Senator METCALF (reading):

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.

I have spent a good deal of time studying the overcharges of the electric industry, and I shall not burden the subcommittee with the details. If any member of the subcommittee is interested, the name of the book is "Overcharge," published by McKay and written by my assistant, Vic Reinemer and myself.

Chairman PROXMIRE. We do not usually allow commercials, but that is a very effective commercial.

Senator METCALF. However, the fact that there have been few rate cases in no way follows from the fact that the utility industry enjoys excellent, even marvelous, financial status. The reason for the lack of rate cases stems from the fact that agencies that are responsible are not pressing for rate cases and reductions.

The State agencies for the most part are responsible for rate regulation, but GSA could certainly help. Most of the State commissions are not equipped to regulate the giant electric utilities, along with their many other responsibilities. Chairman Lee White of the Federal Power Commission has just provided me, in response to my request, a tabulation of the average return on common equity of the class A and B electric utilities, from 1937 through 1965. In the late 1930's and early 1940's it was around 7 percent. In 1965, for the first time, it exceeded 12 percent.

With your permission, Mr. Chairman, I shall include the FPC tabulation at this point in my testimony.

(The tabulation referred to follows:)

*Classes A and B electric utility companies return on combined common equity, 1937–65*

[Dollar amounts in thousands]

| Year | Common equity [1] | Earnings available for common equity [2] | | Year | Common equity [1] | Earnings available for common equity [2] | |
|---|---|---|---|---|---|---|---|
| | | Amount | Percent of common equity | | | Amount | Percent of common equity |
| 1965 | $19,302,943 | $2,366,543 | 12.3 | 1950 | $6,981,299 | $710,823 | 10.2 |
| 1964 | 18,353,368 | 2,184,618 | 11.9 | 1949 | 6,360,225 | 653,775 | 10.3 |
| 1963 | 17,190,109 | 1,970,897 | 11.5 | 1948 | 5,766,490 | 558,511 | 9.7 |
| 1962 | 16,297,809 | 1,848,360 | 11.3 | 1947 | 5,324,778 | 546,486 | 10.3 |
| 1961 | 15,366,196 | 1,673,963 | 10.9 | 1946 | 5,107,458 | 532,465 | 10.4 |
| 1960 | 14,525,003 | 1,590,791 | 11.0 | 1945 | 4,927,102 | 422,392 | 8.6 |
| 1959 | 13,605,142 | 1,469,747 | 10.8 | 1944 | 5,269,922 | 390,062 | 7.4 |
| 1958 | 12,575,990 | 1,340,622 | 10.7 | 1943 | 5,361,879 | 377,211 | 7.0 |
| 1957 | 11,700,764 | 1,244,703 | 10.6 | 1942 | 5,430,266 | 361,561 | 6.7 |
| 1956 | 10,855,088 | 1,171,769 | 10.8 | 1941 | 5,539,074 | 399,573 | 7.2 |
| 1955 | 10,216,604 | 1,093,476 | 10.7 | 1940 | 5,507,824 | 424,236 | 7.7 |
| 1954 | 9,660,995 | 990,277 | 10.3 | 1939 | 5,354,381 | 410,937 | 7.7 |
| 1953 | 8,961,574 | 892,423 | 10.0 | 1938 | 5,295,649 | 364,533 | 6.9 |
| 1952 | 8,434,061 | 818,154 | 9.7 | 1937 | 5,323,183 | 383,479 | 7.2 |
| 1951 | 7,515,926 | 695,363 | 9.3 | | | | |

[1] Proprietary capital less preferred stock, yearend.
[2] Net income less preferred dividends requirements.