Assuming H.R. 5348 to be enacted, and amended to be a constitutional delegation to the states of Federal power, however, the states would then be legally empowered to regulate wholesale transactions, securities dealings, accounting and other matters now in the hands of FPC. In that event, regulation now conducted under one integrated Federal Statute would be subject to 49 separate state constitutions, 49 separate state statutes, 49 separate sets of case law, 49 separate legislatures, 49 separate governors, and the always overriding limitations of due process under the Federal Constitution—how great is a state's jurisdiction over persons, corporations and properties without its borders? What will prevent the location of major utility plant investments in states with "realistic" or "favorable" regulatory "climates" and the allocation to such investments of the bulk of return on investment? How will the state with less "realistic" regulation control what its companies pay for wholesale power? It will not have legal power to control the return on extra-territorial investment in generation. These are the practical problems with which the 74th Congress wrestled in deciding for wholesale regulation at the Federal level.

Companies Complaint on FPC Accounting Requirements.—One of the principal arguments against FPC jurisdiction raised by some of the proponents of H.R. 5348 is, we are advised, the high cost of complying with the FPC Uniform System of Accounts. We understand that the Commission has on more than one occasion invited company accountants to set down with FPC accountants to resolve this problem. Thus far, the companies involved have declined such invitations, I am told.

We respectfully point out that even a state commission would find it difficult to properly fix rates for power constituted of a mixture generated in various states using a variety of rate base valuation procedures. This is the enigma which the Uniform System of Accounts is designed to avoid. The accounting system used by many state commissions was established by the National Association of Railroad and Utility Commissioners (N.A.R.U.C.). The NARUC system and the FPC system are closely similar, resulting from joint studies by Federal and state agencies, and interpretations of both systems are coordinated.

It may be that some states use accounting systems which vary widely from the NARUC and the FPC system. If such be the case, the public interest might be best served by conforming the accounting system of that particular state rather than by exempting from FPC's Uniform Systems of Accounts the utility companies operating in that state.

CONCLUSION

H.R. 5348 would release from FPC jurisdiction many large electric utility systems regardless of the magnitude of their interstate sales and purchases, the number and size of their wholesale sales, participation by them in interstate pools, and control of their capital by interstate holding companies. It would simultaneously tend to discourage the type of nationally coordinated bulk power supply system upon which consumers are entitled to depend for reliable service at minimum cost. It would fragment wholesale rate, accounting and interconnection jurisdiction among 49 separate state agencies which are probably without constitutional and practical power to exercise such jurisdiction. It would, therefore, leave many small wholesale purchasers without adequate regulatory protection.

We, therefore, believe that passage of H.R. 5348 is not in the public interest and urgently request that it not be reported.

Mr. ROBINSON. During the fiscal year 1966, the rural electric systems throughout the country purchased over 17 billion kilowatt-hours of wholesale energy from investor-owned utility companies throughout the Nation, which constituted some 34 percent of all the energy input into the systems. Under the law as it is now written and interpreted by the Supreme Court, it is our opinion that all of these wholesale purchases by rural electric systems are subject to FPC regulation.

The NRECA membership is deeply concerned with any amendments to the act, such as H.R. 5348, which would exempt from jurisdiction many of these companies. Particularly in cases where our systems are located far from sources of low-cost energy which many purchase from Federal dams, or under circumstances where they are unable to