

Wouldn't the discouragement of interconnection encourage the utility to have adequate power sources to meet its peak or emergency load need and, in effect, increase the reliability of that individual utility?

Mr. WHITE. I understand the question completely and I must say I think that virtually all of the engineering systems and analyses in the country, not by the Federal Power Commission but by utility managements, regardless of their form of ownership, indicate exactly to the contrary.

There is no question but what it would be possible for a system to virtually isolate its system to have adequate reserve, but in order to have that adequate reserve it has to make such a large capital investment in facilities in order to have the standby that it penalizes its own consumers by charging, legitimately charging, them more for their electric service than would otherwise be possible.

If you have one utility that is meeting its own needs it has to have another adequate reserve available instantaneously to meet any situation that can be predicted will occur within its system.

If, however, you are able to link that system A with system B then their total reserve of needs are not as great as if they were operating alone because they can move power back and forth when one has an emergency, and you don't assume that they are going to have emergencies simultaneously, so that this is the whole underlying concept for interconnection.

It is not only more reliable, but obviously cheaper. If you don't have to invest in the facilities that you will not use very often but you need them for standby or reserve purposes it makes a far better investment for the company to build transmission lines where it can move that back and forth and enter into agreements so that mutually they protect one another, so that is the answer, I believe, to your question.

Mr. BROWN of Ohio. And if the assumption that both systems would not have peak demands at the same time is not correct, then when they are interconnected they are both out; is that right?

Mr. WHITE. I am sorry, I think I lost you there.

Mr. BROWN of Ohio. If the assumption that they will not both have peak demands or emergency demands at the same time is in error, and they should both have peak or emergency demands at the same time, then both systems are in trouble; is that right?

Mr. WHITE. It depends entirely upon how well designed their reserve situation is. They will indeed be able to provide for single contingencies or even double contingencies. It is conceivable—and don't forget, now, when I am talking about these two, that is for purposes of simplification. The way it actually is working is that this is two within a group of perhaps 30 or 40.

Mr. BROWN of Ohio. Like the Northeast?

Mr. WHITE. Like the Northeast or, more important, like the Ohio area. Ohio now is in the east-central area. We have something like 25 utilities in that region, including Michigan, Indiana, Ohio, western Pennsylvania, West Virginia, part, I think, of the tip of Maryland, and Kentucky.

Twenty-five utilities have gotten together in the reliability undertaking, so that Ohio Edison knows that if they are going to go down