

staffed and underfinanced that it is impossible for them to adequately fulfill their role as protectors of the public."

There is no way of telling whether the Consumer Assembly meeting or the Senate subcommittee report will impress the public any more than Sen. Metcalf has with his ravings over the past ten years. But whether the adequacy of utility regulation will erupt into a political or public issue is aside from the actions that need to be taken now.

First, we think that the individual state regulatory commissions do need to justify themselves to the public. We suggest that they candidly tell the public of their accomplishments and their limitations. And certainly within the means at their disposal, they should seek to overcome these limitations.

Second, we think that electric utilities should publicly acknowledge the necessity of sound regulation and in every appropriate way seek to support the commissions, realizing that the main objective of the utilities and the commissions is the mutual one of serving the public interest.

The industry has a big stake in sound state regulatory commissions. An inadequate commission is going to be more vulnerable to the political winds kicked up by such forces as the Senate subcommittee study and the Consumers Assembly which has been doing its work and keeping the public informed is much less likely to succumb to the pressures of the moment. Such a commission can provide both the regulation and the stability that the utility industry must have for its health and continued growth.

Senator METCALF. Now there is a lot of enthusiasm for this bill on the part of Tampa Electric and Florida Power & Light. Florida Power & Light even engaged a well-known former White House official to try to paint Federal regulation bad.

I can see why those companies love State regulation. The chairman of the Florida Public Service Commission told Senator McGee, in the Senate Commerce Committee hearings on S. 218, that "the best regulation is little or no regulation."

In a stock option deal approved by that Florida commission Tampa Electric's Board Chairman William C. MacInnes and President Fischer S. Black obtained options on 35,000 shares of stock. That amounts, as I figure it, to a windfall profit of about \$400,000.

It is not easy to find out the details on utility stock option plans—that is one thing the companies don't cover in their press releases, so I may be off a few thousand dollars one way or the other. Your subcommittee may want to get the details from the company, provided it will give them to you. I know that the principal power company in my State has declined to furnish such information to stockholders or to the Federal Power Commission.

Another thing interesting about Florida is the way utility property seems to depreciate faster there than in other States. Maybe it is the salt water, I don't know. Anyway, when the city of Miami hired a rate expert he found that depreciation charges imposed on the ratepayers by Florida Power & Light were "patently excessive," and adjustments in the customers' favor were finally made.

Now when I testified on the Senate side on the companion to these bills before you, I pointed out that rate of return and return on equity of electric utilities is steadily increasing as a consequence of the decreasing costs of producing and transmitting electricity and the inability of State commissions to obtain adequate rate reductions.

I was followed by a representative of an investor-owned company who said that instead of looking at the rate of return, and return on equity, as I did, one should look at the rate for given amounts of power. I look at those, too, but as you members of this subcommittee well know, and as I would emphasize, density, fuel costs and the like