

Senator METCALF. Most electric utilities are now considered growth stock. Return to investors are caviar compared to the crumbs occasionally given to the ratepayers. The overcharge of some of the utilities in areas where the Government is a major customer borders on the fantastic.

In 1965 Houston Lighting & Power had a rate of return—not return on equity, but a rate of return—of 11.32 percent. Its revenues amounted to more than \$48 million. If its rate of return had been 6 percent—and that would have permitted a return on equity above that, because of lower costs on debt service—the operating income would have been but \$25.5 million. So the overcharge by this one utility amounted to more than \$22 million. And some of the situations in Florida and other States, where Defense, NASA, and other branches of the Government have big loads, are almost as bad.

OPPORTUNITY FOR ECONOMY IN GOVERNMENT

There is a real opportunity for economy in Government through reduction of utility overcharges. I think we should counsel with the GSA Administrator on that, Mr. Chairman. If for some reason that agency can't do the job then I think the responsibilities should be transferred somewhere else, perhaps to a consumers counsel.

Thank you.

Chairman PROXMIRE. Thank you for your comments, and for an excellent job and a very provocative and thoughtful presentation.

We have been informed in the press in recent days, thanks to the excellent advice by my colleague, Senator Nelson, of the differences between the generic and the trade methods of selling drugs. But your example here is more startling, I think, than any I have seen in the papers. I notice in the New York Times this morning there was a difference of 4,000 percent, 40 times. Yours is greater than that.

Senator METCALF. Yes, it is.

Chairman PROXMIRE. Apparently this is common.

Senator METCALF. Take reserpine and Serpesil, the same thing—Serpesil is the trade name and reserpine is the generic and is a very common drug for people who have hypertension and high blood pressure conditions.

Chairman PROXMIRE. Is it not true that this cuts across all committee jurisdictions? As I recall Senator Kefauver led a fight on this and at that time it was in the Judiciary Committee. Now I understand the Labor and Public Welfare Committee might possibly take jurisdiction or Senator Long might introduce an amendment to a social security bill which would require the procurement of drugs for medicare by generic name, and the argument I have heard is that it can save \$50 million a year or more to the fund by using the generic system.

Senator METCALF. As I pointed out and as other witnesses have pointed out, the Veterans' Administration sometimes purchases these drugs abroad. There are terrific savings. It affects the health of almost every citizen and it comes across the jurisdiction of every single committee in the Congress.