W. M. LEWIS & ASSOCIATES,
Portsmouth, Ohio, November 9, 1967.

Re H.R. 5348.

Hon. CLARENCE J. BROWN, Jr.
House of Representatives,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN BROWN: I am gravely concerned as to the impact on our nation's electric power system if H.R. 5348 becomes law. I have requested an opportunity to testify in opposition to this bill before the Subcommittee on Communications and Power of the House Committee on Interstate and Foreign Commerce; however, I was advised that the Subcommittee did not have sufficient time available at its hearings last week and has adjourned until a later date.

I am a consulting electrical engineer and not a lawyer, but years of experience have taught me the schemes and devices that can be used to escape utility regulation. I can see where the wording of H.R. 5348 would not only exempt intrastate electric utilities from effective regulation but also utilities with connections to other utilities in adjacent states.

Not long ago my firm was retained by the City of Jackson, Ohio, to assist them in obtaining a more equitable arrangement for their wholesale power requirements. Jackson is a municipal distributor of electricity to approximately 3,500 consumers. All of its wholesale power requirements are purchased from The Columbus and Southern Ohio Electric Company.

Columbus and Southern is an investor-owned electric utility with all of its facilities located within the State of Ohio. It is not, to my knowledge, directly connected to a utility in another state. Columbus and Southern sells power at wholesale to three other municipal systems and five rural electric cooperatives. In 1966 the cooperatives paid an average rate of 7.8 mills per kilowatt-hour and the municipal systems paid an average of 12.3 mills per kilowatt-hour. Jackson paid an average of 11.5 mills.

By the terms of its contract with Jackson, Columbus and Southern serves all of the loads having demands in excess of 50 kilowatts located within the city. Since 1964 Jackson has argued with Columbus and Southern that the City was entitled to a lower wholesale rate, commensurate with that offered the cooperatives, and that the City should be allowed to serve any load, regardless of size, located within its service area. Columbus and Southern refused concessions on either point.

Jackson took its problem to the Public Utilities Commission of Ohio and was informed that this Commission had no authority to investigate or act on such a complaint.

Last year Jackson instituted informal proceedings against Columbus and Southern before the Federal Power Commission. FPC staff requested Columbus and Southern to produce certain information from which the staff made a cost of service study. Aside from the discrimination issue, the cost of service study clearly showed that Jackson was entitled to a lower wholesale rate. FPC staff further informed Columbus and Southern of recent Commission decisions which held that load limitations imposed by the power supplier are illegal. Columbus and Southern still refused to change its position. Jackson hired special legal counsel (Mr. Robert J. White of Steer, Strauss, White & Tobias in Cincinnati) and started preparing a formal complaint to FPC.

It is sufficient to say that this action resulted in a package offer from Columbus and Southern containing a reduced rate and removal of the load limitation provisions. In all probability, should H.R. 5348 become law, Columbus and Southern would be exempted from FPC jurisdiction. This being the case the obvious question arises—Where does the City of Jackson go for relief?

I would like an opportunity to testify before the Subcommittee and any assistance you might give me in scheduling my appearance will be greatly appreciated.

Very truly yours,

WILLIAM M. LEWIS, Jr.

(Whereupon, at 12:15 p.m., the subcommittee adjourned, subject to the call of the Chair.)

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