

REA. We believe that the present statutory and administrative controls over rural electric cooperatives are reasonable and equitable.

The exemption of investor-owned electric utilities from FPC jurisdiction which would be possible under H.R. 5348 would, we believe, eventually result in conditions and situations leading to higher wholesale power costs for the rural electric cooperative system. We urge this committee to table H.R. 5348 and all similar bills.

STATEMENT OF SAILEY ENNIS, MANAGER, WASHINGTON ELECTRIC CO-OP, INC.,  
EAST MONTPELIER, VT.

Mr. Chairman and members of the committee, my name is Sailey Ennis. I am manager of the Washington Electric Co-op, Inc., which has its headquarters in East Montpelier, Vermont. Washington Electric Co-op serves 3,444 consumers in rural areas of Vermont, with a distribution system which includes 911 miles of line.

Our rural electric systems, and the other two consumer-owned systems in Vermont, are quite small in relation to the principal electric power company in our state. All of the rural electric cooperatives in our part of the nation are small compared to the electric power companies, and we are limited both by our smallness and by our contracts with REA in what we can do in obtaining wholesale power and in providing service.

In our own case, we are fortunate in being able to purchase energy at an average wholesale rate of 8.2 mills per kilowatt-hour from the St. Lawrence and Niagara Project. This is public power and is wheeled in across the state line by Vermont Electric Power Company. We pay 17.6 mills per kwh, or more than double the cost of St. Lawrence and Niagara power, for a smaller amount of supplemental energy which we purchase at wholesale from the Green Mountain Power Corporation.

You can see how important the transmission of wholesale power across state lines is to the rural families and businesses we serve.

Now let me relate our power supply situation to the proposal in H.R. 5348 which you have before you today.

It appears to me that this proposed legislation would set up the machinery for investor-owned utilities in the United States to facilitate the eventual circumvention of jurisdiction by the Federal Power Commission. The companies could do this by divesting themselves through trading or selling out-of-state holdings, and then forming separate transmission companies to wheel power across state lines.

In our state, the Vermont Electric Power Company, or Velco, is an example of such a new transmission company set up to buy and sell wholesale power. The Central Vermont Public Service Company, largest electric power company in the state, owns 86½ percent of Velco and two other electric companies own the rest of it. Velco is a tightly held monopoly transportation company, with no public issuance of stock.

For Washington Electric Co-op, this wheeling arrangement poses no insurmountable problem, because roughly a third of the public power brought in from the St. Lawrence and Niagara Project is allocated to the Public Service Board of Vermont, a State authority. We buy our share of this imported power from the State Board, and there is a wheeling cost of 3 mills per kwh that we pay. This goes to Velco, the power transportation company.

But if the imported power were sold to an electric company wholly within the State of Vermont, and we had to then purchase our own supply from that in-state company, the wholesale rate—under H.R. 5348—could be set without any protection for us by Federal Power Commission regulation. Now obviously we can't predict that this would be the case, but small systems like our own have very little leeway in how we can get our power supply. We can have almost no influence on the rate we must pay if we do not have generation facilities of our own or access to public power. Small systems which depend on out-of-state power wheeled or marketed by investor-owned electric companies want and need the protection afforded by the FPC.

It seems to me that the demand for electric power today and in the years ahead of us is going to require more pooling and interconnections across state lines than ever before. Any legislation that would encourage even a slight retreat to wholly intrastate operations is a step backwards.

On behalf of the consumer-owners who are members of the Washington Electric Co-op, I ask the Committee members to not report favorably on H.R.