

Mr. MACDONALD. Isn't it a fact that even this \$25,000 or \$30,000 that might be charged to the company is passed on under the rules governing utilities to customers?

Mr. WHITE. Yes, sir.

Mr. MACDONALD. Isn't it capitalized?

Mr. WHITE. Yes, sir.

Mr. MACDONALD. And aren't they guaranteed a 6-percent return?

Mr. WHITE. Those are operating expenses and of course are absolutely proper to be charged to the ratepayers, and we would be very sensitive indeed to be adding millions of dollars on the ratepayers' backs for something that is not required.

May I say that our chief accountant wrote a letter to the vice president of the company whose responsibility it is to come up with financial figures, offering to sit down and to discuss how we could be so far apart because it doesn't seem quite reasonable.

I have the same problem that the Congressman did, that rational human beings could find themselves in such different ball games with one in the millions and the other in the tens of thousands, and we have not yet had that meeting.

Mr. MACDONALD. Thank you.

Mr. WHITE. If I may, to keep this in perspective, the utilities in North Carolina and Massachusetts are paying whatever extra cost there is. We don't think it is very great. The fact of the matter is we don't think this is so disadvantageous and the advantages might offset it and it is a net gain, but I wouldn't even make that claim. But we have not had any cries of outrage from utilities or from the State commissions who have, after all, a responsibility to see to it that the rates that their own citizens pay are as low as consistent with sound operating practice and I can't believe that a State commission wouldn't be knocking on the doors of the Congress if we were imposing such onerous burdens as a result of our regulation.

As you can tell, we do get kind of steamed up about the issue and I agree, Congressman, that on the face of it it looks kind of hard to reconcile what you have heard one day from the next day.

Mr. KORNEGAY. What disturbed me was, if there were definite advantages and yesterday conscientious and dedicated people were unwilling to accept those advantages because they were saying, it seemed to me, the disadvantage was greater than the advantage they were going to receive. That was the only conclusion I could come to.

You mentioned North Carolina. As I understand it from this bill and from the prior testimony it would have no effect on any of the utilities in that State.

Mr. WHITE. That is correct. My guess is if it were enacted that there would be probably no utilities in that State who would want to or would be capable of adjusting their operations so as to be eligible for the exemption offered by this bill.

Mr. KORNEGAY. You make reference to the CARVA pool, which composes the four utilities in the three-State area there. How is the CARVA pool working down there?

Mr. WHITE. I think if you don't mind I would like to ask Mr. Brown, our chief engineer, to speak briefly to that, but generally we have seen in this country, and again not because of the wisdom of the Federal Power Commission, but because of the judgment and the