

Rather, as I tried to indicate in my formal statement and earlier, we have worked these out jointly. We have groups that meet from the State commissions and the State commissions are formed into a national association to try to develop accounting practices that are mutually beneficial.

Mr. BROYHILL. What I am getting at is that under the practice today the utilities are not required to keep two or three sets of books?

Mr. WHITE. That is correct and that is the purpose of this joint consultation: to establish principles that meet their needs and the Federal needs and will ease the burden on the company. We believe that if we can send our auditor together with the State auditor to the same company at the same time that it is more economical use, more efficient use, of everybody's resources, including the company's.

Mr. BROYHILL. Does the Internal Revenue Service follow your system, or their own system, or what?

Mr. WHITE. In terms of working with the States?

Mr. BROYHILL. In terms of finding out what is the net profit or gross profit before taxes.

Mr. WHITE. I am not sure I quite follow the question. You mean in terms of the utilities themselves?

Mr. BROYHILL. Yes.

Mr. WHITE. I don't know the answer to that, to tell you the truth. I will have to check into it and find out. Our chief accountant advises, Congressman, the answer is "No; they do not."

Mr. BROYHILL. Then if you come up with a figure of a total capital account the State of Florida would have that same figure as its basis for setting of rates.

Mr. WHITE. To the extent that there is agreement on principles in which basic forms of rate regulation, rate setting, shall be followed, the answer would be "Yes." There could be the case in which a State would take a different view of a particular item than does the Federal Power Commission.

Our effort is to try to direct and focus attention on those areas where there are differences and which are very small and minor in terms of numbers, anyhow—they may have significance beyond the number, but for the great bulk of the accounting practices and determination to be made in accordance with a single system that we adhere to and respect and that the States accept and use for their purposes.

So it is possible we could find the Federal Power Commission reaching a different total capital cost for a utility than would a State. We would, nevertheless, have joint audits. We would still be able to use the great bulk of those areas where our determinations are equal or equivalent.

Mr. BROYHILL. If you ultimately exercise jurisdiction over the Florida Power & Light Co. this means that you will be coming in and actually telling the company how much it can charge for power or how much its rate base is?

Mr. WHITE. If there were a challenge either on the initiative of a customer, on the State commission, or the FPC claiming that its wholesale rates were too high or that they were discriminatory and the FPC decided that this was a legitimate complaint that ought to be explored we could indeed find ourselves doing that just as we can for any other utility in this country that is subject to our jurisdiction.