Mr. HUGHES. This is as far as I know in the nature—this is a unique program. This is an effort to meet a Federal commitment by somewhat unique means.

Mr. CRAMER. I understand the objective of it. I asked you what the precedent is.

Mr. HUGHES. There is no four-square precedent.

Mr. CRAMER. There is no precedent?

Mr. HUGHES. That is correct.

INTEREST COST

Mr. CRAMER. I will ask the next question this way: What is going to be the interest cost—I am interested, as is the Secretary, in building these plants. However, over 50 percent of this Federal money going into it will be for paying interest, will it not?

Mr. HUGHES. Yes. The interest cost would be substantial in any event.

Mr. CRAMER. So your interest would be, what, about 120 percent of the principal, would it not?

Mr. HUGHES. The interest would be some rate differentials, but of course whether the money were borrowed to make grants or whether the concept adopted here of an amortization payment were used, the interest cost would remain very substantial.

Mr. CRAMER. So, in effect, this is the point I want to get to. This $2.275 billion over a 3-year period that we are irrevocably committing Congress to appropriate for over a 30-year period with 120 percent interest, means we are going to get, around a billion dollars' worth of actual construction, plus assuming 50 percent paid by local funds, maybe $2 billion.

Mr. HUGHES. The amount that we referred to, the $2.275 billion, I believe, is the principal amount we are talking about. We are talking about program level. The interest cost would be in addition as they would be if there was a cash grant made. In either event, the interest cost would be added to that.

Mr. CRAMER. I understand that. Is not my analysis correct that the actual construction resulting from the Federal share would be about a billion dollars?

The interest cost cuts it into less than half?

Mr. HUGHES. I think, Mr. Cramer, we may not be communicating here. We contemplate a program level which would be increased, a program level which would be increased by the amount of the $2.275 billion, and there would be financing costs in addition to that.

Mr. CRAMER. I am not talking about interest subsidy now. I am talking about interest cost on the Federal 50-percent share. It would be in excess of 50 percent of the appropriations?

Mr. HUGHES. That is right.

Mr. CRAMER. And your total appropriation would be $2.275 billion, including interest—sure.

Mr. HUGHES. No, sir. The $2.275 billion is contemplated additional program level above the grant level, and interest costs would accrue in addition to that.

Mr. CRAMER. You mean this represents only principal cost?