

Mr. MACDONALD. Would you yield?

Mr. KORNEGAY. Yes.

Mr. MACDONALD. Actually, Mr. Chairman, I asked the president of the company—I don't think Mr. Kornegay was here when I asked him—it isn't resisting regulation really, is it, because they are regulated by the Florida Board?

Mr. WHITE. Only partially, Mr. Chairman, in the sense that the Florida commission does not have jurisdiction over wholesale sales, so that is a significant factor.

Mr. MACDONALD. And I would just like either an affirmative or a negative answer. The witnesses said—forget which one, the president or the vice president of the company—said that one reason was that when they are subject to audit by the FPC they have to account for the cost of a telephone pole on Fourth Street in Miami and they say it makes it very difficult for them to make an accounting of what it costs.

They said under the State regulation they only had to account for an area.

Now, is it true that in your auditing system they have to account for what a light pole costs? I could barely believe it, although they are both very honorable men. I am not taking sides on it.

Mr. WHITE. I understand the question.

Mr. MACDONALD. I could hardly believe that the FPC audit would be that finite.

Mr. WHITE. Our uniform system of accounts was developed with the States and in consultation with them. It is my information that the Florida Public Service Commission has recently amended its procedures to track exactly those of the FPC, or virtually exactly that of the FPC, on this matter of property inventory, so that whatever extra burdens there might have been, and I don't really believe that they are very great and I will get to that in just a moment, they are now the same, so if that might have been true 5 years ago, if our information is correct, it is not true today.

As to the cost, this was an item that was discussed and I will tell you frankly I was a little shocked when I heard that jurisdiction or nonjurisdiction might mean as much as \$4 or \$5 or \$6 million to a company. We are not very enthusiastic about adding to the cost of an operating company. We pride ourselves, as does the industry, in trying to lower cost, and it sort of startled me and stunned me a bit to believe that it would have been at all conceivable, so I asked the chief accountant of the FPC to let me have some information: Was this accurate? Was it a rough estimate that was valid?

He came back and said he hadn't the remotest idea where the figures had come from. His estimate was, and he is physically present in the room today, somewhere between \$20,000 and \$25,000 for the first year of adjustment and that it would be less after the first-year procedures had been employed.

Mr. KORNEGAY. Let me interrupt, Mr. Chairman, and say if I recall the testimony not only was there the initial cost of several million but an annually recurring cost of between \$500,000 and \$600,000.

Mr. WHITE. Those were the figures. That is correct. Those are the ones, Congressman, that shot me into our accountant's office to find out if this was accurate.