

Senator METCALF. The effect of the bills before you would be to diminish what little authority the Federal Power Commission now has over an unknown number of electric utilities. The companies that thus escape Federal Power Commission jurisdiction would be subject to only State regulation or, in a State without a commission, to no regulation at all.

However, the electric power industry is increasingly interstate in operation, through pooling, long-distance transmission, and merger. These technological developments make more difficult than ever the task of effective State regulation.

The Senate committee print, entitled "State Utility Commissions," issued recently by the Senate Subcommittee on Intergovernmental Relations, is a significant reference and a copy of that is also on your desk, Mr. Chairman. It is a summary and tabulation of information submitted by the State commissions, in response to a subcommittee questionnaire.

This information, current and from the commissions themselves, shows that some of them lack the authority to regulate wholesale rates, to suspend rate changes, initiate rate investigations, prescribe temporary rates, establish sliding scale rates, or even to prescribe fair rates of return. A majority of the State commissions do not control issuance of dividends. Some never, or seldom, audit utility books. Many do not have the power to require interconnections that are needed to assure reliability of service, or to decide territorial disputes.

Section 2 of "State Utility Commissions" deals with the staffs of these State commissions. Many have only one or two accountants, yet they are supposed to scrutinize the books of hundreds or thousands of huge companies. Some don't have any attorney.

Some commissions which do have large staffs have some policies that ought to be examined rather carefully if, indeed, Congress is going to turn over to some of them the entire job of regulation. County and city governments have a vital interest here, too. I was impressed by the statement made 3 weeks ago by the counsel for the Virginia Association of Counties, relative to taxation of easements of public utilities in Virginia.

In Virginia, utilities pay no taxes on the value of easements which they own over property for pipelines, transmission lines, distribution lines, and so forth. However, the accounting department of the State corporation commission includes the value and cost of public utility easements for ratemaking purposes. Virginia consumer taxpayers have a double burden. The utilities don't pay their share of taxes but collect revenue as if they did.

The cities, counties, and towns of Virginia—and here I am quoting the Virginia Association of Counties' counsel, C. F. Hicks—"are being deprived of millions of dollars of real estate taxes to which they are rightfully entitled."

The most amazing part of his statement, in my opinion, is his finding that this conflicting policy has been practiced for 60 years and that the section of the State commission which assessed property for ratemaking purposes didn't know, until he told them, and at first refused to believe that the public utilities were not paying real property taxes on the easements which they own.

I sympathize with the commissioners and staffs of these State commissions. Many of them are trying very hard to serve the public in-