

systems which are financed through 35-year loans by the Rural Electrification Administration of the Department of Agriculture. More than 94 percent of all these systems are members of our association.

Mr. Chairman, with your permission I would like to be accompanied at the witness table by Mr. Gary Tabak, who is our assistant staff engineer.

I ask that my statement in full be made a part of the record at this point, and that I be permitted to read portions of it in an effort to save time.

Mr. MACDONALD. Without objection, it is so ordered.
(Mr. Robinson's prepared statement follows:)

STATEMENT OF CHARLES A. ROBINSON, JR., STAFF COUNSEL AND STAFF ENGINEER,
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

This statement is presented on behalf of and pursuant to policy adopted by the membership of the National Rural Electric Cooperative Association; the national service organization of consumer-owned electric systems financed through 35-year loans from the Rural Electrification Administration of the U.S. Department of Agriculture. More than 94 per cent of all REA-financed electric type borrowers hold membership in NRECA which is entirely voluntary.

RURAL ELECTRIC SYSTEMS ARE MAJOR WHOLESALE PURCHASERS OF ELECTRICITY

Rural electric systems are among the largest, if not the largest, class of wholesale purchasers of electricity in the United States. It is as such consumers that they view H.R. 5348. Of the 50 billion kwh total energy input to REA-financed systems in F.Y. 1966, only 20 per cent came from REA-financed generation. Eighty per cent was purchased at wholesale: 34 per cent or 17 billion kwh from investor-owned companies at a cost of \$128.5 million. Probably all such wholesale purchases by rural electric systems from investor-owned companies are subject to FPC regulation as the law now stands. As the buyers of wholesale electricity costing \$128.5 million per year, the NRECA membership is deeply concerned with the influence which H.R. 5348 would exert on the pattern of electric utility regulation in the United States.

For many rural electric systems, the wholesale rate and other regulatory authority vested in the Federal Power Commission constitutes a major element of protection against unfair wholesale power contracts. Particularly in cases involving cooperatives far removed from sources of low cost Federal power, or where system membership is too small or territory too sparse to render feasible their own generation and transmission facilities—where they are wholly dependent upon power companies for wholesale power supply—is FPC protection particularly valuable to us.

In the belief that legislation such as H.R. 5348 would seriously impair the regulatory authority of FPC, the NRECA membership, at its 1967 Annual Meeting in San Francisco, adopted the following resolution, on February 23, 1967, without a dissenting vote:

"Whereas, there has been introduced in Congress legislation to exempt from FPC jurisdiction investor-owned electric companies operating in interstate commerce;

"Now, therefore be it resolved, That we reiterate our position that investor-owned electric companies operating in interstate commerce should remain subject to FPC regulation."

We, therefore, respectfully present this statement in opposition to H.R. 5348 based upon the reasons hereinafter set forth.

H.R. 5348 Grants A Broad Exemption of National Scope.—Under the Federal Power Act, as now written and interpreted by the courts, any investor-owned electric system which transmits or sells electricity for resale while connected to an interstate network, either directly or indirectly through another system, is jurisdictional except for carefully defined emergency situations. H.R. 5348, as we read it, would exempt from FPC jurisdiction all such companies, the facilities of which are now or subsequently become located in one state, are not directly connected to the facilities of any other company which has facilities in another state and are not used to transmit or receive electricity "under contract with a public utility or other entity in another state."