

Mr. HAMMERSCHMIDT. And it would not be incidental like hydro-electric power.

Mr McCOLLAM. No, sir.

Mr. HAMMERSCHMIDT. Let me ask you a further question. I am informed that other pump storage projects are being built by investor-owned companies, private companies in other areas of the United States, and it seems to me to be a desirable source of peaking power for them.

Why is it that your company does not propose such facilities? Perhaps I should ask you what conditions would your company propose to build such facilities.

Mr. McCOLLAM. Let me say that when and if it becomes economically and technically feasible to construct such a project we would construct such a project and as a matter of fact, we do own a site, a pump storage site at the present time which we have acquired for this purpose and when it becomes economically and technically feasible in our area, somewhere down the road we would certainly undertake to construct such a project.

I might point out that in other areas of the country where such pump storage projects have been built they do have in existence the tremendous quantity of existing conventional hydroelectric peaking power that we have in our part of the country, so they are basically starting from scratch with that type of peaking power.

Furthermore, the technical characteristics of these projects are such that they are being built for far less than \$125 a kilowatt.

Some of the projects in the eastern and northern part of the country are being built for around \$70 a kilowatt.

Those projects are, in fact, competitive from an economic point of view with alternative means of satisfying the peaking requirements of the area.

In our area, we are still as we have already indicated building conventional plants for around \$80 a kilowatt and on an incremental basis we could build plants for less than that, that is \$40 to \$50 a kilowatt if we were adding for peaking purposes.

We have not gone this route on our particular system. We could install gas turbine for peaking which would come to about \$70 a kilowatt. It does not make economic sense to build this type of project when we have more economical alternative ways of satisfying the requirement when and if the pump storage project becomes economically feasible and then we will undertake to build it ourselves.

Mr. HAMMERSCHMIDT. I understand what you said these pump storage projects cost far more than other available alternatives and that they would not be as good technically.

Mr. McCOLLAM. They are not as good. When I say the technical standpoint, I am really referring to the manner in which this type of peaking capacity can be integrated into our load shape in our area.

It just technically is not feasible to impose an additional million kilowatts of peaking capacity on an already 1,400,000 and another 700,000 under construction.

The other factors I brought out from the technical point of view, that the pumping energy would be available, the energy from the pump storage project peak is available 6½ to 7 hours of the day when