

Mr. BROTZMAN. Mr. Commissioner, there are two or three points I would like to clear up. I understand the chairman stated the general objectives we are trying to follow here yesterday, and that is to ask you certain questions which might better improve the FPC's regulatory process, with due regard for the people of this country, the consumers, and also the regulatory agencies involved.

Now, it is growing late, so I would try to cut my questions down to the absolute minimum. In an attempt to be specific, I think, turn your general direction to the *Idaho Power* case. If I understood your testimony yesterday in relationship to certain language in your letter, you said that ordinary men yield too quickly to the present-day urge toward conformity, timidity, and personal security, and if I understood your testimony yesterday, you cited the *Idaho Power* case as an example of this.

That would be a fair inference; is that correct?

Mr. MORGAN. Yes; I did. And I added—I think yesterday I said that this reluctance to disturb the industry was the only reason offered during the decisionmaking stage of that case. And I have since recalled that one other matter was brought up, namely—

Mr. BROTZMAN. The first question I really had was, I understood that this was the basic reason that was assigned for the majority decision in that particular case. Now, you would like to amend your answer from yesterday in that regard?

Mr. MORGAN. I have, yes.

There was an additional factor discussed, but it was not a very convincing argument to me.

Mr. BROTZMAN. I will just ask you the questions. Now, there were additional or more reasons than one for this particular decision by the majority, is that correct?

Mr. MORGAN. Yes; neither of them very persuasive as far as I am concerned.

Mr. BROTZMAN. Those were reasons given by the majority for their decision, is that correct?

Mr. MORGAN. Orally, yes.

Mr. BROTZMAN. What were they?

Mr. MORGAN. One was that they saw no reason to interfere or disturb a company that apparently was having some difficulty getting out of a surplus position. The other, which is really a self-defeating reason, was that the Idaho Public Utility Commission was already conducting a rate case involving the intrastate rates, and we should wait until that was over before looking at the interstate rates. The reason that is self-defeating is that the Idaho Commission has authority only over retail rates in intrastate commerce. We have authority only over wholesale rates in interstate commerce. Now, if the situation described by Mr. Moss yesterday were in fact happening there—and it is possible—namely, that losses incurred in the interstate wholesale contract sales were being made up by the customers, the retail customers of Idaho, under intrastate rates, then you have a problem of discrimination. And the only way, in my judgment, to reach such a problem is to take advantage of the provisions of the Federal Power Act which allow joint hearings between Federal and State commissions to study both rates at the same time and make whatever adjustments are necessary.