* * *. The function of the Commission in approving rates, capital structure, et cetera, is unneeded by GarKane," which was the cooperative, "its members, or the communities which it will serve."

This is not an issue any more because the Commission, in the *Dairyland* case, expressly decided it did not have jurisdiction over cooperatives. So, there is no need for the provision in the bill before you now which would expressly exempt them. The Commission has held they are exempt under the present law. I mention it now only to show you we are not being inconsistent here.

Our objection to having the cooperatives under FPC jurisdiction, in addition to these legal reasons, is that it would serve no purpose. It is not the cost of submitting reports, but that it would create a forum whereby the companies could come in and oppose loans to cooperatives. In those State jurisdictions where the Commission does regulate cooperatives, our experience has been on any controversial loan——

Mr. MACDONALD. Could I ask a question at this point. In the Federal Power Act, section 201, paragraph (f), are not co-ops covered?

Mr. WISE. Yes, sir. The Commission held they are covered by the language, the word "instrumentalities," in that they are instrumentalities of the Federal Government. The Commission also held the legislative history in section 201(a) of the act makes it clear that Congress did not intend to regulate a cooperative.

Mr. MACDONALD. Therefore, I appreciate your testimony, but I think you are belaboring a point which perhaps does not need belaboring because it does seem clear to me that co-ops are exempt. I appreciate your testimony. Personally, having heard all the testimony, I think I know where I stand by now. I appreciate your coming here to testify. When your testimony goes to being opposed to the bill, that is one thing; but I think it is spinning wheels to talk about the exclusion of co-ops when they already are.

Mr. WISE. My only reason to mention it is to try to show our position is not inconsistent. We are opposed to the bill. We think there should be complete regulation.

The reason is that in connection with profitmaking utilities, as I point out on pages 5 and 6, conflicting interests between the seller and buyer do exist, and the purpose of regulation is to resolve that conflict and it is necessary that you have regulation of such utilities. The legislative history of the Federal Power Act, including the very exhaustive study made by this committee when "Mr. Sam" was chairman of the committee, before he was Speaker, as well as the study by the Federal Trade Commission which was made at that time, shows conclusively that local regulation will not work, and we would like to refer you back to those studies. The technology of the electric utility industry of today simply cannot recognize State lines, which makes very clear that local regulation cannot work today, even more so than was the fact back in 1935.

I have cited some statistics on page 7 to show how much we are being overcharged by the companies. These statistics are taken from the Federal Power Commission "Statistics of Electric Utilities in the United States, 1965—Privately Owned." They show that of the 192 companies studied, 27, or 14 percent, had a rate of return of less than 6 percent; 39, or 20 percent, had a rate of return of more than 6 but less than 7; 70 had a rate of return of more than 7 but less than 8; 34 had more than