

economically generate their own power, is the protection of the Commission valuable to us.

Therefore, our membership at its 1967 meeting at San Francisco, voted without any dissent whatsoever to oppose legislation of this type.

Under the Federal Power Act as now written and interpreted by the courts, any investor-owned electric system which transmits or sells electric energy 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 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 in another State."

Therefore, as has already been pointed out by previous witnesses, many of the companies could reorganize their corporate structures to take advantage of the exemption granted by this legislation. Thus, as a limit on that reorganization, each State might only have one company in it which would be subject to Commission jurisdiction, and all of the other companies in that State could be exempted. In other words, a major portion of the investor-owned segment of the industry could be exempted under this type of legislation.

In his message to the Congress February 16, 1967, on consumer interests, President Johnson said, in part:

It is becoming increasingly clear that greater coordination is needed among the various (electric) utilities to reap the benefits of reliability and economy inherent in huge generating units and extra high voltage transmission lines. It is also becoming evident that power systems must be carefully planned, coordinated, and strengthened to protect the consumer against cascading power failures.

* * * We shall recommend legislation to strengthen coordination among the electric power utilities. This coordination will promote the growth of an electric power system to provide an even higher quality of electric service to the American consumer.

These words of President Johnson, spoken in 1967, are strikingly parallel to the language contained in Senate Report 621, 74th Congress, first session, which, written in 1935, expressed the view of the same problem held at that time by the Senate Committee on Commerce. This was the Senate committee report recommending adoption of the Federal Power Act of 1935. That committee wrote:

In recent years the growth of giant holding companies has been paralleled by the rapid growth of the electric business along lines that transcend State boundaries * * *. Local operating units have been tied together into vast interstate networks. As a result, the proportion of electric energy that crosses State lines has steadily increased * * *.

The necessity for Federal leadership * * * has been clearly revealed.

When the Senate committee wrote those words some 32 years ago, the largest generating unit had a capability of 208,000 kilowatts, and there were very few units above 100,000 kilowatts. Maximum transmission line voltages were 208,000.

In 1967, we are using single units with a capacity of over 1 million kilowatts, and anticipating units of 2 million kilowatts. In 1967 we are using bulk power supply transmission line voltages of 500,000, and constructing facilities to operate at 750,000 volts. Over 90 percent of all electric systems in the country are in some way interconnected.