

risky in terms of the projected cost increase. But I believe it is interesting to note that when one looks back with hindsight, the costs of alternate sources of water also increased. The costs of the State of California water plan and all types of water supply have gone up. The costs of nuclear power and coal and oil plants have gone up. In some ways, the Bolsa Island project might have been a bargain.

As Mr. O'Meara pointed out, the metropolitan water district has continued to be interested in this project. They retained their lease rights for the island and they retained their substation rights on the shore and transmission corridors. So in the future, perhaps, it could be revived.

But it is probably not going to be the first project, since hopefully, we may get a large prototype started somewhere along the coast earlier.

Senator ALLOTT. Well, we are aware of the cost situation in this, but I think perhaps even more significant than that is the systems management approach.

Mr. RAMEY. Yes, sir.

Senator ALLOTT. Somebody once said that a camel was a horse that had been put together by a committee.

Mr. RAMEY. Yes, sir.

Senator ALLOTT. I think we want to avoid that type of thing on this approach.

Mr. RAMEY. I think you are right, sir.

Senator ALLOTT. One final question. Do you believe, taking into consideration your comments about systems management, and taking into consideration the best information we all have about escalating costs, do you think that it is possible at this point—I do not mean today or tomorrow, but a point within a year or a year and a half, to provide plans and financing for a plant and construct it without having the costs outrun us before the plant is in operation?

Mr. RAMEY. Well, I believe it is possible to provide conservative cost estimates that take into account the best knowledge that we have at the time as to the cost and escalation trends, and put in contingency factors so that when the plant is constructed, the costs will be within range of the general estimates.

Senator ALLOTT. The reason I ask this is that the last 2 weeks, I have been attending hearings on the Public Works Subcommittee of Appropriations in which these costs have not been estimated, they have been made upon present day existing costs as of that time, knowing full well that that construction work can't be done within that time and the escalation was not figured into the original analysis. But you think it could be done reasonably?

Mr. RAMEY. Yes, sir, I do. And I think the costs that will be associated with a first plant will be high. Certainly based on our experience in nuclear power, your first prototype will not produce cheap water and you will need probably several plants or add-ons before you can develop the technology and the industry to build an economic plant. That has been the history of nuclear power. The Shippingport prototype that Senator Anderson was so interested in getting started in the 1950's was not an economic plant and people criticized it and criticized Admiral Rickover because it was a high-cost plant. But that plant provided the technology for the subsequent pressurized water reactor plants. Shippingport was a 60,000 kilowatt plant and now