

the decision. The Commission ordered refunds which will total over \$68 million, exclusive of interest, on the rate of return issue alone and ordered rate reductions of \$15.8 million annually which were made effective before the end of 1962 over the protest of El Paso. The reduced rates were, therefore, in effect in time to lower the 1963 price of intrastate gas in California which is controlled by the January 1 price fixed by the FPC for interstate sales.

ELECTRIC POWER

1. The Commission is conducting a national power survey to encourage the voluntary interconnection and coordination of the Nation's power systems on a regional and interregional basis. The Commission's objectives are to promote the maximum use of the latest technology in the electric power field to provide lower rates to consumers. The survey has already stimulated many new interconnections between companies. The advisory committees we have formed have provided a forum for all segments of the industry—public, private, and cooperative—to meet and discuss their expansion plans in light of the national interest in providing low cost electricity in all parts of the country.
2. When the present members of the Commission took office the Commission's electric rate regulation functions were practically nonexistent. There were only four professional people engaged in electric rate work. The Commission took immediate action to exercise its responsibility to regulate the wholesale rates of electric utilities in interstate commerce which is one of the primary consumer protection functions of the Federal Power Act.
3. The Commission transferred the electric rate staff from the Bureau of Natural Gas where it was buried and made it a prominent part of a new division in the Bureau of Power. We have built up the electric rate staff within the limits of existing manpower and we are seeking funds to enlarge the staff to the minimum required to carry out effective rate regulation.
4. Many utilities did not even have their wholesale rates in interstate commerce on file with the Federal Power Commission. We are requiring that these rate filings be made and where necessary have issued a show-cause order to require the filings. Over 1,000 electric rate filings were made with the FPC in the last 6 months of 1962.
5. The FPC has issued a proposed rule that will require electric companies to support their rate filings with cost information to facilitate meaningful Commission review.
6. The Commission is preparing a list of all the public utilities subject to the Commission's jurisdiction which we will publish shortly.
7. The Commission has announced a proposed rule requiring strict and detailed accounting for political expenditures by power companies. (The rule applies also to natural gas companies.)
8. The Commission has taken action to carry out its responsibility for collecting the money owed the U.S. Treasury from downstream hydroelectric projects that benefit from upstream Federal developments.
 - (a) A provision is being inserted in all new licenses which will require annual payments for headwater benefits based upon a formula.
 - (b) We have announced a rule which will accomplish the same purpose for existing projects.
- In this fiscal year we are collecting \$1,750,000 in headwater benefits for the Federal Treasury which is three times as much money as has been collected in the entire history of the FPC. We estimate that in the next year we will collect \$4 million.
9. The Commission in opinion No. 356 on April 19, 1962, ruled that a pumped storage hydroelectric project was subject to the Commission's jurisdiction. The Commission emphasized that the Federal Power Act conferred broad authority on the Commission to insure the most comprehensive use of the Nation's water resources.
10. The Commission in opinion No. 357 on April 25, 1962, spelled out a new policy in issuing licenses for non-Federal hydro projects built prior to 1935 and still operating without a license. The FPC concluded that these projects should not be given the benefit of the maximum 50-year licenses allowed under the Federal Power Act but should be licensed for a shorter term. We are making a concerted effort to bring these projects under license.
11. We have accelerated the pace of our hydroelectric licensing work. In the last 6 months of 1962 licenses were issued for projects whose construction will add \$260 million to stimulate the Nation's economy.