

The company serves over 350,000 customers, including wholesale supply to nine electric cooperatives, seven municipal electric systems, and one small investor-owned utility.

My purpose in appearing here today is to express to this committee the views of Arkansas Power & Light Co. in opposition to authorization of two proposed Federal pumped storage projects in western Arkansas. These are commonly designated as White Oak, near Ozark, Ark., and Petit Joan, near Morrilton, Ark.

The views which I express here are also concurred in by other investor-owned companies in the area, particularly Southwestern Electric Power Co., Public Service Co. of Oklahoma, Oklahoma Gas & Electric Co., and Union Electric Co., all of whom have submitted statements for inclusion in the record.

These two proposed 500,000-kilowatt pumped storage projects, for which authorization is here being sought, were first studied by the Corps of Engineers for possible inclusion as a part of the comprehensive Arkansas River development project, which was authorized and is being constructed for purposes of flood control and navigation. I believe it is important at this point to emphasize as strongly as I can that these two proposed pumped storage projects are pure power projects and bear no relationship to the development of the Arkansas River for the purposes of flood control, navigation, recreation, and other. They only draw water from the navigation pools for storage during off-peak hours and then use the same water for generation during on-peak hours as it flows back into these pools. They develop no natural resource and provide neither flood control, navigation, nor recreation benefits.

Since these would be pure Federal power projects which would, in no way, further the legitimate primary or secondary purposes of reservoir projects and would not bring into being any electric power and energy as a necessary or incidental product of the construction of dams erected to control floods and to improve navigation, no constitutional or statutory authority exists for the United States to build such power projects.

In early 1966, Lt. Gen. William F. Cassidy, then Chief of Engineers, took recognition of the legal questions involved and made them a condition of his approval in his transmittal of the report to the Secretary of the Army. In this letter, he said:

The Petit Jean and White Oak projects are unique, however, in that their authorization and construction by the Corps of Engineers would represent the entry of the Federal Government into a new field involving questions of broad public policy not yet promulgated. Furthermore, the unresolved policy questions are of such a nature that they do not fall within the purview of decision by the Chief of Engineers. Instead, I believe they are matters to be considered by the administration and the Congress.

Clearly, gentlemen, you are being asked here to approve projects which have policy implications far beyond the bounds of the projects themselves. Basically, you are being asked here to approve of the Government's going into the business of pure power generation in competition with the private segment of the industry which bears its full share of tax burden and pays the full cost of money in the open market.

Only last month the Federal Power Commission took a positive stand against the construction of pumped storage projects by the Fed-