

porate structure to see what they can do to delay accepting those responsibilities. I am not condemning anyone, this is just the way things are. And in the absence of firm regulatory practices and atmosphere, the public does not get the advantages from this compact between the regulated industries and the public that it is supposed to get.

The CHAIRMAN. Commissioner, could you get a little bit more specific. We are still talking about your decision, your dissents now. You say the reasons are clearly visible to those who read them; that is, the reasons you are not going to continue. They are embodied in your dissent. Could you be a little bit more specific and give us an example of what you mean is included in your dissent?

Mr. MORGAN. I think if you will look at the dissent I wrote to the Idaho Power Co. finance order, docket E-7067, an order authorizing the issuance of promissory notes, you will find a very good example of what I am talking about. Here is what appears to be a routine order authorizing the issuance of \$30 million of promissory notes. This order is what the regulatory agencies call boilerplate. It is a standard form order which exists for the purpose of simply filling in the proper dates and the proper amounts, and issued to authorize the issuance of stocks or bonds in a case where there is no controversy, simply a routine run-of-the-mill approval of a finance issue.

I wrote—let me go further and say that among the purposes of the issuance of these promissory notes was the construction of a dam on the Snake River in Idaho, the third dam of a three-dam plan authorized by the Federal Power Commission some years ago. I wrote a seven-page dissent to the order, pointing out a number of things concerning problems, unsolved problems, raised by this proposal of the company to build a dam. The financial issue itself raised no problems. There was no question of interest rate or collusive bidding, or anything of that sort. It was routine in that respect. But the construction of the dam raised a number of problems. And I invite your attention to the dissent. I will try to put the gist of it into as few words as possible.

I pointed out that the Idaho Power Co. is now selling about 20 percent of its system capacity at rates which appear to be below its cost of production of electricity. It is doing that because it has a surplus of capacity. The extent to which that surplus exists and the extent, if any, to which the company is selling below the cost of production, is unknown, because it has not been investigated. But it seems clear on the face of it that the two dams that Idaho has built now have produced a very large surplus of power, leading Idaho Power to sell at wholesale to other power companies under conditions which may raise the gravest kind of question about discrimination, and about practices which may threaten the company seriously from the point of view of its solvency.

I expressed the need for an investigation of this matter before a third dam was built which would be sure to aggravate the situation and cause it to spread.

I pointed out that the previous membership of the Commission had notified Idaho Power Co. that it would make a full rate investigation