

Now, a fraud is not too difficult to define. One thing, it isn't the real thing, is it?

Mr. MORGAN. That is correct, sir.

Mr. MOSS. The public expects that in your role as a regulator that you will see that its interest is protected, and the utilities' interest is part of the public interest?

Mr. MORGAN. That is absolutely correct.

Mr. MOSS. It is important that we have utilities of vigor, able to undertake the responsibilities given them, along with their rights to serve?

Mr. MORGAN. That is very fundamental.

Mr. MOSS. And in the Idaho case you mentioned four points as forming the basis for your dissent, urging the Commission to go beyond the practice of just more or less pro forma approval of financing to determine the uses to which this additional money is going to be put, is that true?

Mr. MORGAN. That is correct, sir.

Mr. MOSS. You mentioned the fact that there was a serious question in the previous Commission as to whether or not the wholesale rates then existing were under the actual cost of production.

Mr. MORGAN. That is correct.

Mr. MOSS. And if they were, this would be unsound unless the other ratepayers of Idaho were looked to, to produce the revenue to make up the deficiency?

Mr. MORGAN. And in that case it would be discriminatory.

Mr. MOSS. And in that case it would be discriminatory. And you said to the Commission, let's look at it, go ahead and approve it and condition it and see whether or not this is a fact. The previous Commission raised a serious question, indicating that they would at a given point, the effective date of the Utah contract, undertake to evaluate the rates.

Mr. MORGAN. Yes, sir.

Mr. MOSS. And you went on to mention the fact that Idaho Power had stated—this wasn't just your opinion, but the company itself had stated that if the Bonneville area was extended, that they might not proceed with their program of expansion, is that true?

Mr. MORGAN. They made the flat statement that they would abandon all expansion programs in Idaho if Bonneville's market area was extended.

Mr. MOSS. And you thought this was a significant fact which the Commission should have evaluated?

Mr. MORGAN. I still do, sir.

Mr. MOSS. And then there was a further matter, that Oregon and Washington and Idaho had a claim that they were prosecuting against the company of almost \$7 million for damage.

Mr. MORGAN. Yes.

Mr. MOSS. And you thought the impact, in the event the States should prevail on this, the impact upon Idaho should be considered by the Commission along with these others?

Mr. MORGAN. I thought we should at least find out whether they are insured against such a claim.

Mr. MOSS. And you also look at the practice characterized by you as a 5 percent present-worth method of depreciation for its Brownlee