

Mr. MACDONALD. Right.

Mr. BLACK. And therefore, their wholesale sales for resale come under the jurisdiction of the Federal Power Commission.

Mr. MACDONALD. Do you happen to know if the company in this case that appeared here in favor of this bill has wholesale sales?

Mr. BLACK. I don't believe I understood your question.

Mr. MACDONALD. It is simple. I distinguish between the names of the two companies. I guess the Florida Light——

Mr. BLACK. Florida Power and Florida Power & Light.

Mr. MACDONALD. Yes.

Mr. BLACK. Florida Power & Light is the one that appeared here?

Mr. MACDONALD. Right. Do they have any wholesale sales that you know of?

Mr. BLACK. I think they are right here and they can answer that question for you.

Mr. MACDONALD. I don't want to get them back on the stand and that is why I was going to ask you if you don't mind I will ask them.

Mr. BLACK. I say they do sell to electric cooperatives.

Mr. ROBERT H. FITE (president, Florida Power & Light Co.). Our company serves seven electric cooperatives wholesale and they resell electricity to their customers. We sell to no municipalities for resale.

Mr. MACDONALD. Wouldn't you come under the FPC under that theory?

Mr. FITE. If we were jurisdictional the FPC would have control, have jurisdiction, of those seven contracts, but we are not jurisdictional yet. We hope we won't be, and they do not now have control jurisdictionally over those sales. The State of Florida doesn't either, but the commission in Florida has asked the legislature to give them that permission and authority.

The State can do that. It is just up to the legislature. A bill was introduced in this last session of the Florida State Legislature. It was not enacted into law, but the commission asked that it be so enacted and they are in favor, so they say, of assuming this jurisdiction. They are certainly perfectly capable of regulating wholesale rates.

Mr. MACDONALD. Thank you very much. Mr. Broyhill.

Mr. BROYHILL. I just have one question, Mr. Chairman. I wouldn't like to go into a lot of detail, Mr. Black, but in your statement at the bottom of page 4 you say:

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.

My question is in two parts. Can you explain briefly what conflicts you are talking about? No. 2, what injury could result from such conflicts?

Mr. BLACK. The best illustration is the one on page 5 where there is the disagreement with regard to the accounting for the temporary tax savings, which result from use of accelerated depreciation. If we are allowed for tax purposes as the law permits to take accelerated depreciation for tax purposes, the difference between the book depreciation and the accelerated depreciation are funds that we retain until the tax eventually comes due and these funds are not included as part of our rate base and the customer gets the benefit of these tax-free funds until such time as we have to pay them out in taxes.