Mr. TALLY. Thank you, sir.

Mr. MACDONALD. Mr. Broyhill.

Mr. BROYHILL. Thank you, Mr. Chairman.

Mr. Tally, you were the general counsel for the North Carolina Municipally Owned Systems Association. Your board has approved this statement and your opposition to this?

Mr. TALLY. Yes, sir.

Mr. BROYHILL. Are all of the 73 municipally owned systems, the cities themselves, do they support this view or is there any opposition within the association?

Mr. TALLY. So far as we know, there is none. Not all of the 73 are entirely up to date in payment of their dues and one thing and another, as you would expect. There are a few small ones that are late. There is no opposition so far as I know.

Mr. BROYHILL. Thank you very much.

Mr. MACDONALD. Mr. Van Deerlin?

Mr. VAN DEERLIN. Thank you, Mr. Chairman.

I gather, from your remarks, sir, that you feel the estimate that we have received ranging from 11 companies to possibly two dozen companies across the entire Nation might be a rather low estimate of the number of companies that would be exempted from FPC regulation under this bill?

Mr. TALLY. Actually, of course, I do not know the situation over the country. If we were to extrapolate from North Carolina, I know one that would be affected, whereas it has been said there would not be any. Then it might be said there would be quite a number of existing companies far above the estimate given you.

In any event, the potential number would be great, for under this bill there would be no reason that they could not reorganize corporately to set up these paper corporations to receive power on the high side of the line here and transmit it on the low side here, and by just that artificial entity escape regulation.

Mr. VAN DEERLIN. If the estimate were accurate, only 11 companies at present would be affected by it. But there are any number that could do a little revised housekeeping and come within its umbrella?

Mr. TALLY. Yes, sir.

Mr. VAN DEERLIN. I should think in a State like North Carolina, which has undergone some change in its industrial emphasis through the decline in the cotton industry—and which is strongly reliant on another major agricultural crop, tobacco—and which seeks to diversify and increase its sources of income—I should think there would be great concern over any legislation tending to increase power rates.

I think this would very strongly buttress the position that you have taken this morning.

Mr. TALLY. Sir, you are quite correct. We see it every day. The day before I came up here, an industry was seeking to settle in my own city of Fayetteville and had its representatives there. That is the first thing they asked: What does power cost? They sharpened their pencils on that as one of the first items.

The technology, as perhaps you know, in electrical generation and distribution in recent years has advanced so rapidly that there are tremendous savings that can be passed on to all consumers if there is a proper regulatory scheme at the State level to see that it is passed