

Public Service Commission whose primary concern is the price and service to the ultimate consumers in Florida and because transactions of the Tampa Electric Co. are local in character and come clearly within the statement of congressional policy contained in the present act that Federal regulation should "extend only to those matters which are not subject to the regulation by the States."

As you know, the Federal Power Commission has recently ruled that the Florida Power and Light Co. is a public utility under the Federal Power Act, primarily due to their interconnection with the Florida Power Corp. The Commissioners ruled that the company was jurisdictional on a very unusual and theoretical premise which has been referred to before.

This same type of reasoning would most likely be applied to the Tampa Electric Co. in a similar case since we are interconnected with Florida Power Corp.

The Commission's decision sets out a theoretical basis which would undoubtedly conclude that power from Tampa Electric Co. could flow to Georgia and that power from Georgia could flow to Tampa Electric.

However, repeated studies fail to show that any out-of-State power enters the Tampa Electric Co. service area or that any Tampa Electric Co. power leaves the State of Florida.

To illustrate another fallacy in this decision of the Federal Power Commission, consider this situation. Company A is connected to company B and both companies are wholly intrastate. Company B elects to interconnect across State lines with another utility. Company A, through no action of its own, would, under the recent *Florida Power & Light* decision, automatically fall under the jurisdiction of the Federal Power Commission merely because of the interconnection with company B.

Under the Federal Power Commission theories, this could involve not just the two parties, but could involve jurisdiction over an innocent bystander several systems removed from the State line purely because they were interconnected, and this was previously illustrated by the Texas situation.

Such actions by the Federal Power Commission clearly spell out the need for clarification of the Federal Power Act to prevent FPC jurisdiction where none is needed and where none was intended.

It should also be recognized that dual regulation is conflicting regulation. Federal regulatory agencies do not always agree with the State commissions. Federal regulation results in the adoption of standard practices and shortcuts that bypass the more complete knowledge and awareness, by the State commission, of local needs and conditions. Conflicts between regulatory agencies are bound to result. Such conflicts are not only unnecessary but may well be injurious to the utilities and their customers.

For instance, great confusion now exists in the area of accounting for the temporary tax savings which result from the use of accelerated depreciation.

The Federal Power Commission has in many cases ordered utilities to "flow through" these savings to the customer. This lowers present rates at the expense of future customers.

On the other hand, most of the States have adopted the so-called "normalization" approach which assumes, for rate purposes, the con-