

Now, of the \$350 million that we have accepted or ordered as refunds in settlement cases, if you apply those figures I think you will come up with a conservative estimate that the staff would probably have recommended about \$500 million refunds instead of the \$350 million that were refunded.

Now the question that this presents, gentlemen, is this:

Is \$150 million of hard-earned consumer's cash paid out, that they will never get again, which will never be returned to them, a proper price for helping to clean up the FPC backlog of rate cases?

Now, I am not persuaded that it is, and I think this matter of pipeline rate settlements has got to the point where it requires an examination.

I know that I, after voting for many of these settlements, have finally had enough, and the one that cured me was the *Tennessee* case I just talked about.

This is far too expensive, in my opinion, a way to clean up a backlog. Four, the electric and gas utilities of the United States are currently

syphoning off hundreds of millions of dollars a year of consumer's money by means of paying taxes to the Treasury on the basis of accelerated depreciation, while reporting their tax expenses to the Commission for ratemaking purposes on the basis of the full taxes they would have paid without accelerated depreciation.

This means that the consumers are being charged huge amounts representing phantom taxes which are not paid and in the opinion of most, if not all, disinterested students of taxation, will never be paid.

Worse still, these funds are reinvested in the corporations with the result that the rate payer must pay a return on capital involuntarily extracted from him by the utilities.

As a result, equivalent amounts are paid out to stockholders, in many cases, as dividends which are in part or in whole tax free.

Some companies have been paying dividends to stockholders which are 100 percent tax free because of the operation of this device. Thus, the rate payer is charged for taxes which never go to the Treasury and stockholders received income on which they pay no, or little, taxes.

This Commission should have moved in to abate this abuse many years ago, as Commissioner Connoles pointed out in a brilliant dissent in 1956, and as many progressive State commissions have done in the interim.

This Commission is inexcusably remiss because it has done nothing to change the policy in this vital area. These moneys, in 1961, were accumulating at the following rates:

Gas companies: \$52,886,000 per year.

Electric companies: \$191,926,000 per year.

The total of these moneys, accumulated at the end of 1961, were:

Gas companies: \$306,643,000.

Electric companies: \$1,495,938,828.

Not all of the companies holding these funds are under our jurisdiction, but that should not prevent us from moving to end this abuse within our own jurisdiction and to set an example for those State commissions which have not yet dealt with the problem.

This is a flagrant example of ratepayers, who look to the Commission for protection, being forced to pay totally unjustified charges.