

These municipal electric systems serve over one million people, close to 25% of the Florida population.

Our Association opposes H.R. 5348 and similar bills to amend the Federal Power Act and reduce the Commission's authority over the relations between investor-owned and municipally-owned systems in Florida. The Association believes that it needs the protection and assistance of the Commission, and its large and expert staff, in order to assure fair wholesale dealings, large scale transmission developments, and promotion of regional pooling and coordination in which all sectors of the industry can participate: investor, municipal, and cooperatively-owned. The Florida Public Service Commission does not have the staff to handle these complex problems, and indeed no state commission's staff can be expected to do this. The interconnected systems are national, and the solutions must follow national patterns. It makes practical sense, to develop on the federal level one strong technical staff to specialize in wholesale problems nationwide, rather than to turn these problems over to the staffs of 50 different state authorities, no one of which can assign specialized talent to the job.

In Florida, many of the municipal utilities have received realistic benefits from FPC jurisdiction, and, if anything, they would like to see FPC jurisdiction and authority strengthened.

In March, 1966, as a result of a Commission Staff investigation, Florida Power Corporation's wholesale rates were reduced by approximately \$510,000 or 10.24% for sales to 12 municipal utilities: Alachua, Bartow, Bushnell, Chattahoochee, Fort Meade, Lake Helen, Leesburg, Mount Dora, Newberry, Ocala, Quincy, Wiliston. This rate change also cleaned up some undesirable features in the schedules which otherwise would produce future rate increases: an over-compensating fuel adjustment clause, a monthly price adjustment tied to the rapidly rising construction industry price index, and a tax adjustment clause. By contrast, the Florida Commission allows the Company to retain a price adjustment clause in its retail rates.

Ten of these municipalities were not satisfied that the reductions were sufficient, and have a pending complaint seeking a further approximately \$530,000 reduction which would put them on a parity with the rates charged by Florida Power to the REA Cooperatives. They are also seeking relief from the artificial contract restrictions on interconnections and resales among the municipals and also with the REA Co-ops.

There is also serious concern because Florida Power Corporation is trying to buy up some of these systems, at the same time it is charging them rates substantially higher than it charges to REA Co-ops that are competing with the same cities.

FPC has the staff to do this job. The Florida Public Service Commission's staff is limited. Thus, for example, in its recent statewide *retail* rate investigations, the staff introduced no evidence, leaving that to intervenors like Pinellas County and the City of Miami, and then, the Commission hired an outside firm of auditors, operating behind closed doors, to review the testimony and make recommendations to the Commission. In other words, it does not even have sufficient staff to review a record and make recommendations.

It is important to note that the Florida Public Service Commission does not have jurisdiction over wholesale sales from private companies to municipalities even in *intrastate* commerce, and without FPC jurisdiction for such sales in *interstate* commerce, municipalities would be left without a regulatory forum. Moreover, our members are seriously concerned by the possibility of having the regulatory responsibility for protecting their interests placed under the Florida Commission whose regulatory philosophy, as stated during the hearings last year on S. 218, before the Senate Commerce Committee, by the Commission Chairman, Edwin L. Mason is, as follows:

" * * * the best regulation is little or no regulation."

In 1966, the City of Clewiston took action before FPC seeking a direct connection with Florida Power & Light Company in order to eliminate the high cost of purchasing wholesale power through two "middlemen." Again, the FPC staff took an active part, made a thorough field investigation, and was prepared to go to hearing. As a result, it became possible to settle this matter whereby existing supply arrangements were modified, and Clewiston received a rate reduction of some \$14,000 a year, an approximately 40% reduction in power supply costs. Absent FPC jurisdiction, and expert staff field work, Clewiston could not have obtained this relief.