

The loads of rural electric systems continue to grow very rapidly, currently increasing at 13 percent per year; doubling each 6 years. Sales of the industry as a whole are currently increasing at approximately 10 percent per year. Thus, it is essential that we maintain constant vigilance to assure future availability of adequate wholesale power at reasonable cost.

The NRECA membership has for many years advocated reauthorization of the Salem Church project substantially as now recommended by the Chief of Engineers. Our position is evidenced by a long series of resolutions adopted by State, regional, and national meetings.

Many rural counties in Virginia are losing population. Low-cost electricity is essential to the health and safety of those people who remain in these areas, and vitally necessary to attract the industry and business required to reverse the outward migration.

There are 16 rural electric systems in Virginia which serve 600,000 people—130,000 meters—over 28,612 miles of line throughout the length and breadth of the State. In Virginia, the service areas of the electric cooperatives and the investor-owned power companies are assigned by the State corporation commission on a mutually exclusive basis. Virginia is, therefore, free from any substantial territorial wrangling between the two groups.

The quantity of electricity used by the consumers of rural electric cooperatives in Virginia is currently increasing some 14 percent annually; doubling each 5 to 6 years. Except for very small amounts of power which a few cooperatives generate, and except for small purchases from other sources, and one system which purchases from TVA, all of the electricity used by electric cooperatives in Virginia is purchased at wholesale from the Virginia Electric & Power Co. and the Southeastern Power Administration. SEPA is an agency of the U.S. Department of the Interior which sells at wholesale the power generated at the John H. Kerr and Philpott reservoir projects, in Virginia, constructed by the Corps of Engineers. SEPA also, of course, markets Federal power from other similar projects in the Southeast. All SEPA power is delivered over the transmission systems of the investor-owned power companies. SEPA has no transmission of its own.

The Federal power thus made available to cooperatives in Virginia costs approximately 6.6 mills per kilowatt-hour delivered. The remainder which is purchased outright from VEPCO is, 7.3 mills. During the year ending June 30, 1967, alone, the savings to rural electrics in Virginia through the availability of this arrangement was \$180,000, the comparison being what we would have paid if all of the energy purchased from SEPA had been bought at the 7.3-mill private company rate. Similarly the company too, has benefited, we believe. It is allocated a very substantial block of Federal power with which to serve its other customers. The entire peaking capacity of the Kerr project is scheduled to meet company system peak loads. The company is also compensated by the Government for use of its transmission system in delivering Federal power to the cooperatives and for the steam-generated energy which it furnishes to firm up or "round out" the Federal hydro.

In addition, the six cooperatives in North Carolina, served through the VEPCO system, would enjoy substantial additional savings by