

Thus, the philosophy of "Federal leadership" enunciated by the Senate committee in 1935 is proportionately more correct and more applicable in 1967.

Recognizing the need for improved areawide and nationwide EHV interconnection, the President and the Federal Power Commission have recently recommended enactment of H.R. 10727, entitled "The Electric Power Reliability Act of 1967," which is pending before the full committee. This legislation would, we believe, assure a higher order of service reliability, improved economy in the construction and operation of power systems, and a pattern of bulk power, flow, and distribution unimpeded by the artificial barriers of State lines. It would, therefore, make possible abundant electricity to the ultimate consumer at minimum cost.

NRECA has endorsed this legislation, H.R. 10727, in principle and, in so doing, has accepted the prospect of FPC control over REA-financed G and T systems in those instances where they constitute a component of any major interstate pool.

Thus, Mr. Chairman, our people have taken the position that in terms of service reliability, the REA-financed G and T systems should be subject to FPC jurisdiction under the Reliability Act as it has been introduced in both Houses of Congress. We believe that is consistent with the public interest, and we are supporting that bill.

Under H.R. 5348, however, it is our opinion that some companies would restrict heavy interstate transmission line construction. This would tend to weaken rather than strengthen regional system reliability, and might deny to the consumers of such systems the economic benefit of low-cost generation potentially available in neighboring States. Thus, both system reliability and cost would be adversely affected.

Mr. Chairman, we believe that the State commissions are without constitutional and practical power to regulate bulk power supply. We believe this based on the decisions of the Supreme Court prior to 1935 in a long line of cases culminating in *Rhode Island PUC v. Attleboro Steam and Electric Company*. In that line of cases the Supreme Court held that neither the State of origin nor the State of use has the constitutional authority to regulate the rate at which energy flowing in interstate commerce is sold at wholesale, and that only the Congress possesses such regulatory powers.

To fill this "Attleboro Gap," Congress delegated its interstate regulatory power to the Federal Power Commission under the Federal Power Act of 1935.

I point out, Mr. Chairman, that at that time the Congress could have delegated this power to the several States, but chose instead to delegate it to a Federal regulatory commission, the FPC.

FPC Chairman Lee White, in his well-prepared and expertly presented statement on S. 1365 on the Senate side, pointed out to the committee that 10 States have no commissions with even the color of authority under State law to regulate wholesale rates. According to the FPC, Florida is one such State the commission of which has no wholesale regulatory authority.

It is our contention, moreover, Mr. Chairman, that none of the State commissions could, in the light of the *Attleboro* rule, sustain wholesale regulatory authority in any contested case. Therefore, if such authority is withdrawn from the Federal Power Commission under H.R.