

Mr. ASPINALL. Have the negotiations included the matter of marketing the excess energy from the Federal capacity; that is, energy which will not be needed for project pumping?

Secretary UDALL. Yes; we have discussed this problem. As I have indicated in the statement, there are two things that we can do. One is this banking arrangement that we think will enable us to preserve our rights to a high degree and to have a flexible arrangement with our partners in this endeavor. With regard to surpluses, the Salt River project, in all likelihood, I am told, will be the operating agent for the plant. That is the way the WEST group operates. One agency is the operator for the group and, in this instance, it could and would use such surpluses as might exist and would agree to do so.

Mr. ASPINALL. In other words, you have answered my next question, which has to do with the disposition of this energy, which would be to the Salt River organization?

Secretary UDALL. That is what we presently contemplate, Mr. Chairman.

Mr. ASPINALL. Would it be on a preference basis?

Secretary UDALL. No; it would be on the basis that the agency which actually constructs and operates the plant, financed in the manner that we have indicated, would, we think, be the logical agency to take care of whatever surpluses there might be, if any. We do not anticipate any large surpluses, as we have indicated.

Mr. ASPINALL. Now, would you explain to some members of this committee who do not know what you meant by the term "the banking operation"?

Some members of this committee, in my mind, do not understand that term as used here.

Secretary UDALL. The banking arrangement, with which the chairman of the subcommittee is most familiar because his own fertile mind has helped devise it for the Central Valley of California, would mean that in those years, particularly the early years, when our power needs would fluctuate and are not even, we would let others use our power when in surplus. That would give us a banking account credit from which we could draw back power in the years when we needed it. This arrangement is very familiar to the electric power industry. It works very well, and it is very practical.

Mr. ASPINALL. I yield to my friend from California now for the purpose of any question he has relative to this particular matter.

Mr. HOSMER. It is as to the economics of banking, rather than attempting to sell the power at a time when it is in excess of project needs. As I understand it, your prepayment into the powerplant comes from money that the Government borrows.

Would it not be better to get revenues for these kilowatts at an earlier stage so that some of this money can be paid back and interest reduced rather than banking the power?

Secretary UDALL. I would think, Congressman, since you bank both ways, you see, there will be some years where we use more power than others, and this is really a kind of way of evening out the peaks and valleys.