

PUBLIC UTILITIES

Mr. KNOTT. On the subject of public utilities, which was of some interest to the subcommittee last May, and you asked that we report on it again—your report of July 1967, concluded that it is important to economy in Government that GSA have the capability and motivation to carry out its responsibility to protect the Government as a user of utility services. We are in full agreement with that conclusion and our policies and our operation are in accord with it.

Our responsibility under title II of the Federal Property Act is to protect the Government as a user of utility services. Our role is not that of a "people's counsel," representing all rate payers, nor are we assigned responsibility for regulating the overall earnings of public utilities. The task of protecting the Government as a user is our sole statutory concern.

Also, Mr. Chairman, our first effort in protecting the Government as a user of utility services is through our utility management and negotiation activity and, as the subcommittee report puts it, "if necessary, to represent or have the Government represented in rate cases * * *."

If necessary to protect the Government's interest, we will and do initiate or intervene in such proceedings; we represent the Government through our own staff or jointly with other agencies; or we arrange to have the Government represented by delegation of our representation authority to other agencies. We are firmly convinced, however, that management and negotiation efforts should first be exhausted before resorting to litigation.

In the course of the hearings last spring, I advised the subcommittee that our savings for the period fiscal year 1960 through May 15, 1967, were \$11.5 million.

Chairman PROXMIRE. How did you calculate that?

Mr. KNOTT. These were the rates that we were being charged at the time, or the rates that were proposed, and which, through our negotiation, we were able to reduce.

Since that report to you, our effort has produced additional recurring annual savings of some \$481,000, and nonrecurring savings of \$1,322,389, of which \$1.2 million was a refund from the American Telephone & Telegraph Co., resulting from a coordinated effort on the part of our Office of General Counsel and the Office of the Judge Advocate General, Department of the Air Force. This coordinated effort exemplified both our policy of negotiation and our utilization of the total Government staff available without regard to department or agency in the effective protection of the Government's interest as a user of utility services.

We have in the past and will continue to discharge our responsibility in the utility rate area in close cooperation with other agencies, particularly major users such as the Department of Defense, National Aeronautics and Space Agency, and the Atomic Energy Commission.

The subcommittee report also recommended that the BOB investigate the adequacy of GSA's capability and efforts on behalf of the Government as a user of utilities. We have had several informal discussions of this matter with the Bureau and we have advised it of our belief that additions to our utility management staff at the regional