

Mr. MACDONALD. The question that occurs is it is not what the future holds, but what the present law is, and if you could address yourself—perhaps you do later; I don't know—to the present law covering this situation I think it would be helpful.

Mr. WHITE. My statement does, Mr. Chairman, get to that. By way of introduction, however, we have regarded this hearing as an excellent opportunity to in effect focus on what we regard as the other side of the coin.

I am glad indeed that some of the witnesses that you heard yesterday spoke about the impact on reliability because we believe that this is at the heart of the matter.

There are of course other aspects of it that do present themselves and we have our accounting problems, we have our financial surveillance, we have the question of rates, all of which are important, but in all candor the most important is that involving reliability in our view.

I think that I will probably touch upon that in a little more full fashion than I could otherwise do extemporaneously, but if that is agreeable I will continue.

Mr. MACDONALD. Thank you.

Mr. WHITE. Returning to page 5 of the text, I find it difficult to believe that the Congress of the United States would want to reject the progress of the last few years and encourage a weakening of coordination and interconnection.

#### HOW H.R. 5348 WOULD INHIBIT COORDINATION

The goals of adequate interconnections and sound, comprehensive contractual agreements governing coordination for reliability and economy would be far more difficult to achieve if H.R. 5348 were law.

This is so because that bill would discourage direct interconnection and full participation in interstate pools by exempting any public utility "none of whose facilities is used to transmit or receive electric energy by direct connection from or to a State other than the State in which such facilities are situated."

What is more, some utilities would be discouraged from joining reliability arrangements binding many indirectly connected utilities by the provision that the exemption shall not be available to a utility "any part of whose facilities are used to transmit or receive energy under contract with a public utility or other entity in another State."

This effect of the bill may be illustrated by the situation of the major electric utilities in the Southeastern States today. The companies in Florida have the opportunity to seek admission to a major coordination effort, the so-called CARVA-Southern System Reliability Agreement entered into by the members of the CARVA pool, and the Southern System, a holding company controlling operating utilities in Alabama, Mississippi, Georgia, and the Florida Panhandle.

The CARVA-Southern Reliability Agreement, while undoubtedly not constituting the optimum form of regional coordination for the Southeast, represents an important and useful start in the area's progress toward regional coordination.

In all likelihood, the Florida utilities belong, as a matter of power system engineering, in this coordination group, but they have not