

Mr. McEWEN. Yes.

Mr. HARSHA. I thought I understood and maybe I misunderstood, I thought I understood one of the witnesses say that the authority or the power people would participate in part of the cost of the construction of the new plant, is that correct?

Mr. McALEER. Yes, sir.

Colonel SEIDEL. They are to pay for the betterment that is created here.

Mr. HARSHA. Your figures here show no non-Federal contribution or participation.

Colonel SEIDEL. Not in the construction cost, sir; it would be a reimbursable item on an annual basis.

Mr. HARSHA. You do not show anything there.

Colonel SEIDEL. It is shown on the handout, sir, at the top of the second page, in the far right-hand column, we show it as a negative cost since it is a reimbursement against the annual charges, the \$417,000.

Mr. HARSHA. You show it as a negative cost?

Colonel SEIDEL. Yes, sir.

Mr. HARSHA. What kind of bookwork is that?

Colonel SEIDEL. We have an annual cost for the operation and the amortization of the project, and we apply what is reimbursed as a credit toward that annual charge.

General NOBLE. You will note that note 2 refers to reimbursable for the Federal Government.

Mr. HARSHA. When did you start using this type of formula, book-keeping system?

General NOBLE. This is no bookkeeping system, sir. This is purely an itemization to show you what the net annual charges would be, after subtracting from the gross the credit due to reimbursement. As indicated, the net is 1.27. The itemization is purely for the purpose of presenting to you the amount of the net annual charges, after adjustment for the betterment.

Mr. HARSHA. Do you actually receive \$417,000 a year?

Colonel SEIDEL. Yes, sir; that is correct. We would get it as a reimbursement.

Mr. HARSHA. Do you get it in the form of a check or money, or do you credit it off to some other operation that you have got?

Colonel SEIDEL. It would be a cash payment, sir.

Mr. HARSHA. Reimbursable cash to the Federal Government?

Colonel SEIDEL. Yes, sir.

Mr. McEWEN. Would the gentleman yield?

Mr. BLATNIK. Could we conclude? I do not want to cut you short, but we have got two or three more projects, and we will have more questions.

Mr. McEWEN. Mr. Chairman, I do not understand this \$417,000, where this net power betterment comes from.

Mr. BLATNIK. Answer that again, General.

General NOBLE. It is a net power betterment, sir. When you build the new plant, the party being compensated by this new plant has a limited advantage over the old one; they have to pay for that advantage, in the amount of the betterment. The Federal Government is obligated to restore dollar for dollar only what it is taking away, and