

INTERVIEW II

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INTERVIEWEE: JOSEPH SWIDLER

INTERVIEWER: Michael L. Gillette

PLACE: Chairman Swidler's office, Washington, D.C.

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G: Chairman Swidler, I would like to begin today with a general discussion of the Federal Power Commission's role under your chairmanship and, specifically, the more activist role that it played in regulation. Did this mean ultimately a reduction of congressional power, do you think? Was it a delegation of power that, in effect, decreased the congressional power in this whole area?

S: There weren't any significant changes in our statute during my tenure so that Congress didn't cede any additional authority to us. I think that you could say that we became more difficult for individual congressmen to manipulate, but that we became more amenable to congressional control.

For example, at the time that I took over we were confronted by the fact that many hydro licenses would soon expire. The commission had done no research and had developed no rules on how to handle that problem. Well, we did develop a program to bring license renewals to the Congress for attention several years before the licenses actually expired, with our recommendations on how to handle them. The statute has a take-over provision so that the federal government could take over any of these projects.

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We made a recommendation on that. There was a substantial group that thought that we could make the decision on take-over. The commission rejected that position. We said that that was a congressional decision, but we framed it in a way that made it simple and orderly for Congress to work its will. I think that was typical of the way that we functioned. The open format of our meetings, I think, if I may say so, the quality of the people, the nature of that administration, meant that our commission was less amenable to efforts by congressmen to influence us on the decision of particular cases. That result, in my opinion, was an extension of congressional control.

G: Let's talk a little bit more about this element of recapture of licensed projects in the fifty-year expiration. Would there have been an automatic alternative had the commission not come forward and said that these projects ought to be looked at; these renewals ought to be--?

S: It would have created a great uncertainty. I think the statute provided for year-to-year extensions, if the commission didn't act on renewals. Of course, the companies that held these licenses were required to apply so that was a problem that in time could not be ducked. You remember that the original form of the Federal Power Act was the Federal Water Power Act, which was enacted in 1920, so that licenses issued in the twenties were close to expiration, some important ones. We tried to do our duty not only in resolving the matters that we found on our plate when we went to work in the morning, but also to anticipate the problems and to try to make recommendations to Congress on how these problems that required legislation could most easily be disposed of.

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G: I think the Pennsylvania Power and Light application was the first one under this fifty-year expiration to be denied and examined. Is that correct? Do you recall the background of that?

S: I think that that was a project here near Chesapeake Bay. I recall that there was such a proceeding, but I don't remember much about the details of it.

G: In 1963, in a letter stating that he did not wish to be reappointed, Commissioner Morgan charged that the commission was dominated by public utility interests and that it had declined to investigate some cases because these cases would disturb the industry. Of course, you responded at the time, but let me ask you to analyze Morgan's criticisms. He referred specifically to two cases, I think the Idaho Power Company case and the Pacific Gas and Electric case. Any recollections of those?

S: Yes, I do and for the reason that I have refreshed my memory recently in connection with some writing I am doing myself.

You remember that Howard Morgan was from the Northwest. He was an ardent conservationist. He had asserted a leadership role in the Northwest on the development of the Columbia and particularly some of the Snake River sites. He had strong views on not only the building of the dams, but also the transmission lines, and he had a strong aversion to the companies that already operated in that area, particularly Idaho Power Company, for some reason.

The cases, if I recall correctly now, involved applications by these companies to issue securities. The commission had a limited security jurisdiction. It ran towards most of the securities which would be issued by public utilities under its jurisdiction that were

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not already regulated by the states. If the state asserted regulatory authority over any of these securities, to that extent the FPC had no jurisdiction.

Now, we had treated the security cases in a routine way, I think you could say. They came to us ordinarily requiring a quick response because people on Wall Street don't make commitments that extend very far ahead and you wanted to be sure that it was clean, that there was competitive bidding, that it was in the range of the cost of money you derived from other sources, and that it was going to be used for corporate purposes.

Now, it was Morgan's position that we should investigate the uses to which that money would be put. I was opposed to that. For one thing it would make these cases interminable. For another thing, what it did, in effect, was give us a new and very extensive jurisdiction. We had no licensing authority over either transmission lines or generating plants except for the hydro plants. So that if we had to review all the purposes for which the proceeds of bond issues were going to be expended, we might not be able to do anything else. That jurisdiction could be taken away from us at any time by the state saying, "Well, we'll just take over jurisdiction over that particular class of securities or all the securities."

So it was my view that Congress had not intended to use the approval of securities other than to be sure that the stockholders and rate payers were protected and the proceeds would be used in the business. Had they intended we should have a licensing function, I should have supposed that that important a decision would have been reflected in legislation. But Congress had not previously and has not since authorized a broad licensing authority for the FPC or its successor. Morgan said that was because Swidler was afraid of the Idaho Power Company. I had fought Wendell Willkie, tooth and

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toenail. I had fought [Clarence] Groesbeck of the Electric Bond and Share Company for many, many years in battles that TVA [Tennessee Valley Authority] had won. I could go down the list of all the battles that I had had with the power companies. I never knew any executive of Idaho Power Company. It was just a joke. Why should I be afraid of the Idaho Power Company?

You have to look at those charges in the context. He was leaving the commission. He was politically ambitious. He wanted to run for office. He had not found in the commission that he could be a dominating figure. He had found that his ideas were tested on the merits, and if they didn't survive on the merits, they were turned down. When he left, he wrote this very, not only critical, but censorious letter to the President, quite an unpleasant letter, instructing the President in his duties and accusing the commission and its chairman, in particular, of dishonesty. The charges were a part of a leave-taking that he hoped would make some points that he hadn't been able to make while he served on the commission.

Well, naturally, charges of dishonesty put a burden of investigation on the Congress. I don't think anybody really took them too seriously, but they had to hold a hearing and go through it, and I have here a copy of the report of the--I think it was the Committee on Public Works. I took up his charges one by one. Of course, the first thing he did is say he didn't mean dishonesty in its usual sense. Like Arthur Morgan before him at TVA, you used that word in order to attract attention, and then when you're pinned down you say, well, I meant intellectual dishonesty, I didn't mean that he dipped his hand into the treasury. So I went through that one at a time. He testified one day, and I

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testified the next. The committee gave me a vote of confidence in unqualified terms.

Would you like me to go through that and hit some of the high spots?

G: I think just noting the report is sufficient.

S: Yes, well, there is such a report.

G: Did you talk to the President about Morgan's criticism at all?

S: No, I didn't take it all that seriously. I guess I did talk to some of the people in the White House, but they knew a good deal more about me and more about the work of the commission than he [Morgan] did because one of the unfortunate things about Howard Morgan was that he didn't work very hard. He liked the relaxed life. He didn't keep up fully with the agenda. He intervened and intervened strongly in matters where he had an interest, but most of the things he just let go by him. He was a peculiar guy--you might say, aren't we all? For example, he was the first man to be selected by the President for the new commission, I think before me, maybe not, but at any rate about the same time; maybe the President announced the two appointments at the same time. He was strongly urged by Senator [Wayne] Morse of Oregon, and the President took him on. Morse's correspondence is in the record; [it] promoted him in very strong terms. Now, you may remember that Morse was a man of very strong views and sharp tongue and a poor reputation for the ability to maintain confidence. He had close ties with Drew Pearson and so did Howard Morgan.

When the news of our appointments was published, Howard telephoned me. I had never met him, and he started telling me how much trouble I was going to have, that I was in deep trouble because of the circumstances of my leaving TVA, and that he strongly recommended that I get in touch with Drew Pearson and tell him the whole story; that

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would clear everything up. I said, "I can't do that." I had had a lot of experience with Congress, you understand; I knew my way around. Well then, Drew Pearson called me and he really put the heat on me. He called me several times, and each time I said I wanted to help him; I would tell him everything I could, but I was not going to tell him what my testimony would be to Congress, that they had the right to hear it first.

Well, that got me off on the wrong foot with Drew Pearson. He never forgave me. It was something that was a great hardship for me because there were many newspapers throughout the country which relied for reports on what went on in Washington on that column. And you would think from Drew Pearson's column that I was having a terrible time, that I was in all sorts of hot water for yielding to the utilities when actually I was getting a great deal of credit for doing a competent job. My relations with the administration and my relations with Congress, not with every congressman but with Congress, were excellent; I might say every committee.

Well, it turned out in my hearing, when I explained the circumstances of my leaving TVA, they asked me a great many questions about my ability to be fair to the private utilities, considering my background in public power. I told them that I was not going to take the job as an employee of TVA but as the chairman of the Federal Power Commission; I'd be guided only by my responsibilities under the Federal Power Act, not the TVA Act. It was really a very friendly and comforting kind of reception. Half the members of the committee knew me from prior testimony and they were deferential and wished me well.

It turned out that Morgan had a great deal of trouble, after all his warnings to me. He had been involved in a couple of scrapes, and it wasn't so much a question, did he

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steal a tire or did he not steal a tire or did he start a brawl or did somebody else start it, but he had not afterward thought fit to mention these things on resumes which asked, or questionnaires which raised the question, had such things occurred. That really bothered Congress. It bothered the members of the committee a lot. He had two or three hearings before they got around to approving him.

G: It seems like there was also something regarding a civil rights or a segregation matter in his case. Do you recall that?

S: No, I can't imagine him being on the wrong side of the segregation matter. That was the kind of thing where he would have had a good record.

G: Under your chairmanship, for the first time the committee would circumscribe its authorizations with conditions, for example, with the merger of Western Light and Telephone with Western Power and Gas, requiring the surviving companies to make studies regarding the coordination of facilities. Let me ask you about this initiative and how the commission decided to take this initiative.

S: I must say that that was--and I recall that case--a case that could have gone either way.

G: When you say it could have gone either way, what do you mean?

S: I mean it was a close case. You really had to wonder whether we should have turned that one down. The companies were not connected; we had no promise that they would be connected and no certainty that costs and rates would go down. All you could say is that one of the companies had superior management and a better record, better resources. So if you had to guess from the point of view of the people involved whether it would be better or worse, your conclusion was that it probably would turn out at least a little better--probably. It would have been nice to have had a stronger case, but it was a weak

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case for authorizing the merger. I don't know what's happened since; we did push them, as you say, to look at the possibilities of interconnection. Of course, if we'd turned them down, there wouldn't have been any possibility of interconnection, but we didn't. We didn't turn them down.

G: Was there a genuine ambivalence with regard to the feelings of your fellow commissioners or was it that some were on one side and some were on the other?

S: No. There wasn't any real difference among us, as I recall, in that case. I think there was ambivalence on the part of all of us.

G: How is something like that decided? Is it decided in open discussion? Did the staff in this case make a recommendation? How did the commission deliberate here and come up with the decision that it did?

S: Well, we tried to extract from the record. I don't remember what the staff recommended. I think they recommended that we should do it. If they had recommended against it, we probably wouldn't have done it. I remember that we had talked about whether this would do any good or not and decided it might do some good and it wouldn't do any harm. So that by a little the scales were weighted in favor of approval. I think we might well have said that the case is too weak, but even a little benefit seemed to us to suggest that we ought to let them go ahead.

G: Another case I'd like for you to talk about in some detail is the Con Edison case application at Storm King Mountain and what, I guess, emerged as an environmental protest in the wake of that.

S: Well, you understand that coming from TVA, which had a wonderful record in river development and in the use of hydropower, that I was a hydropower advocate. We had

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litigated the merits of hydropower; we had litigated the constitutionality of the federal government building it, and in the process, I had become convinced that hydropower was the cleanest and, if you had the right sites, the cheapest. It saved your coal resources; it kept a lot of effluents, injurious effluents, out of the air. At the good sites it was cheaper, and it also made possible some recreational benefits. A flashy river which was in flood stage at one part of the year and where there was a thin stream over a muddy and rocky bed during the rest of the year didn't provide much opportunity for regulation as compared with these wonderful lakes that TVA had created.

Now, Storm King was a little different from that in that it was a peaking plant. It was a--what is the word for it again? There is another word for this kind of a plant. It didn't create additional energy or electric energy. What it did is transform the off-peak energy which was of little value into peak energy which is of high value. You did that by using the off-peak energy during off-peak hours, during the night to pump water to the top of the hill where there was a little storage facility and then during the peak hours you'd let it all down and it would generate a lot of power on the peak.

From a technical point of view, Storm King was a wonderful site. It was high, you had a clear drop of several hundred feet. It was close to New York City. It provided start-up capacity for New York City that it badly needed because it came on line quicker than steam did. It made unnecessary additional oil or coal burning in New York City and its environs.

The problem was, the real problem I might say, was primarily the scenic one. It was right near West Point. Did it spoil the view? It was an aesthetic problem. There was a problem which went beyond that; there are also questions of effect on fish, fisheries,

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which I think were resolved fairly clearly, that there would not be any significant damage to the fish population. It was opposed by the very wealthy people who had homes nearby, who didn't want any change and who certainly didn't want the discommodiousness which would occur during a construction period. Because while it wouldn't produce any large volume of traffic and, of course, no soot or dirt or anything like that when it was in operation, in the several years of construction, there would be some of that. And these were people who weren't used to being discommoded.

Well, the first time around, we looked at it; I think Charlie Ross [was] just [the] one member who dissented. There was a four to one vote in favor, and he wrote a very strong dissent and the court [U.S. Court of Appeals] ultimately agreed with him and sent it back to the FCC [Federal Communications Commission] to check on some things where they said the commission had not done enough investigation. So the commission, after I left, went through this all over again. It filled in the chinks in the testimony and it decided it the same way.

That was the sixties. This was the time of the emergence of the great environmental protection movement. By the time it came back the second time around, there were all kinds of statutes in New York that the environmentalists had managed to get adopted and which created a basis for endless delays and great uncertainty as to the result. As you can see, in connection with the Long Island Lighting Company Shoreham plant where the governor made the decision that it should not go into service, there was really no way to win that one, if the political machinery in New York was against it. And finally, Con Ed decided it had enough of what seemed to be ultimately a losing battle and it canceled its plans for the plant.

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Now, I looked at the site, the whole commission looked at the site, and we looked at the drawings and to my mind there would be no--most of the plant would be underground and what you could see fitted right into the background. As consideration for the license, Con Edison agreed to build some parks and other water-based recreational facilities. That may have been the thing more than anything else that created an opposition by these landowners and the yachtsmen who also opposed, because then there would be some traffic there, you see, to enjoy these facilities. That's the history of Storm King. It's still a great project.

G: The environmentalists presented themselves as the little guys, you know, the small people against the federal government and Con Edison.

S: Well, that's been true, not only there, but everywhere else. It's understandable, and maybe it's right. But when they talk about the people's heritage and keeping things forever wild, obviously if it's to be forever wild, you can't have millions of people tramping through it. To be forever wild and enjoyed, it must be for a very restricted number of very rich or privileged people. That doesn't mean that it isn't the right thing to do, but some of these things, if they went by vote and the common man would ask himself, "Is this good for me and my family?" he might very well vote against it.

G: Was there a problem with the commission's procedure initially in this case, for example, not sufficient notification or not hearing enough testimony? Were there any elements in this case that caused you to take a look at how the commission decided these things or the process?

S: I think the primary thing that the court sent it back for, they said we hadn't sufficiently looked at alternatives. Could Con Ed have done a better job in supplying power to New

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York City by alternative routes? Were they better and cheaper? Well, we answered the question, but not to the satisfaction of the court. I think it was sent back for more testimony, on that issue primarily. So then they went back and they went much more deeply into it and heard many more witnesses. It would be pretty hard to find an objective and informed engineer who would not say that that was about as good a project as you could find for taking care of the peak electric requirements for New York City, then or now. But we went all through that and, as I say, did the numbers twice, once while I was there and then again to a much greater extent after I left, and came out with the same answer. And I'm sure that would be the answer today. That wasn't the reason that it was killed, but it was a good enough question to stall things indefinitely. It was a stall tactic that worked because ultimately the stalling resulted in getting it mired down.

G: Was there any White House involvement in this, or administration involvement?

S: Not as far as I can recall, no.

G: How did the commission respond in general to the environmental movement of the 1960s?

S: Well, I'd say that we were learning. Charlie Ross was ahead of his time in the emphasis he gave to environmental values. Maybe I lagged behind the times in looking at the economics. The environmentalists don't put dollar signs on their recommendations, and I tend to do that. How would I decide it today? Oh, I'd like to take a look at those drawings again. But my recollection [is], the environmental effects would be so minor and there were so many pluses involved that I think I would vote the same way except if I thought that it would get bogged down. But there is enough environmental legislation on

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the books so that it wouldn't be any easier putting it through now than it was then; if anything, it would be more difficult.

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G: One thing that the commission did was create a recreation, fish and wildlife section in 1965. Do you want to talk about this for a minute?

S: Yes, I don't know that I can say very much about it. It happened in the last year, and I think it's evidence of what I was saying, that there was a growing realization of the importance of environmental values. I don't think I was without any appreciation of it when I went on the commission, but I think as time passed there was an enhanced appreciation. I'm glad that during my tenure that was institutionalized in adding this group of environmental experts. We found that we really needed them to help us in our work.

TVA had had a conservationist background in which the conservation of--what shall I say?--the land and water, soil, were the dominant elements. I think we gave a little--although TVA won awards for its architectural work and stressed the beauty of its structures, we did build overhead lines, and we thought they were pretty. I used to look at these towers marching across the land and I didn't see anything disfiguring in them. Well, I came later round when I was in New York and began to see the environmentalist point of view on overhead transmission. So I think that to the extent that aesthetic values were involved we had something to learn. Certainly I had something to learn.

G: The recreation, fish and wildlife section suggests an even broader focus to look at pollution and the water-life--

S: Yes. It filled an important gap in our informational resources.

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G: Was Charlie Ross responsible at all for this, would you think?

S: I don't recall that he was, no.

G: How active was this section in terms of monitoring protection of the environment?

S: I don't recall how much--at what point--you see, I left at the end of 1965, and I don't recall how much of their work was brought to fruition before I left. But one thing that it was needed for is monitoring of the program to make use of the recreational resources of the hydroelectric projects. This was something that I introduced because that was an important part of the TVA program, and I couldn't understand why, if the public projects served that important incremental benefit, private projects shouldn't do the same thing. So that program was adopted fairly early in my tenure, and it was administered aggressively because it meant that the power companies, the licensees, would be putting up recreational facilities which were sources of pollution, which had to contend with pollution. To monitor that program you needed the services of an outfit like that.

G: What was the relationship between the commission and Interior Department during the years you were chairman?

S: Our work intersected at several different levels. In one way we had some jurisdiction over the rates of their projects. The Bonneville people had to come to us to get approval of their rates. They didn't like this, were very restive, but it has persisted, and it is still a part of the statute. Then, of course, in issuing hydro licenses Interior had its own interests to protect, in terms of the impact on federal projects. They also managed federal lands in the West. For many projects their cooperation was necessary to provide rights-of-way, for example, which gave them a lot of leverage. They had, through the Bureau of Mines,

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a coal program which had put them into a position of interest in what we were doing on the gas side.

There was a kind of a competitive relationship. For example, when I proposed the National Power Survey, Stu [Stewart] Udall's comment--because the proposal was circulated to all the interested agencies and departments--"Well, it's a great idea, but Interior ought to run it." Well, the President hadn't decided that one. I guess maybe because it was our bright idea, the White House let us have it. We cooperated. I think one of the biggest questions we had in connection with hydro licensing, we sought the comments and recommendations of all the interested federal agencies; I guess the most important ones were probably Interior and Agriculture. They didn't like to feel that we would sit in judgment on their recommendations. They wanted to feel that if they made a recommendation, we ought to take it at face value and incorporate it into our license without passing judgment on it. It was my position that we couldn't do that, that Congress had intended it to be one center of decision and not many. But most of their recommendations were good; it was really more a question of turf than of substance. We didn't disagree often, in that particular area.

G: Would you say that in general, the Interior Department was equally in favor of public power?

S: Oh, I think it was more in favor of public power because the Interior Department under the 1944 Flood Control Act was the marketing agency for the power that was generated not only at Bonneville, but at all the plants that were built by the Bureau of Reclamation. And all of those plants were under the congressional preference to public agencies, so their customers were all municipal systems, state systems. Yes, they were great

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supporters of public power. As a matter of fact, they were responsible--you might assume that this provision of the 1944 Appropriation Act didn't climb into the act of its own volition. Somebody pushed it, and it was Interior.

G: Is that right?

S: Oh, yes. I remember, actually, I was in the navy then. I dropped in on [Arthur] Tex Goldschmidt, who was in the Interior Department's--I don't know what [it] was called.

G: Power Division, I think.

S: Power Division, yes. And he showed me this innocuous-looking little provision which he had arranged with the Speaker of the House who was also from Texas, [Sam] Rayburn, to have inserted in the bill. Rayburn was also a public power man, you know. Tex said, "Once this goes in, we'll really have them"--I don't remember his exact words. I don't want to misquote him, but it would be a tremendous victory for public power. And it was, and it was. They were strongly public power, whereas we had a little broader mandate.

G: One of your achievements as chairman of the FPC was the National Power Survey. Let me ask you to describe the background of this and the significance of it.

S: Well, it's a little hard to do. I've been trying to put it in writing and not having great success.

When I was at TVA, and you understand I was there a long time, over twenty years, and had a significant role in the development of that system, from being chairman of the committee that entered in the initial contracts, to developing a strategy for the expansion of the system, and so on up the line; writing most of the contracts; negotiating most of the contracts, the important ones with Cap Krug, the head man on power matters.

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TVA in a limited number of years built up a great system. When I left, it was by far the largest in the country. Its relative growth has slowed up a lot since then. I guess it's to be expected.

If we could find in our integrated seven-state system, the largest as I say in the country, that if a project was justified whether it was a generating project or a transmission project, we would build it. When we had to deal with another company, you couldn't use the same criteria. Because when you were examining a project for your own system, you assumed that you would make the best possible use of whatever it was you were building, but if it was a joint thing, then it had to be done under a contract in which each party was protecting its own interest, and there was likely in connection with such a contract that you would not exhaust all the possibilities or that, even worse, you wouldn't be able to make a deal at all. If we were dealing with Mr. [Philip] Sporn of the American Electric Power Company, naturally each side viewed things from its own perspective. He wasn't about to enter a deal where he got less than half the benefits and neither were we, even though it could have been justified on a little less than that. Of course, the view of each as to what was 50 per cent of the benefits was different. There was a lot of overlap there so that you could just fail to build the things that you would have built if you could get together and integrate.

Now, one way to integrate, the simplest from a procedural point of view, is just to buy the other fellow out, to merge. I didn't think that that was the right way to go. I knew it wasn't a practical thing to recommend, that the country was afraid of big power companies and to suggest that they should become bigger would just be a backward step, I thought. So I worked from a point of view of urging these people to work together. If

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you could just get them, the power companies, to work closely enough with each other so they could get the benefit of the new technologies--this was a period, the 1940s and 1950s, particularly the 1950s, was a period of technological explosion, particularly in the economies of scale. I don't know that there were that many new technological developments, but when we started building, our first power plant was built with 60-kw [kilowatt] units and the last ones in the 1960s were 1000 kw, in the course of something like a decade, a decade and a quarter.

We played leapfrog with the American Electric Power System in the size of units. When you're ordering a unit, you say how much is a 500-kw unit and you get a number; suppose we make it 750 or 1000. And you find out that for your last increments you're paying a lot less per unit than you are for the first 500. So you say, I'll buy the family-size unit and make the saving. If you're a small company, you can't do that. If you join together you can. If you work it on a network basis and everybody on the network enters a pool and you all build for the common good, then you can afford to take advantage of the economies of scale.

In transmission, economies of scale are even greater than in generation. Because in generation, your reduction in cost, as you build larger, is modest, but in transmission, your costs go up in a linear way with voltage, but capacity goes up much faster. A 500-kv [kilovolt] line, and I'm using arbitrary numbers, costs five times as much as a 100-kv line, but the capacity goes up as the square of the voltage to about 2,500 kv. So there is a lot of economy in building these ultra high voltage systems.

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Well, that kept wearing away at me. Just as I saw in TVA a model for the use of hydroplants for multipurposes, including recreation, I saw at TVA a model for squeezing out the economies of technology and of scale, by working together.

The question was, how do we get these guys to work together? This was what the National Power Survey was about. A lot of its benefits were in the process as well as in the studies themselves, because we brought all these people to Washington as members of committees, I--it must have been a couple of hundred people; they represented all facets of the industry. The private companies, the co-ops, the federal systems, the state and muni-systems, every committee was balanced in that way. The regulators were brought into it also, state regulators. We avoided the contentious questions. We didn't try to settle which was better than the other, but how they could work together. The mere fact that they worked together in committees created a different climate. They also were aware that they were being watched so that the pressure on them to build, to integrate their systems, became far greater. It worked as a result both of their familiarizing themselves with each other and with the pressure of publicity on these benefits that they were losing, potential benefits they were losing by not working together. So I think we have had since that time increasing development of larger systems of pooling, of joint plants, all that kind of thing in order to squeeze out the potential economies. Does that explain it?

G: Yes.

S: The way we worked was that there was one volume--the report came out in two volumes; I have it here. I'm trying to refresh my recollection--one volume was written by the commission with the help of the utilities. The utilities reviewed drafts of our work,

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maybe two or three drafts, all the drafts except for the last. The last one involved a lot of changes by the commission, and they wanted to see that one too, but we said no, and took full responsibility. So that one is our report. The utilities did a lot of backup reports in this volume, which is a larger one, and there is a lot of good technology here, but you know that technology reports get dated. There was one follow-up survey, in 1970-1972, I forget just when, but there have been no follow-ups since then. And that's too bad.

G: Did it achieve the cost reductions that you envisioned?

S: Yes. Somebody has made an estimate that the result of following our recommendations amounted to a saving of twenty billion dollars a year by the year 1980 or something of that magnitude. This is a figure that I got from Jack Casazza [?], an engineer here in Arlington, who's really very good.

G: Did your fellow commissioners share your enthusiasm for having this survey done?

S: Apparently. They participated at every stage. Of course, you know there is a certain tension between the members of the commission [and] the chairman, in the situation where all are equal except that one is more equal than the others. Naturally, they would work harder on the things that they thought of as their own, but they were caught up in this.

G: What was President Johnson's reaction to the survey? Did he understand the significance of it?

S: I don't know whether he had any real interest in it. It came out after he had become president, but it had started under Kennedy, and I don't know that he was thoroughly briefed on it. I didn't get to know him very well at that stage. I have no reason to think that he didn't support it.

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You remember that Johnson must have had an initial distrust of me. I had suggested to the White House for example that one of the powers of the SEC [Securities and Exchange Commission] over the utilities, which they have never exercised, be transferred to the FPC, which would have exercised it. Because what does the SEC know about power systems? I was told by somebody in the White House that that transfer had been stymied by Johnson at the request of Donald Cook, who was the president of the American Electric Power Company at that time.

G: Former SEC--

S: Former SEC chairman, whom he wanted to have as secretary of the treasury, but Cook didn't want to leave his better-paid job in New York. Well, that must have involved some representations about Swidler as an empire builder.

I think most of his information about me probably came from the oil companies. I know some of the oil companies had problems with gas regulation which they had been fighting since the Natural Gas Act was passed in 1938. I think you know something of the tortured history of the Natural Gas Act. I was determined to enforce it, and I think succeeded in doing that. I know that they tried to get White House intervention--I say they; maybe it wasn't they, but one or two--in the Kennedy days. I have to assume that they were at least as able to get a hearing in the White House under Johnson as they were under Kennedy.

G: Did the White House try to influence you in these [inaudible]?

S: Never, never. Did the White House try to influence me? I thought you were saying Johnson.

G: Well, Johnson or his assistants.

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S: No, no. Not at [all]. There was a little of that in the Kennedy days, but I don't want to get into that; but never under Johnson. He was very, very proper in his relations with me. They didn't really become personal except in his vice-presidential years as a result of the friendship of Lynda Bird with my daughter, Ann, about which I think I told you last time, until the blackout and the report on it, when he got to know me and some of his people got to know me better, Joe Califano in particular. So I think in the last few months, he got to know me and have a different impression of me. Before that, I think, he had other things to think about and the word on Swidler must have been that he's--oh, what shall I say--a strong government man, or something like that. I don't know what they told him. At any rate, I got no steering at all from him.

G: I have a note regarding the New England Power Company case, which is described as the first study of the operations of an electric utility, where you recommended cost reductions and actually looked into how efficiently these utilities were being run. Let me ask you to give me the background of that.

S: It wasn't just the New England Power Company--there is such a company--it was all the companies in New England, which had an association. They invited me to talk to them. As a matter of fact, that was the first major talk I made to the electric utilities, and I prepared for it with some care. New England had an extraordinary number of small companies, a very large number of old plants and, of course, very small ones. If there was ever a place that had a need for integration and coordination, it was New England. Well, I got our people to pull together the figures which demonstrated not only that power was very high-cost in New England, but also that their plants were inefficient, and they required more fuel on the average than plants elsewhere in the country because of their

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size and age. I pointed to the anomaly, the paradox, that in New England where fuel was more expensive, it was also more inefficiently used. Of course, that was at a time when most of the fuel was coal. I guess there was already some oil. Well, it made quite a dent on them. I didn't realize how fast they could act when they wanted to. Because at that meeting, they adopted a resolution promising that they would work together to improve their efficiency. I was kind of overwhelmed. Ordinarily, you know, you make a speech and people come up to you afterward, and they say that was a great talk and that's the end of it; you never hear of it again. But I made a couple of talks which really changed the way people behaved and that made me very proud. That was the beginning of the movement in New England for integration and coordination of systems without significant changes in ownership.

G: What had brought New England's inefficiency to your attention? Was it the invitation to come up and make a speech?

S: No, I was familiar with this. I had been in the game by then for over thirty years. I had started out--I'd been in the same rut for an awful long time, working on utility problems and reading news in the press and what not. So it helps an awful lot if you know in a general way what the situation is, and then that makes it easier to collect the facts.

G: Was Ross, coming from Vermont, sort of the New England man on the commission?

S: No.

G: There was no regional representation at all?

S: No, he was greatly interested in the work of the International Boundary Commission, which is an international agency, Canada and the United States, that I think not only negotiates but adjudicates some water-use questions involving international

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developments. At his urging, I can't say I appointed [him]; I urged his appointment, recommended his appointment to that commission and he stayed on it. The term was not limited to his term on the FPC, and he stayed on that for many, many years, because his sponsor was a Republican, nominally anyway, [George] Aiken. So he stayed on through both Democratic and Republican administrations until I think finally, in Reagan's time that they said, "What the hell have we got this guy--why are we giving this guy a plum?" and they cut him off. He had strong Vermont connections, but I don't recall that Ross was a regional man in the same way that Howard Morgan was.

G: But there does seem to have been a regional diversity among the commission members.

S: I think the presidents usually tried to get that kind of diversity. A senator would not be embarrassed to say, "Mr. President, we haven't had a member of the Federal Power Commission coming from my part of the country for many years, and I think we're entitled to the next appointment." Yes, you wouldn't normally appoint two commissioners from the same state or perhaps even from the same region.

G: Were you ever consulted about potential appointees? Did any of the White House staff ever seek your advice on--?

S: I don't know if it ever came up under--we had a fairly stable commission after Kennedy died. Now, under Kennedy, yes, I did get a chance to talk with people and to comment on their probable value as members of the commission. But I don't know that there was any occasion for it under Johnson. I don't know that it made any difference in any of Kennedy's appointments except knowing that I was very sensitive about it might have meant that he had reason to turn down some appointments I never had any need to

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comment on. What was it that they used to call me? Curmudgeon. I think I had a little of the reputation of being a curmudgeon, which I did not discourage.

G: [Harold] Ickes?

S: Yes, that's what I was. . . .

G: I see his memoirs.

S: Now, yes, I have his own diary here.

End of Tape 1 of 1 and Interview II

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