

customers less even though the figures have been weighted for the public companies not having to pay State and Federal taxes.

Mr. BROYHILL. Thank you.

Mr. MACDONALD. Mr. Brotzman.

Mr. BROTZMAN. Thank you, Mr. Chairman.

Mr. Tally, you are familiar with H.R. 5348, the bill that we have under consideration?

Mr. TALLY. Yes, sir.

Mr. BROTZMAN. As I listened to your testimony, you have testified relative to one of three exemptions set up in this particular bill. Your remarks have been directed toward the so-called intrastate exemption. As I read H.R. 5348, I notice there is another exemption that we might call the municipal exemption. The other would appear to be the REA exemption. You are familiar with these other two provisions.

Listening to your testimony, I understand that you express opposition to the intrastate exemption which is one of the three. What is your attitude relative to the municipal exemption and the REA exemption in this bill?

Mr. TALLY. Mr. Brotzman, I think that the subcommittee, which, Lord knows, has enough to do anyway, can simplify its task by just forgetting the entire first paragraph of section 2 relating to municipals and REA's because that is the law already. Under the Federal Power Act, municipals and instrumentalities of the States and Federal Government have never been subject to FPC jurisdiction. As you may remember, in the *Dairyland* case recently decided by the FPC, which is on appeal to the courts in a related matter, the FPC decided in interpreting this act REA's are not subject to that. I am assuming that the first paragraph was put in as an icing on the cake. It is certainly superfluous and ought not to concern you gentlemen at all.

Mr. BROTZMAN. Probably should not, but this is a matter of concern to me. I have never been through hearings in this regard before. Of course, we have the right to pass the laws here, and I just would not take the time to be edified a little bit to make these distinctions. What would your attitude be toward Federal regulation, let us say, of municipalities, and would the same arguments redound to the benefit of the consumers of municipals as you have indicated might for an intrastate regulation?

Mr. TALLY. My attitude to that would be an extension of the statement made by Mr. White yesterday as to the attitude of the Federal Power Commission members, both those who are for and those who are against Florida Power & Light jurisdiction in that case, and both the majority and the minority in the *Dairyland* case.

You may recall that he said that their attitude on both sides, the full Commission attitude, is that REA's that generate electricity and transmit electricity in interstate commerce should be subject to the jurisdiction of the Federal Power Commission. If they are merely distribution REA's to their own customers, they should not be. I think the same thing would be my attitude about municipals. I think if there is a municipal that is large enough so that it is generating and transmitting power that is in interstate commerce, the way power can be found in the Florida Power & Light system, there certainly can be no conscientious reason why it should not be under the same status.

Mr. BROTZMAN. Are there such?