

Getting to the economics of the projects, we very definitely feel that these projects cannot be justified on the economic basis because they are more costly, these types of projects, that is, other alternatives that could satisfy the power needs of this area and this, gentlemen, is our business to be looking at the power needs of the area and satisfying those needs.

These projects are estimated to cost \$125 million and this was the original estimate made at the time the projects were first initiated and I think it would be a reasonable expectation that certainly with today's inflated costs we are not looking at getting these projects built for that figure, but something certainly higher.

This amounts to, as has already been indicated, approximately \$125 per kilowatt of capacity versus \$80 a kilowatt or less in some cases that we could build a steamplant and finance it ourselves, investor-owned facilities.

We have just completed a steamplant over at Helena, Ark., on the Mississippi River, a second unit to our Robert E. Lee Electric Station which we have built for about \$80 a kilowatt.

We have another plant under construction on Lake Catherine near Hot Springs, Ark., which we expect to build for a figure of approximately \$80 per kilowatt, one now under construction expected to come on the line in the latter part of last year.

On a purely incremental basis were we to add incremental additional capacity to a unit we had already planned, we could probably add incremental capacity at the rate of something like \$40 to \$50 a kilowatt.

We would be building capacity and are building this capacity which would be available 24 hours a day, not 6½ or 7 hours a day as the availability of these projects would be.

Our daily peakloads as has already been brought out in answer to some earlier questions of the committee during our peak summertime periods actually do extend for periods of 11 out of the 24 hours each day and if the pumps storage project would be available to come into the picture to supplement our own, to take care of a part of our peakloads, we would not have the pumps storage capacity available for 6½ hours to 7 hours per day. Our needs are up to 11 hours.

Now, this would mean we would have to satisfy the needs for 4 hours by some other means. It does not make sense to build this project at the same time.

Furthermore, because our peakloads are so long—approximately 11 hours of the day—the time available for pumping off peak pumping or the availability of offpeak pumping energy would be such that you would not have available pumping energy enough hours of the day to fill the upper reservoir. It would take something in the order of 16 hours to fill the upper reservoir and you do not have that many hours of the day when you are serving your peakloads for 11 hours.

Furthermore, I call for the committee's attention that we already have in this general geographic area approximately 1,400,000 kilowatts of conventional hydroelectric of peaking power that has been installed by the Government in various dams in the area incidental to flood control navigation and other projects.

There is now in this general area in addition to this 1,400,000 kilowatts, some 700,000 kilowatts now under construction.

We do not think an additional 1 million kilowatts of peaking capacity in the form of these pump storage projects can be fitted into