

Mr. BURTON of Utah. I think you mentioned in your statement, as I recall, Mr. Secretary, 1985 as the target date——

Mr. DOMINY. Yes, we testified earlier, Mr. Burton, that even under full development of the upper basin and even under a more advanced schedule of development for the upper basin than we think possible, the central Arizona project is still a viable undertaking. If the water supply decreases at an earlier date it might be necessary to increase the municipal-industrial water rate somewhat in order to pay out on schedule. But the project would still have a favorable benefit-cost ratio and be justified.

Mr. BURTON of Utah. In your judgment, Mr. Commissioner, this would not be prejudicial to the interests of central Utah, is that right?

Mr. DOMINY. No, sir; I do not think it would be.

Mr. BURTON of Utah. I would like to ask you, Mr. Secretary, or the Commissioner, what the building of this steam-generating plant to finance central Arizona means in terms of the Kaiparowits development we have been talking about for a long time?

Secretary UDALL. Congressman, the WEST group has identified three major areas that have excellent coal deposits that are susceptible of development for these very large plants that they hope to build for the whole Southwest and mountain region, because Colorado and Utah electric power companies are in the WEST organization as well. These are the deposits in the four corners area, the Black Mesa deposits on the Navajo and Hopi Reservations, and the Kaiparowits in southern Utah. There are coal reserves that have been already developed in Colorado and some very fine reserves in Utah, but I am talking about the ones along the river.

Mr. BURTON of Utah. Kaiparowits fits that description, "along the river."

Secretary UDALL. Yes, it does, indeed. As matters now stand, I think for some logical reasons, development began first in the four corners area. We have already put together the Mohave plant in Nevada, where coal will be slurried in. Due to the lack of water, which is the key—you cannot develop this coal without water—the Page plant will be the only other large plant using this Indian coal, as we just do not have enough water to accommodate others. The Kaiparowits coal, which is in Utah and near Lake Powell, is the third major source.

I have corresponded at length with your Governor and others on this. There has never been a problem of developing one or the other, it has merely been a question of which comes first. Powerloads are growing so rapidly that in any event, whether or not Page moves ahead of the first Kaiparowits plant—there would be more than one or two—we are only talking about a difference of 2 or 3 years. I want to make it plain to the Congressman that I do not regard these plants as competing with one another. They are competing only in the sense of which comes first. Since Peabody probably is going to begin stripping and developing the Navaho coal this year, it is logical in order to achieve economies to build both of the plants that will use this Navajo-Hopi coal at one time. Therefore, the judgment was not my judgment. The judgment of the WEST group, those who need the power, was that the Page plant in sequence ought to come before the