Mr. KORNEGAY. I am talking about industrial now. Are they regulated?

Mr. FITE. Yes, sir.

Mr. KORNEGAY. By the State commission?

Mr. FITE. Yes, sir.

Mr. KORNEGAY. Then there is no duplication of regulation if all the Federal Power Commission does is regulate the wholesale rates.

Mr. FITE. That is not what they are going to do though. They are going to regulate our accounting practices and our accounting records. I guess that's the main thing that we object to, because there is where the extra cost comes in as I explained a moment ago.

The wholesale rate is not even mentioned in the order.

Mr. KORNEGAY. In other words, on wholesale rates it is just a matter of agreement between you and the——

Mr. FITE. Cooperative.

Mr. KORNEGAY. Co-op that you sell it to.

Mr. FITE. That is right.

Mr. KORNEGAY. Have you any quarrels with the co-ops or they with you on the rates that you are charging?

Mr. FITE. No, sir. I am going to let one of the co-op representatives who is going to testify answer your question, but from my standpoint we have no quarrel with them.

Mr. KORNEGAY. Thank you, Mr. Chairman.

Mr. MACDONALD. Thank you very much.

Mr. FUQUA. Mr. Chairman, before we depart may I offer this document for the record. It has to do with the initial and continuing costs of complying with Federal Power Commission requirements, a Haskins & Sells letter.

Mr. MACDONALD. You want it in the record at this point?

Mr. FUQUA. Yes, sir.

Mr. MACDONALD. Without objection it is so ordered.

(The information referred to follows:)

HASKINS & SELLS,
Miami, Fla., June 2, 1967.

Mr. ROBERT M. FITE,
President, Florida Power & Light Co.,
Miami, Fla.

DEAR MR. FITE: You have asked us to assist you in determining the additional cost that the Company would incur in the event it had to meet the accounting requirements of the Federal Power Commission. Any definitive estimate of such additional cost would require an extensive study of the necessary extention of your present procedures to develop the additional data called for by the Commission.

However, in order to establish a probable range, we have discussed the matter with a number of our other electric utility company clients whose accounting is believed to conform with the Commission's requirements. From these discussions and our knowledge of the Commission's requirements, it appears that the additional cost will be primarily in accounting for plant, on a unitized basis. As a general measurement, we obtained from these clients the number of people required to keep their plant accounting records. While certain variations in functions between plant accounting, valuation, and general accounting departments exist, it appears that the plant accounting departments of the companies whose property accounting complies with the Commission's requirements are relatively about three or four times the size of the present department at Florida Power & Light Company.

The initial cost of developing property records to meet the Commission's requirements is also difficult to establish on a comparative basis, because, among other things, each company has a different starting point. The companies with