

Would this not render the pump storage projects virtually useless in the time of greatest need?

Mr. THRALL. Mr. Clausen, the manner in which this plant can be used on the load was investigated at the time the report was prepared by the Federal Power Commission, and they assured us it could be fitted into the load.

We have reviewed this with the Federal Power Commission as late as March of this year and they reassured us that their previous conclusion still stands, that the power is usable on the regional load.

Mr. CLAUSEN. Well, this pump storage will cost about \$125 per kilowatt; is that about correct?

Mr. THRALL. I believe that it is in that neighborhood.

Mr. CLAUSEN. What would be the cost per kilowatt of additional increments generated past the existing steam-generating plants?

Mr. THRALL. You are talking now about incremental capacity of steam-generating plants?

Mr. CLAUSEN. Yes.

Mr. THRALL. That is a very low figure, I believe, of around \$40 a kilowatt for incremental capacity.

I hope that you understand this is only on the capital investment side. There is an operating cost that is involved there, also.

Mr. CLAUSEN. What would be the cost per kilowatt for combustion generation?

Mr. THRALL. I do not know that figure, sir, but it would be considerably lower than \$125.

Mr. CLAUSEN. Well, would you give us an estimate?

Mr. THRALL. I could only guess, Mr. Clausen.

Mr. CLAUSEN. Would you guess?

Mr. THRALL. Perhaps \$50 or \$60.

Mr. CLAUSEN. Now, the power to pump water into the storage reservoirs would require beefed up kilowatt-hours and steam generated power for each 2 kilowatt-hours of power generated from the stored water.

Would it not be more economical to use steam generation for peaking hours?

Mr. THRALL. Mr. Clausen, the power that you are using for pumping is dump or off-peak energy which could not be firm on the load otherwise.

This plant converts that into peak energy. If you did not have this plant, this firm energy would have to be developed by a new, alternative plant.

The answer to your question, specifically, is "No."

Mr. CLAUSEN. What could you purchase the steam-generating power equipment for?

Mr. THRALL. About 2.4 mills for energy that has to be purchased. Some of it, however, would come from our own generation on the Arkansas River.

Mr. CLAUSEN. Have there been any arrangements made to purchase it?

Mr. THRALL. No, sir; it is not customary to make these arrangements in advance.

We do determine the pumping energy is available, and it is the job of the marketing agency to make the contractual arrangement and to sell the power.