

these are not natural resource projects, but are pure power projects, the actual prevailing interest rate to the Federal Government at the time of construction should be used in economic evaluations, as outlined in Circular No. A-76 of the Bureau of the Budget, dated March 3, 1966, issued at the direction of the President.

THE PROJECTS WOULD ADVERSELY AFFECT SERVICE RELIABILITY

These projects as sources of power supply would adversely affect service reliability in comparison with conventional steam electric generating units or gas turbine peaking units strategically located near various load centers.

Pumped storage projects are not as continuously available for meeting load requirements as alternate sources would be, since pumped storage projects are generally designed to produce power less than 50% of the time per day. In addition, if pumping energy should, for any reason, be unavailable during off-peak hours, the projects would be unable to produce during the next on-peak period.

In a war emergency, when two and three shift operation of industry is required, pumped storage projects would not be available for such long hours of power production as would other types of generation and could, therefore, be detrimental to national defense efforts. In addition, conventional steam and gas turbine generating units are available for supplying load 24 hours per day, seven days per week, whereas the pumped storage projects would require electricity for pumping water uphill more than 50% of the time.

CONCLUSION

At this time when the war emergency and other major expenditures are placing a heavy burden on the financial resources of our country, it is imperative that the capital of our citizens not be spent improvidently on such obviously unnecessary and uneconomic projects as Petit Jean and White Oak.

We recommend that the Petit Jean and White Oak projects not be approved since they are unnecessary, uneconomic, and would adversely affect service reliability in the area.

STATEMENT OF J. ROBERT WELSH, CHAIRMAN OF THE BOARD, SOUTHWESTERN ELECTRIC POWER CO., SHREVEPORT, LA., JUNE 20, 1968

I am J. Robert Welsh, Chairman of the Board of Southwestern Electric Power Company. I am an engineer and have held a number of positions in construction, operation, engineering, and management of our company. Also, I am Executive Director of the Southwest Power Pool, an association of electric power systems in eight states promoting the coordination of system operating for reliable electric service.

I appear today in opposition to the proposed authorization of two pumped storage projects on the Arkansas River in Arkansas, identified as the Petit Jean and White Oak projects. During the period 1961-1965, studies were made on these projects by the Corps of Engineers and by the companies in the area. The studies made by the companies show that these projects are not dependable sources of peaking power because there is not enough water stored in the proposed projects to make power available to customers during the hours of our summer peak loads. Shutdown of these projects during the hours of peak loads in years of prolonged heat storms would cause a shortage of power and interruptions to electric service. The companies want to avoid such curtailment of electric service, and we request the cooperation of the Congress in our efforts.

The studies show that dependable power is and can continue to be furnished by conventional-thermal generating plants which the companies have always built and will continue to build in the future. Such plants operate 24 hours of the day, every day, and no shortage of power will occur if the area power requirements are supplied by conventional-thermal plants.

Also, I request the Congress to consider the economics of the proposed pumped storage projects. The electric companies are interested in providing low-cost electric service to our customers, and could not buy power from the proposed pumped storage projects because of the high cost of that power. The studies made by the companies show that conventional-thermal plants can be built cheaper than the proposed pumped storage projects. Thermal plants in the area are built at a cost of about \$65.00 to \$80.00 per kilowatt, and operate 24 hours a day. The proposed Government projects are estimated to cost about \$125.00