administrative agency is customarily given the power to make rules for the effectuation of the provisions of the compact, and is assigned the duty to determine or monitor physical circumstances such as the flow of the river at various points, in order to determine when allocational provisions
of the compact are triggered. Each state has one vote but it is usual for several members to be appointed for each state. The Governor of the state usually appoints members to serve at his pleasure, although it is also quite common for compacts to specify that members named should be from constituencies or geographical areas. There is always a federal member, who usually presides, but seldom has his own vote. In the Snake River Compact, the federal member can vote to resolve impasse and in the Upper Colorado River Compact the federal number can vote to make the needed fourth vote, four votes being necessary out of the five commission members, one from each state and one from the federal government. In four compacts, there is provision for impasse to be resolved by arbitration; usually, however, the requirement of unanimity builds in the possibility of impasse.

Compacts sometimes contain an operation manual for the river. In
the Pecos River Compact, an operating manual was incorporated by reference, but provision was made for its modification by the compact agency.

The protection of federal interests has become more explicit and more pointed. [The federal government is a compact member under the Delaware River Basin Compact (75 Stat. 688) but this is a special case. Early in the Kennedy administration, as Assistant Secretary of the Interior, I helped get the President to overrule the objections of the Bureau of the Budget. No executive agency since then has been similarly successful.]

In the Truman administration, the federal representative to the negotiations on the Snake River Compact was reminded by the President himself that he should be especially mindful of federal prerogatives, lest it become necessary to veto consent legislation. Documents on the Use and Control of the Waters of Interstate and International Streams, T.R. Witmer,

Where a Commission is established, it is usual for its budget to be supplied by the States, and few problems seem to have arisen in this aspect of compact administration. Commissions hire their own staff, and there seems to have been a minimum of friction in the handling of fussy matters such as civil service hiring requirements, compensation levels, and the like. Similarly, engineering and technical committees are created, usually by calling upon the technical agencies of the member states to furnish the necessary personnel.

Questions have from time to time arisen as to the proper characterization of these compact-created administrative agencies. They seem to be *sui generis*; certainly they are not agencies of the federal government within the meaning of the Administrative Procedure Act. The Supreme Court in *Lake Country Estates, Inc. v. Tahoe*
Regional Planning Agency, 440 U.S. 391, treats the compact-created agency as a political subdivision of the states, legislative in nature, for the dual purposes of its conduct being "under color of state law" within the meaning of 42 U.S.C. § 1983, the Civil Rights Act of 1971, and for conferring absolute immunity from federal damages for its members. Other cases have referred to the agency as a public corporate instrumentality of the two states [Delaware River Joint Toll Bridge Commission v. Colburn, 310 U.S. 419 (1940)] and as a joint or common agency of the states [Petty v. Tennessee-Missouri Bridge Commission, 359 U.S. 275 (1959).] The argument that a compact is a "federal law" developed inconsistently with what had been said in Hinderlider, and the cases are discussed in Cuyler v. Adams, 449 U.S. 433, (1981). For an earlier analysis, see Comment, "Federal Question Jurisdiction to Interpret Interstate Compacts," 64 Georgetown L. J. 87 (1975).
IV. JUDICIAL SUPERVISION OF WATER COMPACTS

Courts have had trouble with compacts, with the administrative agencies created by compacts, and with the theories supporting their own jurisdiction over compact controversies. Virginia v. Tennessee, 148 U.S. 503, and other cases discussed by David Engdahl in his article "Characterization of Interstate Arrangements: When Is a Compact Not a Compact?" 64 Mich. L. Rev. 63 (1965) develop the interesting but anachronistic idea that compacts are organic, as resistant to change as constitutions. The Port Authority of New York claimed that compact agency officials were immune from Congressional subpoena. Comment, "Congressional Supervision of Interstate Compacts", 75 Yale Law J. 1416 (1966); United States v. Tobin, 195 F. Supp. 588; rev'd 306 F. 2d 270; cert. den. 371 U. S. 902 (1962). It appears that compact agencies have the
ability to bootstrap themselves into activities not explicit in the compact document by the exercise of rulemaking powers granted to them. (Ibid.) When they are based on equitable apportionment, compact provisions control over rights to water adjudicated under state law. (Hinderlider). As to water allocation compacts, it may confidently be said that only the Supreme Court may review them, although whether this is because they are federal laws or because they present federal questions is not wholly clear.

It is my opinion that because interstate water compacts rest upon the doctrine of equitable apportionment, disputes about their meaning will not be resolved under contract law principles. The legislative history of compacts, and their meaning when adopted, would not control courts of equity. Since the Supreme Court sits as a court of equity in ruling upon compacts resting upon equitable
apportionment, it is conceivable, even probable, that it could reach a different result than it might if acting as a court of law. The water apportionment cases not based on compacts tell us that the court looks to what happens in the future, not what has happened in the past. [Colorado v. Kansas, 320 U.S. 383 (1943)]. In Wyoming v. Colorado, 353 U.S. 953 (1957), the Supreme Court approved a stipulated judgment at odds with its own original decree. Other cases are Washington v. Oregon, 296 U.S. 517 (1936), and Nebraska v. Wyoming, 325 U.S. 589 (1945).

It is my thesis that since the Supreme Court has the responsibility for equitable apportionment of streams, a kind of Gresham's law of compacts will cause the Supreme Court to avoid the detail of the meaning of compact language, and associated questions of liability for their breach. It will instead send the parties back to the bargaining table.
to come up with a settlement which the court can test against the standard of contemporaneous "equity," not a standard of equity as of the date of the original compact.

If the Supreme Court bases a new decree equitably apportioning a stream on an agreement reached by the parties in the course of the litigation, would such an agreement require Congressional consent under terms of the Compact Clause? Or, a corollary question, could Congress alter an equitable apportionment decree rendered by the Supreme Court based upon agreement between the States involved, as readily as it could alter a compact to which it had granted consent?

There is no evidence of any inclination on the part of Congress to intrude itself into the process whereby states settle their lawsuits in the Supreme Court. Obviously such a process could not affect the rights of the United States, except as the United States as a party might agree.
to the stipulated judgment, but this begs the question of whether the Constitution's mandate for Congressional consent controls over the Court's power to resolve controversies under its original jurisdiction.

No authority that I have found helps with the question of whether there is any comparative constraint upon Congress's power to preempt under the Commerce Clause. I think there is none.

The interstate water compact now being actively litigated between Texas and New Mexico concerning the Pecos River, Texas v. New Mexico, No. 65 Original, is one I cannot discuss very specifically because I have agreed to assist the Special Master in that case. New Mexico is also involved in the only other active equitable apportionment water case on the Supreme Court's docket, Colorado v. New Mexico, No. 80 Original. In that case, Federal Judge Ewing Kerr of Wyoming, as Special Master, has filed
a report suggesting that Colorado is entitled to 4,000 acre feet of the waters of the headwater tributaries of the Vermejo River for a transbasin diversion project, over the vigorous objections of New Mexico.

The Rocky Mountain News on May 14th reported that Kansas is seriously considering suing Colorado on the Arkansas River Compact of 1948, which was designed to set at rest the controversy which precipitated the enunciation of the equitable apportionment doctrine, Kansas v. Colorado, 206 U.S. 46 (1907).

These cases will further test the efficacy and continuing utility of compacts. If my thesis is correct, the situation of the states in a suit on the compact will not materially differ from the situation which would exist if there were no compact at all.

I think that the model for the future is not the compact, but the stipulated agreement, like those which now control the Gila between New

V. CONGRESSIONAL SUPERVISION OF COMPACTS: PREEMPTION

We know from Arizona v. California that Congress and the Supreme Court play the children's checker game of giveaway when it comes to the responsibility for refereeing disputes between states as to the allocation of interstate streams except where a federal program or trust interest is involved. Obviously the Supreme Court was satisfied that Congress gave the Secretary of the Interior this role when it passed the
Boulder Canyon Project Act, but all of us who were observers of the scene during the years when Carl Hayden represented Arizona and Clair Engle and Bizz Johnson and some powerful predecessors represented California, know that the one thing these Congressional leaders would all have agreed upon was that the Secretary of the Interior was not the one to run the river.

So far, we have no situation where an equitable apportionment achieved by compact has been modified (as to non-federal interests) by Congress. As noted earlier, Congress occasionally insists that a compact state explicitly that it may be modified by Congress.

Doubts in this subject are expressed by David Engdahl, whose legal scholarship about the rights of the States make him a latter day John C. Calhoun. In his 1965 article in the Virginia Law Review, (31 Virg. L. Rev. 987) he devotes exhaustive atten-
tion to an analysis of the basis of
the Supreme Court jurisdiction in comp-
 pact cases not between states. In
Hinderlider, the suit was between the
Colorado State Engineer and the Colo-
rado Ditch Company; in West Virginia
ex rel Dyer v. Sims, the suit was also
between two citizens of West Virginia.
What was the basis of the Supreme
Court dismissing the appeal in
Hinderlider and reversing upon grant-
ing certiorari on its own motion?
What is the basis of statutory
certiorari jurisdiction in Dyer v.
Sims? Is a compact a law of the
union, and if so how does it get to be
such if consent isn't given, or if
consent is given in advance? Does a
compact raise a federal question? Or
a constitutional question? Or a new
species of "interstate question"?

As intriguing as these
questions are, they do not go to the
question of what Congress may do, and
the Constitutional basis to be in-
voked, when it wants to change the
arrangements states have agreed on by compact. Nor do they answer the question of whether, as to water compacts which have already received Supreme Court attention, and found to satisfy the doctrine of equitable apportionment, the Congress may impose a different regime on the parties.

Frankfurter and Landis have no doubts: the Commerce Power clearly is the basis for plenary Congressional power, and I am inclined to agree. The question is largely academic, however, because the States, whatever the scope or depth of their disagreement about the allocation of the river, would almost certainly oppose referring the matter to Congress in the manner of the Articles of Confederation. They clearly would prefer to have a judicial referee.

VI. CONCLUSION AND RECOMMENDATION

The combination of two ideas discussed earlier -- the compacts for
the allocation of waters of interstate streams have to be interpreted to match a contemporaneous standard of equitable apportionment, and that the Supreme Court will not look very far behind any agreement the parties reach — suggests some ways out of some problems which have been identified as lurking in existing compacts.

Some of these problems are:

   a. The breakdown of administration, much as that in the Pecos River compact agency.

   b. The question of whether the White River is apportioned by the Colorado River Compact of 1948 or the earlier Compact of 1922.

   c. Overlapping of compacts, that is mention of the same drainage in different compacts. The Animas-LaPlata Project Compact, for example, appears to amend the Upper Colorado River Compact as it relates to the Animas and La Plata Rivers.

In all of these situations, genuine controversies between states
are incapable of resolution without a supervening imprimatur from either the Congress of the United States or the Supreme Court of the United States. There must either be a new or amended compact, requiring Congressional assent, or the resolution of disputes about the coverage or interpretation of an existing compact, requiring Supreme Court approval. Or, under the Commerce Clause, Congress must preempt the field and impose its own solution.

If we assume, as I do, that the last solution is politically undesirable, and that the first solution is impractical because the federal consent will make it a federal preemptive solution, then a way must be found to facilitate the Supreme Court in handling of the cases to come before it (or which are presently pending) to establish a basis for Supreme Court approval of an agreement between the states which does not require Congressional consent.
Where impasse exists, my hypothesis is testable. It would be possible for the Court to decide that it need not enforce any language of the compact inconsistent with equitable apportionment; that the Court has the equitable power to resolve impasse simply because impasse cannot be equitable and that therefore a tie-breaking procedure can be ordered pending final resolution; and that since agreement between the parties is a preferred method of resolving equitable apportionment, the tie-breaking machinery will end when agreement is reached and judicially approved.

How the White River problem could be solved is a different problem, because it may not be as clear that a case or controversy exists. Assuming that hurdle is jumped, and it might be in the case of the White because of the activities of the Fish and Wildlife Service of the Department of the Interior in apportioning the river on a de facto basis, thus laying
the predicate for a suit by one state against the federal government and the second state, then my theories which postulate that interstate water compacts look to the judicial clause and the doctrine of equitable apportionment would furnish the basis for an argument that the Colorado River Compacts could be reformed to speak to the White River, again by an interim order for the administration of the stream pending an agreement between the states meeting judicial approba-

The same approach would serve for the question of the amendatory effect of one compact over another, as in the case of the Animas-La Plata Project Compact.

I also think it possible to revise the Judicial Code to relieve
the Supreme Court of some of its responsibilities as a court of original jurisdiction in suits between states. Congress might provide general legislation concerning compacts under the Commerce Clause, in place of the case-by-case approach it now follows in granting consent to specified compacts under the Compact Clause. Such a measure could specify the subject, terms, and federal role in general language, and, most importantly, could provide that disputes concerning such compacts entered into in accordance with such legislation would be within the jurisdiction of the federal courts at the district or court of appeals level with certiorari jurisdiction as the method of Supreme Court review.

It is difficult for me to imagine that the Supreme Court would be able to find many practical objections to the removal of the troublesome water compact cases from their original docket.
<table>
<thead>
<tr>
<th>Compact Citation</th>
<th>States</th>
<th>History</th>
<th>Administrative Agency</th>
<th>Agency Powers</th>
<th>Agency Membership</th>
<th>Voting Procedures</th>
<th>Method of Allocation</th>
<th>Remarks</th>
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