cannot measure -- in any case we have not measured -- the market, its size, its rate of growth, or the degree to which it can predictably carry the costs of the proposed construction so as to render it economically feasible. We have not done all these things, I repeat, because we are not dealing with, and applicant has not shown, and very probably cannot show, an assured source of power sufficient to load this proposed line.

It is persuasively clear from the applicant's filed rate documents and correspondence, as well as from the wording of contracts between applicant and PG&E, 6/ that the proposed intertie is hopefully based on the seasonal Bonneville surplus (though applicant has access to smaller surplus supplies through other channels), and it may be presumed therefore that the Bonneville surplus is necessary in order to load and justify the proposed construction. Further, it is clear that the future contract which the applicant and its associate company hope some day to conclude with the Bonneville Power Administration is substantially the same as, if not identical with, the contract under negotiation between PG&E and BPA in 1959, prior to adoption of the Senate Interior Committee resolution in 1960 which effectively halted negotiations for such a contract. To say, therefore, that the source of power to load this line is nebulous and speculative is to put the matter very charitably indeed.

Brought together, all of the foregoing elements add up to a proposal which I do not believe can any longer be described as a "calculated business risk," in the words of Mr. Robert H. Gerdes, executive vice president of Pacific Gas & Electric Company, testifying in 1959. 7/

Mr. Gerdes so described PG&E's proposal to spend several million dollars on a tie-line in 1959, after admitting that under his proposed contract with BPA: "I will stipulate right now that the power can be curtailed at any time." 8/

If the proposal was a "calculated business risk" under those conditions in 1959, what does immediate construction of a tie-line look like now, with BPA under effective prohibition against even discussing a contract for export of power to California? Senators Kuchel and Jackson called the proposed construction a gamble in 1959, though Mr. Gerdes did not agree. 8/ I believe it is indisputably a gamble now; a straight-out heads-or-tails political gamble depending entirely upon

6/ Appendix F attached hereto.

7/ Hearings before the Subcommittee on Irrigation and Reclamation of the Committee on Interior and Insular Affairs, United States Senate, Eighty-Sixth Congress, First Session, on the Bonneville (Pacific Northwest)-California Intertie, April 8 and 9, 1959, Page 165.

8/ Ibid., Page 161.