

Mr. Morgan has referred to two specific cases, *Pacific Power & Light* security issue case, and the *Idaho Power Co.* security issue case.

It is noteworthy that both of the cases which have become such causes celebre are security issue cases. The reason is that our security issue jurisdiction is a very limited jurisdiction. As members of the subcommittee know, it extends only to security issues which are not subject to approval by the State commissions. It covers only about 10 percent of the industry. It was obviously not intended by the Congress, and the legislative history clearly shows it was not intended, as the vehicle for comprehensive regulation of transmission line construction or other construction programs. It was intended to insure the financial integrity of the companies and the soundness of security issues where the State commissions had not passed on them.

In the *Pacific Power & Light* case, what came before us were two security issues, stock and bonds, for a wide range of corporate purposes, of which a small part was to be devoted to the construction of a transmission line which was to operate at 230 kilovolts, but was to be so constructed that it could later be converted to 500 kilovolts.

No question was raised that this line was fully justified as a 230-kilovolts line. The dissenting opinion accepts that fact. What Mr. Morgan challenged was the additional investment required to make it possible to convert that line to 500-kilovolts use. Now, mind you, we have no certificating jurisdiction. That company would not be before us if its securities were regulated by a State commission. It would not be there if they built that line with corporate funds or with the proceeds of a kind of security that did not require our approval. It was only before us for security approval. And it was Mr. Morgan's position that we should use the leverage of our position to prevent the company from installing that capacity for future conversion, although no one could say that looking to the future, this was outside the bounds of a provident managerial decision.

At any rate, the Commission took the point of view that we could not in conscience, considering the limited scope of our authority and the advice of our counsel, hold up that security issue, and I, for one, would not agree to the use of our leverage beyond our authority in order to intervene in a situation Congress had not given us authority to participate in. I may have been wrong. Mr. Morgan may have been right. With the passage of time, I became more convinced than ever that the majority was right. But what I say to you is, not by the wildest stretch of imagination can the position of the majority in that case be used for purposes of attack and division and reflection upon the whole record of the Federal Power Commission.

The other case is also a *Pacific Northwest* case, *Idaho Power & Light Co.*, where Mr. Morgan thought we should use our security issue jurisdiction to delve into rates under investigation by the State commission, into the possibility that some power was being sold at too low a price—not too high, Mr. Chairman, too low; charges that the company was not charging enough depreciation—not too much, Mr. Chairman, not enough; that it was adopting accounting practices which enabled it to keep its rates down. This was the discrimination we were to investigate.

Well as I have made clear, Mr. Chairman, our rate staff is new, it is just getting off the ground and we have a large backlog. This