

8 but less than 9; 17 had more than 9 but less than 10; and 5 had more than a 10-percent return.

I might say included in that list are the two Florida companies. For that year Florida Power Corp. had a rate of return of 7.97 percent, and the amount of the overcharge was \$6,910,000; and Florida Power Corp. had a rate of return of 8.21 percent, with a total overcharge of \$14,778,000. I also cite figures in there for the companies in our own region. One of them goes up to 11.4, and there are a number of them with 8 or almost 8 percent returns.

Also, a number of the State commissions operate on the basis of fair value in determining the rate base, which results in a considerably greater rate base on which earnings are permitted than in those States, as in the case of the Federal Power Commission, which do not use fair value. It also means they are getting a rate of return on a large amount of money which has never been invested in the facilities.

I would like to close by saying if you study the history of the last few years since the time the Commission has assumed aggressive regulation over the companies, you will see they have not suffered from this and their earnings have not gone down but, on the contrary, have gone up, and they are in a very successful state today.

Thank you very much.

(Mr. Wise's prepared statement follows:)

STATEMENT OF WILLIAM C. WISE, COUNSEL, MID-WEST ELECTRIC
CONSUMERS ASSOCIATION

Mr. Chairman: My name is William C. Wise. I am appearing here today as counsel for Mid-West Electric Consumers Association.

Mid-West, with headquarters at Denver, Colorado, is the regional service organization of the rural electric and municipally owned systems in the nine States comprising the Missouri Basin: Colorado, Iowa, Kansas, Minnesota, Montana, Nebraska, North Dakota, South Dakota and Wyoming. Our organization is composed of approximately 250 systems, which serve almost 1,500,000 consumers. Our organization was formed to obtain an adequate supply of low cost electric power for these groups, and generally to promote the interests of electric consumers in the region.

At Mid-West's Annual Meeting, attended by several hundred representatives of its members, held in Denver, Colorado, last December 1966, the membership voted unanimously to oppose the passage of any bill resembling S. 218, which had been introduced last year, or any other bill which would restrict the jurisdiction of the Federal Power Commission over investor-owned electric utility companies. The membership resolution urged Mid-West to take all action possible to oppose the passage of any such legislation introduced this year.

Mid-West opposes the enactment of H.R. 5348 for the reason that it believes its enactment would be harmful to the efforts of its consumer-owned electric utility systems to furnish adequate electric service to their ultimate consumers at the lowest possible cost. Of even greater importance is the fact that it is our belief that the enactment of H.R. 5348 would ultimately result in higher electric bills for an extremely large number of consumers in the nation.

If H.R. 5348 were to be enacted into law, the FPC no longer would have jurisdiction over any public utility which has all of its facilities in one State, none of whose facilities is used to transmit or receive electric energy by direct connection from or to another State, and which does not transmit or receive electric energy under contract with an entity in another state.

It is most difficult to be certain as to which power companies would be immediately exempted from FPC jurisdiction by H.R. 5348. It is clear that the number which would be exempted would be considerable.

It would appear that at least three in our area would no longer be subject to the jurisdiction of the Commission were the bill to be enacted into law. It would, also, appear that a number of companies in the States represented in our membership would isolate and segment their operations so as to qualify for exemp-