

Commission is the only regulatory commission in the United States which can effectively regulate wholesale power rates. If commercial power companies are permitted to escape FPC jurisdiction via the provisions of H.R. 5348, who will protect the rights of the 3,190 small electric systems, many of which are consumer owned?

The *National Power Survey* looks forward. H.R. 5348 is looking backward.

Mr. Chairman and members of the Subcommittee, the rural electric systems of Georgia urge you to reject H.R. 5348 in the interest of a modern and dynamic electric utility industry. We do not permit horse and buggies to travel on our modern interstate highway system. Nor should we permit electric utilities to operate in an antiquated, inefficient manner because they can escape regulation by so doing.

Thank you.

STATEMENT OF ROBERT V. CLARK, MANAGER, EASTERN MAINE ELECTRIC COOPERATIVE, INC., CALAIS, MAINE

Mr. Chairman, on behalf of the rural electric cooperative systems in Maine and their more than 7,500 member-consumers I wish to record our opposition to H.R. 5348, which would diminish Federal Power Commission regulatory authority over the electric power industry.

In 1965, during the 89th Congress, the Maine rural electric cooperatives opposed similar legislation. At that time we pointed out that the Maine rural electric cooperative systems have been handicapped in their efforts to secure low-cost electric power because of the domination of the electric power industry in the state by investor owned electric utilities which control about 99 percent of the electric power business. As a result the wholesale electric power rates paid by rural electrics in Maine are at the highest level in the Nation.

I stated then that, "Maine has had a feudal system insofar as electric power is concerned. Each of the three major utilities in Maine have pretty well decided what is best for their area. Historically, they have not interconnected substantially so that the State as a whole could get the benefits from large, efficient units at the earliest time possible."

In fact from 1909 to 1955, Maine had on its statute books, the Fernald law, which prohibited the export from the state of any electricity generated by water power within the state. Senator Muskie, who was then Governor of Maine, recommended repeal of this law and stated in his message to the legislature in 1955, "... there is some reason to believe that the law hampered maximum development of our hydroelectric power in a period when a large surplus of developed power would have attracted new industries. There is no sound reason to continue this isolationist doctrine which prevents the integration of power needs and resources with those of our natural economic partners—the neighboring New England States and Canada."

We believe that enactment of H.R. 5348 would be a step backward that could lead only to higher rather than lower wholesale power costs. We are concerned that it could result in a return to restrictive and limiting controls of the type that the state of Maine and our electric member-consumers labored under until the Fernald law was repealed in 1955.

The rural electric cooperatives are not seeking the exemption from Federal Power Commission jurisdiction which H.R. 5348 would provide. The concern which we once had regarding this matter has been resolved. The FPC has concluded that existing law does not give it authority over the rural electric cooperatives.

Instead we are in favor of the constructive approach incorporated in legislation to resolve the problems of reliability and adequacy of power planning and power transmission. In testifying before the Senate Appropriations Committee at hearings on the 1968 Independent Offices Appropriations, FPC Chairman White stated that:

"On the question of jurisdiction over the co-ops, in the new bill that we proposed on reliability, it would make no distinction between privately owned and cooperatively owned companies. We would, therefore, if that bill were enacted, have jurisdiction over the co-ops insofar as the reliability for service was concerned. We still do not believe we have jurisdiction over the co-ops in terms of their accounting and rates."

The rural electric cooperatives as borrowers from the Rural Electrification Administration are subject to a large measure of regulation and supervision by