

Through our interconnection with Texas Power & Light Company, and through the 345,000 volt EHV transmission link between Houston and the north Texas companies, the south Texas and north Texas groups are in turn solidly integrated in a power pool large enough to gather the economies of scale available in the present state of the art of generation and transmission; and yet not so large as to adversely affect reliability. Our record in the area mentioned above for low rates and reliable service is an excellent record—we are proud of it, and we would like to see it remain under local guidance which has been responsible for such a fine record.

Although, as an instrumentality of a State, LCRA is exempt from jurisdiction of the Federal Power Commission by Section 201 of the present Act, we do have a distinct interest in the legislation you are considering.

LCRA's interest in the matter relates to the situation which is implied by our many interconnections with the neighboring power companies. Over a period of nearly 30 years, we have worked together in a manner which we feel has been and is a highly constructive relationship between public and private power. As you know, hydro power is dependent on rainfall, (and in Central Texas rainfall is very unpredictable and varies from drought to flood) and in years when our watersheds have been dry, the private companies have made available to us energy at low rates with which we have saved the water in our reservoirs for peak loads. At other times the companies have purchased from us peaking power. By virtue of being interconnected, LCRA has been able to operate efficiently and economically in periods of drouth, as well as during periods of floods; and by virtue of the present fine working relationship we have been able to utilize the waters of the Colorado River for the ultimate and best benefit to the public from the multiple purpose standpoint of flood control, power generation, water conservation and recreation. This method of operation has resulted in the LCRA lake area becoming one of the most used water oriented recreational areas in Texas. Further, our Chief Engineer and staff act as an informal headquarters and clearinghouse for the South Texas Interconnected Systems.

LCRA and the Austin and San Antonio municipal systems represent the bulk of public power activities in Texas, and while I do not speak for other public power agencies, I know that the relationships which we have worked out in our own way, and on a wholly local basis, have resulted in a fine workable situation which has been beneficial to the public. As a direct result of this relationship there is more water available in times of drouth to meet the needs of Central Texas, ample low cost reliable power is available to meet all needs of a growing area, and as a by-product, a great recreational water oriented area exists in Central Texas which is used and enjoyed by hundreds of thousands of people each year. The people of Texas (and indirectly, the people of this Nation) are beneficiaries of this situation, and we feel that it should not be disturbed.

LCRA does not have any specific pleadings with respect of the exact provisions of the legislation. I am aware that the companies and Systems with which we are interconnected do not operate in parallel with those in any other State, and that there is no path through which interstate energy can enter or leave our system. If these are the criteria for exemption, then I hope they might be clarified so that our operations and those of our neighbors will remain under local guidance, which we feel has resulted in maximum economies coupled with maximum reliability of service to the electric consumers in Texas and has resulted in maximum benefits to all. We feel that H.R. 5348 will enable us to continue in the future to do what we have been doing for 30 years.

Mr. GIDEON. Thank you. The Lower Colorado River Authority is a State agency of the State of Texas. It pertains to the Colorado River in Texas, not the one that has all the water in it, but the one that once in a while we have rain and we have six hydrodams on it and we also have a steamplant.

We operate in central Texas and we sell to 30-some-odd municipalities who depend on us for all of their electric energy. We also sell to 11 rural electric cooperatives. We are interconnected with what is known as the south Texas interconnected systems. This is a voluntary power pool consisting of the Houston Lighting & Power Co., the Central Power & Light Co., the city of San Antonio, the city of Austin, and the Lower Colorado River Authority.