

GSA is responsible for protection of the Government's interest in obtaining economical utility rates. Uncle Sam is the biggest consumer of utility services in the country, by far. The Federal Government's annual utility bill amounts to about \$4 billion. That includes communications, electricity, gas, sewage, and steam.

GSA's Utilities Division and Rates and Tariffs Division have eight professional staff members who devote approximately one-third of their time to rate case matters. Some other officials in GSA occasionally lend a hand. The sum total of the Government's force is smaller than the battery of accountants, lawyers, consultants, engineers, professors, statisticians, and financial vice presidents which one utility will produce in a rate case.

I am not as disturbed about the corporal's guard, however, as I am about the Administrator's attitude, as expressed to me in a letter this month. I quote his final paragraph. I am going to ask that the whole letter be put in the record.

Chairman PROXMIRE. Without objection that will be done.
(The letter referred to follows:)

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., May 1, 1967.

HON. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR METCALF: Thank you for your request of April 12, 1967, for information with respect to our staff capability in the utility regulatory representation area.

We do not have a separate staff assigned exclusively to regulatory case work. Rather, we utilize for rate case work, those engineers, economists, accountants and other professional employees of our Transportation and Communications Service whose duties also include management of utility services and rate and service negotiation. Our Utilities Division and our Rates and Tariffs Division, for example, have eight professional staff members who devote approximately one third of their time to rate case matters. In our Engineering and Operations Divisions we also have professional staff members who, although generally occupied almost full time on planning, managerial and negotiation matters, are available when needed for rate case work and have participated in several cases in recent years. Six attorneys in our Office of General Counsel who also assist in the management and negotiation function, handle, with the assistance of the TCS staff, regulatory proceedings which we initiate or in which we intervene. When appropriate, we use our regional counsel located in the geographic area where the regulatory proceedings are being conducted to assist in our participation.

In addition, as we have previously advised you, we exercise selective judgment in determining those regulatory proceedings in which we take active part. While these selections, of course, are influenced to some extent by staff limitations, they are made primarily on the basis of the potential cost to the Government of the proposal which is the subject of the proceedings, precedent value, and the merit of the case itself. We also endeavor to avoid duplication of regulatory commission staff or other customer intervenors' effort. For example, where commission staff witnesses and counsel capably handle a particular issue, we will support that effort on brief or argument and refrain from introducing separate testimony.

In addition to our staff we are authorized to utilize the services of personnel in other agencies, to delegate responsibility for handling a particular case to another agency where it is in the interest of the Government to do so, or handle cases jointly with other Government agencies.

In view of the fact that there have been few major utility rate cases in recent years due to the generally excellent financial status of the utility industry, we believe that the total staff available to us as outlined above is, at the present time at least, adequate to assure effective representation of the Government's interest.

We are most appreciative of your interest in this function and your continued support.

Sincerely yours,

LAWSON B. KNOTT, Jr.,
Administrator.