

SUPPLEMENTAL
AFFIDAVIT

OF

ROBERT E. BATHEN

RETURN TO REGULATORY CENTRAL FILES
ROOM 016

RE:

FLORIDA POWER & LIGHT COMPANY
NUCLEAR UNITS

NRC DOCKET NOS. 50-335A, 50-389A, 50-250A, and 50-251A.

BEFORE THE
NUCLEAR REGULATORY COMMISSION
of the
UNITED STATES

August 4, 1976

SUPPLEMENTAL
AFFIDAVIT
OF
ROBERT E. BATHEN

My name is Robert E. Bathen and my address is 1851 South Chickasaw Trail, Orlando, Florida. This affidavit is a supplement to my affidavit of April 14, 1976, in NRC Dockets No. P-636-A and No. 50-389-A, which affidavit and attached exhibits are incorporated and made a part hereof by reference.

The purpose of this supplemental affidavit is to set forth how, to my knowledge and belief, Florida Power & Light Company (FP&L) has exercised its dominance in the wholesale bulk power supply market in Florida, including its existing sole dominance of operating nuclear generating units, to engage in a long history of anti-competitive activities, continuing and accelerating to the present time. The accumulated effect of those anti-competitive activities presently places all municipal and cooperative electric systems in Florida in an unfavorable competitive situation and places certain municipal systems in the imminent position of deciding whether to sell their electric systems to FP&L. In fact, the citizens of Vero Beach are being asked to decide in an election scheduled for September 7, 1976, to provide for a change in the City Charter that would permit sale of the system to FP&L. Discussions regarding the possible purchase of the Fort Pierce electric system by FP&L have taken place between representatives of the City and FP&L. A newspaper reports that a spokesman for FP&L produced a "hasty estimate" that "there are about half a dozen community or cooperative electric utilities in our area

which might benefit by selling their plants to us." (See Doc. 1 attached to affidavit of Robert A. Jablon in Docket No. P-636-A.) The citizens of New Smyrna Beach, faced for years with refusals of FP&L to deal in matters affecting interconnection and interchange arrangements, wholesale rates under reasonable terms and conditions, absence of transmission service from FP&L and lack of access to nuclear generation and repeated offers to purchase or lease the system as alternatives to granting cooperation, turned down FP&L's offer to purchase the system at a very low price in a special election held in January, 1975. There is a long, repeated history of attempts by FP&L to purchase municipal systems in Florida. (See Exhibit L.)

The Justice Department, in its advice letter concerning Florida Power & Light Company (St. Lucie Plant, Unit No. 2), NRC Docket No. 50-389-A, dated 14 November 1973, stated (pp. 2-3):

"There is substantial and vigorous actual and potential competition among electric utilities in Florida in both bulk power supply and retail distribution markets. Florida law does not require electric utilities to restrict their service areas. The Florida Public Service Commission has approved certain voluntary territorial agreements between Applicant and neighboring systems. 2/

"Even where these territorial agreements exist, neighboring smaller systems do compete with Applicant at retail. They still compete to attract new loads who can choose to locate either in their service areas or in Applicant's. They still compete to extend service in developing areas on the fringes of their systems. Finally, they compete to stay in business; if their costs and retail rates become too high, their customers may force them to sell out to the Applicant.

"2/ Some territorial agreements involving the Applicant apparently have taken form of oral understandings and have never been submitted to the Commission."

To my knowledge and belief, the ability of municipal and cooperative electric systems to compete with FP&L has been seriously inhibited or precluded over a long historical period through the present time by virtue of FP&L's dominance in the wholesale bulk power supply market in Florida, and the following factors:

- (1) FP&L is the only utility in Florida whose customers are presently receiving the benefits of low cost nuclear energy. That energy is being produced predominantly by the Company's Turkey Point 3 and 4 units which have been in service since November, 1972, and June, 1973, respectively, and to a lesser extent from the Company's St. Lucie No. 1 unit which is now commencing generation of power. These units were licensed under Section 104(b) of Atomic Energy Act as "research and development" units under operating licenses granted July 1972, April 1973 and March 1976 respectively. Consequently no antitrust review was conducted in connection with the issuance of construction permits or operating licenses for these units and no municipal or cooperative system was ever offered the opportunity to participate through joint ownership or direct purchase in the output of these units. The retention of the sole benefits of the output of these units constitutes such a difference in the costs to FP&L and corresponding rates to its customers

as to seriously inhibit, if not in fact preclude, meaningful competition with other utilities in the retail market of peninsular Florida. (See April 14, 1976 affidavit regarding cost differentials between nuclear and fossil fueled plants and attached Exhibit K showing residential bill comparisons for the months of April, May and June, 1976 prepared by FMUA.)

- (2) FP&L has refused to grant access by municipal systems to its planned South Dade nuclear units and although it had agreed with the Justice Department to grant access to its St. Lucie No. 2 unit, which is under construction, to cooperatives and two municipal systems, Homestead and New Smyrna Beach, its offer for access to those systems has been unreasonably low and insignificant. Therefore, irrespective of the outcome of Cities' petitions to intervene and gain access to the South Dade units, which were scheduled for 1983 and 1985 at the time Cities' petitioned to intervene and now reportedly may be delayed by the Company, Cities face the prospect of no low-cost nuclear energy to serve their customers, or insignificant amounts, for the present and for at least six years or more in the future.^{1/} As St. Lucie No. 1 reaches full commercial operating levels, the existing cost and rate disparities will become even more pronounced.

^{1/} The only exception being the small amount of nuclear generation to be shared by certain municipal and cooperative systems from a combined 10% ownership share of Florida Power Corporation's Crystal River No. 3 nuclear unit. (See original affidavit.)

- (3) Access by Cities to nuclear energy from these units, Turkey Point Nos. 3 and 4, St. Lucie 1, and other large, efficient generation of FP&L through purchase from the Company under wholesale for resale rates has either been refused or discouraged by FP&L, directly or through attempts to impose territorial limitations, and, presently, to the limited extent the Company currently makes such sales (to cooperatives, the Utilities Commission of the City of New Smyrna Beach, and the City of Homestead) the rate for such sales, at least since April 1, 1976, is so high relative to the Company's retail rates as to constitute a "price squeeze" and thus inhibit competition. (See documents included in Exhibit L and those attached to Cities' petition to intervene and request for hearing in Dockets No. 50-335-A, 50-389-A, 50-250-A, and 50-251-A regarding refusals or reluctance to sell under wholesale for resale tariffs and territorial limitations. Further, FP&L has caused price squeezes in the past. See Exhibit M and later discussion in this affidavit regarding price squeeze.)
- (4) FP&L is exercising its current complete monopoly of nuclear energy and its access to low-cost firm gas supply in making offers to purchase municipal systems which, because of their size and limited power supply alternatives, have installed smaller, less efficient fossil fueled plants over the years in order to

meet load, and since the O. P. E. C. oil embargo in October, 1973, have been faced with rapidly increased oil costs and gas supplies diminished to virtually nothing. The planning for large, efficient generating plants, particularly nuclear plants, requires long lead times and access to coordination. Throughout the lead time during which municipals might have brought on line large generating units, including nuclear units, to serve present load, FP&L has actively opposed coordinated planning and operation with municipal systems and others in a state-wide integrated pool; has opposed legislation that would permit joint municipal action, including joint financing; has refused up to the present date to grant access to its transmission system on a general commitment basis under a filed tariff or even on a case-by-case basis under reasonable terms and conditions. Cities have therefore been effectively blocked from developing competitive bulk power supply resources, and those in FP&L's service area now stand virtually defenseless against efforts by the Company to acquire their systems absent the relief requested in Cities' petition in Dockets P-636-A and 50-389-A and the relief requested in Cities' petition in Dockets 50-335-A, 50-389-A, 50-250-A, and 50-251-A. Municipal systems outside FP&L's system service area, although not subjected to efforts by the Company to directly purchase their systems, are nonetheless

subjected to the same citizen pressure to achieve lower costs and rates or to sell their systems. (See documents attached to original affidavit dated April 14, 1976, the discussion of alternatives on pp. 33-34 of the original affidavit, and the documents in Exhibit L.)

FP&L did not seek commercial licenses for Turkey Point 3 and 4 and St. Lucie 1 which would have required antitrust review before licensing, including an evaluation of the anti-competitive effects of FP&L not granting reasonable access and coordination. When systems did request access and coordination, as did New Smyrna Beach, Homestead and the cooperatives in St. Lucie 2, relying on negotiations between FP&L and the Department of Justice which began in late 1973, in spite of those negotiations and direct negotiations with FP&L, these systems have still not been able to secure such reasonable access and coordination. (See correspondence, Exhibit N, between representatives of the Utilities Commission, FP&L, and the Department of Justice through the Company's rejection dated November 20, 1974, of the Utilities Commission's proposal dated November 13, 1974. Thereafter negotiations took place over many months in which the parties were unable to reach agreement as to a reasonable participation share or as to transmission service, and that is the status to date. In fact, no reply has been received to date to my letter of April 21, 1976, to Mr. Ken Daniels regarding transmission service.)

The Price Squeeze

As previously noted, where FP&L is selling power to municipals and cooperatives at wholesale for resale rates on file with the Federal Power Commission, the wholesale rate and its terms and conditions are so unreasonably high and discriminatory as to make the resale for retail loads noncompetitive. For certain retail loads, it is impossible to compete with FP&L's retail rates, thus illustrating a classical "price squeeze." As compared to the complexities of analyzing all of the costs associated with service to small residential customers, where such costs as customer accounting and collecting and distribution costs are a smaller portion of the cost to serve, the price squeeze may clearly be evaluated by analyzing the ability to compete for large commercial and industrial loads where such distribution costs are a smaller portion of the cost to serve. Under the wholesale rates which have been in effect since April 1, 1976, there exists such a pervasive price squeeze that it is impossible to maintain retail rates of municipals competitive with those of FP&L under its GS-D rate (General Service - Demand), which is the rate applicable to most of its large commercial and industrial loads. Exhibit M includes the currently effective wholesale for resale rate SR-1 and the currently effective retail rate GS-D and accompanying fuel adjustment clauses. Also included in Exhibit M are two tables of eight pages each illustrating the price squeeze.

Table 1, Exhibit M, shows the monthly retail revenues that would be received under rate GS-D from 5,000 kW and 10,000 kW customers

under different load factors of 200, 400 and 600 hours use of demand (27% 55% and 82% monthly load factor). The lower load factors are those used by the Federal Power Commission in comparing bills between utilities to large customers and the highest load factor represents the high end of such customer load factor range (100% being maximum). Table 2 shows the same information for monthly loads of 100 kW and 500 kW. In addition to a range of load factors, these tables also show the revenues that would be received under the GS-D rate and following conditions:

- (a) GS-D Winter Rates and Summer Rates,
- (b) 100% and 95% coincidence of retail customers' monthly peak with municipal system's peak,
- (c) Outside a city where FP&L does not pay cities or collect from customers a franchise fee and inside a city where FP&L does pay a fee to a franchisor which is passed on to the customers, I have used 5% as the franchise tax adder to retail rates for calculating these tables where applicable.

The retail and wholesale fuel adjustment revenues shown on the tables in Exhibit M are the average charges to FP&L customers for the months of April, May and June, 1976. The totals on each page at line 8 are the revenues from the output, being retail sales.

The cost of the input to a municipal system to purchase the power and energy to supply the retail load is shown on lines 9-13. Not

included in this analysis, for simplicity, is the cost of purchasing demand and energy losses on the municipal system, which costs would increase the cost of input by as little as 1.5% to upward of 10% depending on the delivery voltage of the municipal system, the location of the retail customer on that system, and system characteristics.

Excluding the cost of losses the total cost of the input is shown on line 13 and the difference between that cost of the input and revenues from output is shown on line 14. At this point there have been included none of the cities' billing and accounting costs, meter costs, transformer costs, distribution line costs, administrative and general costs, depreciation, return on investment or payment for principal and interest on its system that might run from a low of 1.0 mills/kWh to the order of 5.0 mills/kWh. Nonetheless it can be seen from line 14, Table 1, pages 1 through 6, that a municipal customer would not even recover the cost to purchase its wholesale supply from FP&L to serve large customers except under the most favorable set of conditions, namely, extremely high load factor of 600 hours use; at summer rates only. Even in those instances which show positive margins of .93 mills/kWh for a 5,000 kW customer at 600 hours use and .81 mills/kWh for a 10,000 kW customer at 600 hours use inside the city at 100% coincidence (Table 1, page 7), and 1.24 mills/kWh for 5,000 kW and 1.13 mills/kWh for 10,000 kW at 95% coincidence (Table 1, page 8), these margins are not sufficient to recover losses and distribution costs.

Even to serve the smaller 500 kW to 1,000 kW retail loads, competition is not possible due to negative margins at the municipal delivery point except in the two most favorable conditions, namely, summer rates and inside the city where a franchise fee would be passed on, and even in those instances it appears that the small positive margins would not be adequate to cover distribution costs and losses.

There is no question therefore that a serious price squeeze exists that precludes competition. The Company, in its response to cooperatives' petition to intervene, stated in a footnote on page 13 as follows:

"22/ The Cooperatives complain that Applicant's wholesale rates are currently higher than its retail rates to general service customers. However, the Cooperatives are aware both that the wholesale rates now in effect have yet to be approved by the FPC, and thus are subject to refund, and that Applicant plans before the end of the summer to request higher retail rates. It is not, and cannot be, contended that Applicant has pursued any consistent policy of maintaining wholesale rates which are higher than its retail rates."

The New Smyrna Beach Utilities System has contended in the past that the Company had effectuated a price squeeze through its rates filed in FPC Docket E-8008 which went into effect in September, 1973, and which the Administrative Law Judge found "...have not been shown to be just and reasonable; and they are, therefore, found to be excessive or otherwise unlawful." However, almost three years later, the Federal Power Commission has not yet ruled on this case; therefore no refunds have been made, if any are to be made, and the rates complained of remained in effect until

April 1, 1976, when new, higher rates under the SR-1 rate went into effect subject to hearing and possible eventual refunds. This filing has been assigned FPC Docket No. ER76-211, and the New Smyrna Beach Utilities Commission has intervened and objected to this increase, in particular to the level of the increase and the ratchet provisions. The old rate and the new rate and the estimated cost to the Utilities Commission for a 12-month period are compared as follows:

	<u>Old Rate (SR)</u>	<u>New Rate (SR-1)</u>	<u>Increase</u>	
			<u>Rate</u>	<u>%</u>
Demand Charge	\$2.65/kW	\$3.73/kW	\$1.13/kW	42.5%
Energy Charge:				
Base Charge	7.50 mills/kWh	19.00 mills/kWh		
Fuel Adjustment*	<u>3.25 mills/kWh</u>	<u>(1.39)mills/kWh</u>		
Total Charge	15.75 mills/kWh	17.61 mills/kWh	1.86 mills/kWh	11.8%
Total Costs - 12 Months Ended Dec. 1976	\$1,491,731	\$1,873,671	\$386,940	25.95%
Demand Costs	\$ 484,028	\$ 751,932	\$267,904	55.3%
Energy Costs	\$1,007,703	\$1,125,739	\$119,036	11.8%

*Estimated Average - 12 months ended December, 1976.

As shown above, the total annual demand costs are some \$267,904 or \$22,325 per month higher than under the old rate. This 55.3% increase is due to the 42.5% increase in the rate and an 8.9% increase in billing demand resulting from the ratchet provision going from 60% to 75%. Further, the ratchet provision in the filed rate for partial requirements that will apply when power is taken over the parallel tie when it is completed is 100% of the highest demand in the previous eleven months.

As stated above, FP&L noted in its response to cooperatives' petition to intervene in South Date that "...the cooperatives are aware..."

that the Applicant plans before the end of the summer to request higher retail rates." Cities were not aware of such plans of FP&L prior to reading the Company's response to cooperatives' petition. Neither, to my knowledge or belief, are the citizens of Florida aware of such plans. Certainly the consultants, Ernst & Ernst, employed by the City of Vero Beach to analyze FP&L's proposal to purchase the system, were not made aware of such plans since their whole analysis was based on comparing existing Vero Beach rates to past and existing rates of FP&L. Of course, until the Company files new higher retail rates and such rates are actually placed into effect, Cities will not be able to evaluate to what extent such new rates would diminish the present price squeeze, nor will the citizens of Vero Beach know what the true difference in costs to them under FP&L or city ownership actually will be. (In that regard, the citizens of Vero Beach are entitled to know what the cost of service and resulting rates to them might be reduced if the City were free to pursue the alternatives outlined on page 34 of my original affidavit.)

One aspect of FP&L's filed SR-1 rate contains both the elements of price squeeze and further anti-competitive activity by the Company. That is the provision of the rate under "Demand" (First revised Sheet No. 5) which states:

"Where the Company supplies partial requirements of a customer at a point of delivery, the billing demand shall be the highest metered demand during the preceding eleven months adjusted to reflect service delivered under other appropriate rate schedules."

This is a 100% ratchet as compared to the 75% ratchet on demand for all-requirements service. The Company has submitted no cost justification

for this higher ratchet on partial requirements service, nor can one be made. It is designed to discourage and penalize parallel operation with the Company whereby a city can make most effective and efficient utilization of its power supply resources including partial requirements purchased from the Company. If the Company's cost of service can be recovered under the filed rate and a 75% ratchet for all-requirements service, its costs would be recovered or over-recovered under the same rate and a 75% ratchet for partial requirements service.

Robert E. Bathen

Robert E. Bathen

STATE OF FLORIDA)
)
COUNTY OF ORANGE)

On this the fourth day of August, 1976, before me, Thaddeus Szymankiewicz, the undersigned officer, personally appeared Robert E. Bathen, known to me to be the person whose name is subscribed to the above instrument and acknowledged that he executed the same for the purpose therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

J. Thaddeus Szymankiewicz

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES OCT. 26, 1977
BONDED THRU GENERAL INSURANCE UNDERWRITERS

LIST OF EXHIBITS

- EXHIBIT K - FMUA Comparison of Residential Electric Rates
April, May and June, 1976
- EXHIBIT L - Deposition Documents - Case No. 68-305 Civ J.,
In the United States District Court In and For The
Middle District of Florida, Jacksonville Division
- EXHIBIT M - Table 1 - Price Squeeze (Examples Showing Inability
of Municipalities to Sell Power for Industrial or
Commercial Loads of 5,000 KW to 10,000 KW at
Company's Present GS-D Retail Rates)
- Table 2 - Price Squeeze (Examples Showing Inability
of Municipalities to Sell Power for Industrial or
Commercial Loads of 500 KW to 1,000 KW at
Company's Present GS-D Retail Rates)
- Wholesale for Resale Rate Schedule SR-1 and
Retail Rate Schedule GS-D
- EXHIBIT N - Correspondence re St. Lucie 2 - Access, Coordination
and Transmission Service, November 14, 1973 -
April 1, 1976

June, 1976

G - Generate

COMPARISON OF RESIDENTIAL ELECTRIC RATES compiled by FLORIDA MUNICIPAL UTILITIES ASSOCIATION - Lakeland, Florida

CITY	G	500 KWH			1,000 KWH			2,000 KWH			3,000 KWH			OTHER CHARGES
		RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	
ALACHUA		\$ 23.86	\$ cr. .90	\$ 22.96	\$ 42.71	\$ cr. 1.80	\$ 40.91	\$ 80.41	\$ cr. 3.60	\$ 76.81	\$113.11	\$ cr. 5.40	\$107.71	10% U.T.
BARTON		14.82	7.14	21.96	26.19	14.28	40.47	48.96	28.56	77.52	71.59	42.84	114.53	10% U.T.
BLOOMSTOWN		24.57	----	24.57	40.95	-----	40.95	72.85	-----	72.85	104.75	-----	104.75	5% U.T.
BUSHNELL		13.70	9.69	23.35	22.95	19.30	42.25	41.45	38.60	80.05	59.95	57.90	117.85	10% U.T.
CHATTANOOCHEE		12.00	2.46	14.46	19.50	4.92	24.42	32.00	9.84	41.84	44.50	14.96	59.46	None
CLERMONT		16.10	5.00	21.10	28.10	10.00	38.10	50.60	20.00	70.60	73.10	30.00	103.10	None
FORT KEADE		22.57	cr. .90	21.67	41.07	cr. 1.80	39.27	78.07	cr. 3.60	74.47	115.07	cr. 5.40	109.67	10% U.T.
FORT PIERCE	G	13.44	9.13	22.57	22.94	18.27	41.21	41.94	36.54	78.48	60.94	54.81	115.75	10% U.T.
GAINESVILLE	G	15.70	8.98	24.68	28.20	17.85	46.05	54.20	35.70	89.90	80.20	53.55	133.75	10% U.T.
GREEN COVE SPRINGS		24.40	----	24.40	44.40	---	44.40	80.90	-----	80.90	115.90	-----	115.90	10% U.T.
HAVANA		26.82	-----	26.82	47.82	-----	47.82	89.82	-----	89.82	131.82	-----	131.82	None
HOHESTEAD	G	15.17	9.50	24.67	27.17	19.00	46.17	51.17	38.00	89.17	75.17	57.00	132.17	None
JACKSONVILLE	G	11.25	9.50	20.75	18.38	19.00	37.38	30.13	38.00	68.13	41.13	57.00	98.13	10% U.T.
JACKSONVILLE BEACH		14.55	10.50	25.05	22.05	21.00	43.05	36.30	42.00	78.30	49.80	63.00	112.80	None
KEY WEST	G	14.44	8.15	22.59	24.44	16.30	40.74	43.44	32.60	76.04	60.44	48.90	109.34	None
KISSIMEE	G	21.42	4.94	26.36	36.47	9.87	46.34	63.27	11.74	75.01	90.07	21.61	111.68	8% U.T.
LAKE HELEN		14.21	-----	14.21	35.71	-----	35.71	78.71	-----	78.71	121.71	---	121.71	None
LAKELAND	G	13.25	8.70	21.95	24.25	17.40	41.65	46.25	34.80	81.05	68.25	52.20	120.45	10% U.T.
LAKE WORTH	G	12.76	6.70	19.46	21.76	13.40	35.16	35.76	26.00	62.56	57.76	39.20	96.96	10% U.T.
LEESBURG		24.16	cr. .65	23.51	44.41	cr. 1.30	43.11	84.91	cr. 2.60	82.31	125.41	cr. 3.90	121.51	None
MOORE HAVEN		18.99	7.58	26.57	32.64	15.16	47.80	59.94	30.32	90.26	87.24	45.48	132.72	10% U.T.
MOUNT DORA		21.19	1.07	22.26	48.54	2.14	50.68	91.24	4.28	95.52	133.94	6.42	140.36	None
NEHBERRY		22.50	cr. .90	21.60	41.75	cr. 1.80	39.95	78.75	cr. 3.60	75.15	115.75	cr. 5.40	110.35	10% U.T.
NEW SHYRRA BEACH	G	19.91	2.60	22.51	34.16	5.20	39.36	55.01	10.40	65.41	91.16	15.69	106.76	None
OCALA		23.30	cr. .90	22.40	41.25	cr. 1.80	39.45	77.15	cr. 3.60	73.55	113.95	cr. 5.40	108.55	None
ORLANDO	G	13.54	6.76	20.30	22.49	13.51	36.00	40.39	27.02	67.41	58.29	40.58	98.82	10% U.T.
QUINCY		17.06	-----	17.06	29.56	-----	29.56	54.56	-----	54.56	79.56	-----	79.56	10% U.T.
SAINT CLOUD	G	14.90	6.00	20.90	24.65	12.00	36.65	43.15	24.00	67.15	61.65	36.00	97.65	10% U.T.
SEBRING	G	14.92	5.55	20.47	24.92	11.09	36.01	43.92	22.18	66.10	62.92	33.27	96.19	5% U.T.
STARKE	G	15.50	6.98	22.48	26.78	12.04	38.82	54.25	22.16	76.41	81.73	32.29	114.02	10% U.T.
TALLAHASSEE	G	17.40	3.50	20.90	30.35	7.00	37.35	56.25	14.00	70.25	82.15	21.00	103.15	11% U.T.
VERO BEACH	G	15.93	9.17	25.10	26.65	18.34	44.99	48.00	36.68	84.76	69.52	55.02	124.54	10% U.T.
WAUCHULA	G	16.23	8.79	25.02	28.73	17.57	46.30	53.73	35.14	88.87	78.73	52.71	131.44	10% U.T.
WILLISTON		18.12	7.10	25.28	30.62	14.32	44.94	55.62	28.64	84.26	80.62	42.96	123.58	None
FLORIDA POWER CORP.	G	22.58	cr. 1.14	21.44	41.91	cr. 2.28	39.63	79.08	cr. 4.56	74.52	116.25	cr. 6.84	109.41	Add City
FLORIDA POWER & LIGHT CO.	G	18.35	cr. .21	18.14	33.29	cr. .47	32.82	61.96	cr. .84	61.12	90.63	cr. 1.26	89.37	Franchise
GULF POWER CORP.	G	19.25	cr. .41	18.82	34.05	cr. .86	33.99	64.15	cr. 1.72	62.43	93.45	cr. 2.58	90.87	Fee &
TAMPA ELECTRIC CO.	G	20.65	2.14	22.80	36.99	4.29	41.28	60.36	8.58	76.94	99.73	12.87	112.60	Utility Tax

May, 1976

G - Generate

COMPARISON OF RESIDENTIAL ELECTRIC RATES compiled by FLORIDA MUNICIPAL UTILITIES ASSOCIATION - Lakeland, Florida

CITY	G	500 kWh			1,000 kWh			2,000 kWh			3,000 kWh			OTHER CHARGES
		RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	
ALACHUA		\$ 23.86	\$cr. .86	\$ 23.00	\$ 42.71	\$cr. 1.71	\$ 41.00	\$ 80.41	\$cr. 3.42	\$ 76.99	\$113.11	\$cr. 5.13	\$107.98	10% U.T.
BARTON		14.82	7.11	21.93	26.19	14.22	40.41	48.96	28.44	77.40	71.69	42.66	114.35	10% U.T.
BLOUNTSTOWN		24.57	-----	24.57	40.95	-----	40.95	72.85	-----	72.85	104.75	-----	104.75	5% U.T.
BUSHNELL		13.70	9.20	22.90	22.95	18.40	41.35	41.45	36.80	78.25	59.95	55.20	115.15	10% U.T.
CHATTahooCHEE		12.00	2.39	14.39	19.50	4.78	24.28	32.00	9.56	41.56	44.50	14.34	58.81	None
CLEWISTON		16.10	3.45	19.55	28.10	6.90	35.00	50.60	13.80	64.40	73.10	20.70	93.80	None
FORT HEADE		22.57	cr. .86	21.71	41.07	cr. 1.71	39.36	78.07	cr. 3.42	74.65	115.07	cr. 5.13	109.94	10% U.T.
FORT PIERCE	G	13.44	9.40	22.84	22.94	18.80	41.74	41.94	37.60	79.54	60.94	56.40	117.34	10% U.T.
GAINESVILLE	G	15.70	8.85	24.55	28.20	17.69	45.89	54.20	35.38	89.58	80.20	53.07	133.27	10% U.T.
GREEN COVE SPRINGS		24.40	cr. .50	23.90	44.40	cr. 1.00	43.40	80.90	cr. 2.00	78.90	115.90	cr. 3.00	112.90	10% U.T.
HAVANA		26.82	-----	26.82	47.82	-----	47.82	89.82	-----	89.82	131.82	-----	131.82	None
HOMESTEAD	G	15.17	9.50	24.67	27.17	19.00	46.17	51.17	38.00	89.17	75.17	57.00	132.17	None
JACKSONVILLE	G	11.25	10.00	21.25	18.38	20.00	38.38	30.13	40.00	70.13	41.13	60.00	101.13	10% U.T.
JACKSONVILLE BEACH		14.55	11.00	25.55	22.05	22.00	44.05	36.30	44.00	80.30	49.80	66.00	115.80	None
KEY WEST	G	13.29	7.75	21.04	22.54	15.50	38.04	40.14	31.00	71.14	54.90	46.50	101.40	None
KISSIMEE	G	21.42	4.76	26.18	36.47	9.52	45.99	63.27	19.04	82.31	90.07	28.56	118.63	8% U.T.
LAKE HELEN		14.21	-----	14.21	35.71	-----	35.71	78.71	-----	78.71	121.71	-----	121.71	None
LAKELAND	G	13.25	8.97	22.22	24.25	17.93	42.18	46.25	35.86	82.11	68.25	53.79	122.04	10% U.T.
LAKE WORTH	G	12.76	6.70	19.46	21.76	13.40	35.16	35.76	26.80	62.56	57.76	39.20	96.96	10% U.T.
LEESBURG		24.16	cr. .78	23.38	44.41	cr. 1.36	43.05	84.91	cr. 2.72	82.19	125.41	cr. 4.08	121.33	None
MOORE HAVEN		18.99	8.20	27.19	32.64	16.40	49.04	59.94	32.80	92.74	87.24	49.20	136.44	10% U.T.
MOUNT DORA		27.19	cr. 1.02	26.17	48.54	cr. 2.04	46.50	91.24	cr. 4.08	87.16	133.94	cr. 6.12	127.82	None
NEEDBERRY		22.50	cr. .86	21.64	41.75	cr. 1.71	40.04	78.75	cr. 3.42	75.33	115.75	cr. 5.13	110.62	10% U.T.
NEW SMYRNA BEACH	G	19.91	2.95	22.86	34.16	5.90	40.06	55.01	11.80	66.81	91.16	17.70	108.86	None
OCALA		23.30	cr. .86	22.44	41.25	cr. 1.71	39.54	77.15	cr. 3.42	73.73	113.95	cr. 5.13	108.92	None
ORLANDO	G	13.54	7.31	20.85	22.49	14.61	37.10	40.39	29.22	69.61	58.29	43.83	102.12	10% U.T.
QUINCY		17.06	-----	17.06	29.56	-----	29.56	54.56	-----	54.56	79.56	-----	79.56	10% U.T.
SAINT CLOUD	G	14.90	6.00	20.90	24.65	12.00	36.65	43.15	24.00	67.15	61.65	36.00	97.65	10% U.T.
SEBRING	G	14.92	7.08	22.00	24.92	14.16	39.08	43.92	28.32	72.24	62.92	42.18	105.10	5% U.T.
STARKE	G	15.50	6.98	22.48	26.78	12.04	38.79	54.25	22.16	76.41	81.75	32.29	114.04	10% U.T.
TALLAHASSEE	G	17.40	3.55	20.95	30.35	7.10	37.45	56.25	14.20	70.45	82.15	21.30	103.45	11% U.T.
VERO BEACH	G	15.93	9.26	25.19	26.65	18.52	45.17	48.08	37.04	85.12	69.52	55.56	125.08	10% U.T.
WAUCHULA	G	16.23	8.83	25.06	28.73	17.66	46.39	53.73	35.32	89.05	78.73	52.98	131.71	10% U.T.
WILLISTON		18.12	7.21	25.33	30.62	14.42	45.04	55.62	28.84	84.46	80.62	43.26	123.88	None
FLORIDA POWER CORP.	G	22.58	cr. 1.06	21.52	41.91	cr. 2.11	39.80	79.08	cr. 4.22	74.86	116.25	cr. 6.33	109.92	Add City
FLORIDA POWER & LIGHT CO.	G	18.35	cr. .66	17.69	33.33	cr. 1.32	32.01	62.53	cr. 2.64	59.89	91.73	cr. 3.96	87.77	Franchise
GULF POWER CORP.	G	19.25	cr. .53	18.72	34.85	cr. 1.05	33.80	64.15	cr. 2.10	62.05	93.45	cr. 3.15	90.30	Fee &
TAMPA ELECTRIC CO.	G	20.65	2.30	22.95	36.80	4.60	41.40	67.40	9.20	76.60	98.00	13.80	111.80	Utility Tax

April, 1976

G - Generate

COMPARISON OF RESIDENTIAL ELECTRIC RATES compiled by FLORIDA MUNICIPAL UTILITIES ASSOCIATION - Lakeland, Florida

CITY	G	500 KWH			1,000 KWH			2,000 KWH			3,000 KWH			OTHER CHARGES
		RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	RES'DTL. BASE RATE	FUEL ADJ.	TOTAL	
ALACHUA		\$ 23.06	\$ cr. .88	\$ 22.98	\$ 42.71	\$ cr. 1.76	\$ 40.95	\$ 80.41	\$ cr. 3.52	\$ 76.89	\$113.11	\$ cr. 5.28	\$107.83	10% U.T.
BARTON		14.02	7.56	22.38	26.19	15.11	41.30	48.96	30.22	79.18	71.69	45.33	117.02	10% U.T.
BLOUNTSTOWN		24.57	-----	24.57	40.95	-----	40.95	72.85	-----	72.85	104.75	-----	104.75	5% U.T.
BUSHNELL		13.70	10.25	23.95	22.95	20.50	43.45	41.45	41.00	82.45	59.95	61.50	121.45	10% U.T.
CHATTahoochee		12.00	1.69	13.69	19.50	3.38	22.88	32.00	6.76	38.76	44.50	10.14	54.64	None
CLEWISTON		16.10	3.55	19.65	28.10	7.10	35.20	50.60	14.20	64.80	73.10	21.30	94.40	None
FORT MEADE		24.57	cr. .88	23.69	43.07	cr. 1.76	41.31	80.07	cr. 3.52	76.55	117.07	cr. 5.28	111.79	10% U.T.
FORT PIERCE	G	13.44	8.94	22.38	22.94	17.87	40.81	41.94	34.74	76.68	60.94	53.62	114.56	10% U.T.
GAINESVILLE	G	15.70	9.07	24.77	28.20	18.14	46.34	54.20	36.28	90.48	80.20	54.42	134.62	10% U.T.
GREEN COVE SPRINGS		24.40	-----	24.40	44.40	-----	44.40	80.90	-----	80.90	115.90	-----	115.90	10% U.T.
HAVANA		26.82	-----	26.82	47.82	-----	47.82	89.82	-----	89.82	131.82	-----	131.82	None
HOMESTEAD	G	15.17	9.50	24.67	27.17	19.00	46.17	51.17	38.00	89.17	75.17	57.00	132.23	None
JACKSONVILLE	G	11.25	10.00	21.25	18.38	20.00	38.38	30.13	40.00	70.13	41.13	60.00	101.13	10% U.T.
JACKSONVILLE BEACH		14.55	11.00	25.55	22.05	22.00	44.05	36.30	44.00	80.30	49.80	66.00	115.80	None
KEY WEST	G	13.29	7.85	21.14	22.54	15.70	38.24	40.14	31.40	71.54	54.90	47.10	102.00	None
KISSIMEE	G	21.42	5.07	26.49	36.47	10.13	46.60	63.27	20.26	83.53	90.07	39.39	120.46	8% U.T.
LAKE HELEN		14.21	-----	14.21	35.71	-----	35.71	78.71	-----	78.71	121.71	-----	121.71	None
LAKELAND	G	13.25	8.53	21.78	24.25	17.06	41.31	46.25	34.12	80.37	68.25	51.10	119.43	10% U.T.
LAKE WORTH	G	12.76	10.15	22.91	21.76	20.30	42.06	35.76	40.60	76.36	57.76	60.90	118.66	10% U.T.
LEESBURG		24.16	cr. 2.39	21.77	44.41	cr. 4.78	39.63	84.91	cr. 9.56	75.35	125.41	cr. 14.34	111.07	None
MOORE HAVEN		18.99	3.80	22.79	32.64	7.60	40.24	59.94	15.20	75.14	87.24	22.80	110.04	10% U.T.
MOUNT DORA		21.19	cr. 1.05	20.14	48.54	cr. 2.10	46.44	91.24	cr. 4.20	87.04	133.94	cr. 6.60	127.34	None
NEEDHAM		22.50	cr. .88	21.62	41.75	cr. 1.76	39.99	78.75	cr. 3.52	75.23	115.75	cr. 5.28	110.47	10% U.T.
OLIVIA BEACH	G	19.91	3.00	22.91	34.16	6.00	40.16	55.01	12.00	67.01	91.16	18.00	109.16	None
OCALA		23.30	cr. .88	22.42	41.25	cr. 1.76	39.49	77.15	cr. 3.52	73.63	113.05	cr. 5.28	107.77	None
ORLANDO	G	13.54	7.69	21.23	22.49	15.38	37.87	40.39	30.76	71.15	58.29	46.14	104.43	10% U.T.
QUINCY		17.06	-----	17.06	29.56	-----	29.56	54.56	-----	54.56	79.56	-----	79.56	10% U.T.
SAINT CLOUD	G	14.90	6.00	20.90	24.65	12.00	36.65	43.15	24.00	67.15	61.65	36.00	97.65	10% U.T.
SLORING	G	14.92	9.23	24.15	24.92	18.46	43.38	43.92	36.92	80.84	62.92	55.30	118.30	5% U.T.
STARKE	G	15.50	6.98	22.48	26.75	12.04	38.79	54.25	22.16	76.41	81.75	32.29	114.04	10% U.T.
TALLAHASSEE	G	17.40	5.05	22.45	30.35	10.10	40.45	56.25	20.20	76.45	82.15	30.30	112.45	11% U.T.
VERO BEACH	G	15.93	9.41	25.43	26.65	18.83	45.48	48.08	37.66	85.74	69.52	56.48	126.00	10% U.T.
WAUCHULA	G	16.23	-----	16.23	28.73	-----	28.73	53.73	-----	53.73	78.73	-----	78.73	10% U.T.
WILLISTON		18.12	7.19	25.31	30.62	14.37	44.99	55.62	28.74	84.36	80.62	43.11	123.73	None
FLORIDA POWER CORP.	G	22.58	cr. 1.05	21.53	41.91	cr. 2.10	38.71	79.08	cr. 4.20	74.88	116.25	cr. 6.30	109.95	Add City
FLORIDA POWER & LIGHT CO.	G	18.35	cr. .47	17.88	32.91	cr. .94	31.97	60.41	cr. 1.88	58.53	87.91	cr. 2.82	85.09	Franchise
GULF POWER CORP.	G	19.25	cr. .76	18.49	34.10	cr. 1.51	32.59	58.40	cr. 3.02	55.38	82.70	cr. 4.53	78.17	Fee &
TAMPA ELECTRIC CO.	G	20.65	1.93	22.58	36.80	3.80	40.66	67.40	7.72	75.12	98.00	11.58	109.58	Utility Tax

1 UNITED STATES DISTRICT COURT
2 FOR THE MIDDLE DISTRICT OF FLORIDA
3 JACKSONVILLE DIVISION

4 GAINESVILLE UTILITIES DEPARTMENT
5 and CITY OF GAINESVILLE, FLORIDA,

6 Plaintiffs,

7 vs.

No. 68-305-Civ.-J

8 FLORIDA POWER CORPORATION and
9 FLORIDA POWER AND LIGHT COMPANY,

10 Defendants.
11

12
13
14
15 DEPOSITION OF:

RICHARD C. FULLERTON

16 TAKEN:

Pursuant to notice by
counsel for the Plaintiffs

17
18 DATE:

September 26, 1972

19 PLACE:

Florida Power and Light Company

Miami, Florida

20
21 TIME:

9:05 o'clock a.m.

22 BEFORE:

Judy S. Elchar

Notary Public

State of Florida at Large
23
24
25

1 kinds, and I don't know whether we had to schedule them
2 firm or not. We wouldn't be able to deliver them any.

3 Q And the territorial agreement is a part and
4 parcel of this; is that correct?

5 A I think it is. I think those contracts are
6 filed in as one piece, although I can't positively say.
7 They are in the same file, I can tell you that.

8 Q I have an unsigned, undated draft where that
9 is true but I have no signed agreement.

10 MR. SMITH: What is that unsigned,
11 undated draft of?

12 MR. LIBBY: The Vero Beach agreement
13 to which we were just referring.

14 BY MR. LIBBY:

15 Q Mr. Fullerton, I apologize for handing you
16 a bad Xerox copy here but that is a copy of the agreement
17 with Glades Electric and the rate schedule.

18 A This purports to be an agreement. I can't
19 read it. I signed it. Some modification and limitation
20 of monthly rate apparently. It says in the next to the
21 final paragraph, it says when this matter becomes effect-
22 ive it will cancel the modification of "limitations of
23 service" and monthly section of the rate-now contained
24 in our letter of June 20th, 1972.

25 Q Yes.

1 A It is just some letter of understanding
2 changing some agreements that we have with them.
3 Substituting something here on RC.

4 Q Well, the last paragraph of that first page,
5 sir, states that the company is not going to impose a
6 condition on the preferred rate schedule which is that
7 the Glades shall not sell for resale or distribution to
8 any municipality or unincorporated township and in
9 consideration of that, I believe, the city received the
10 sum of \$900 some odd dollars per month. Does that
11 comport with your understanding?

12 A I know that we have a special situation there
13 on that. The details of the special situation have been
14 known to me from time to time but at this particular
15 conjuncture I would not remember.

16 Q It is a pre-existing custom? What was the
17 purpose of no wholesale for resale to let's call them
18 towns restriction?

19 A What was the purpose of that rule?

20 Q Yes, sir.

21 A Policy.

22 MR. MATHEWS: In contrast with REA's
23 you are talking about?

24 MR. LIBBY: Yes. You sell power to
25 REA's for resale but where that power may

1 be used for wholesale to a municipality
2 you don't sell it, and I am trying to --
3 I don't really fully understand the
4 difference, the reasoning behind that.

5 BY MR. LIBBY:

6 Q Would you explain that, please?

7 A Well, if you ever get it straightened out
8 tell me about it.

9 Well, there is no need to lie about it.
10 The truth is I don't know.

11 Q You don't know? Would you know where the
12 policy originated?.

13 A I presume when we first started doing
14 business with REA's.

15 Q Which was sometime in the earlier years of
16 the 60's?

17 A And we were not ourselves wholesaling to
18 municipalities, so why should we sell to somebody else
19 and let him wholesale it. I mean that is as good as a
20 reason as I can think of if you want me to think one up.

21 Q Now what was the reason you were not whole-
22 saling to municipalities?

23 A Well, I will tell you nobody ever told me
24 but I got sense enough to figure it out and so have you.

25 Q Well, would you just explain it in case I

1 don't?

2 A Have you ever looked ahead if you owned the
3 business? If you had the private enterprise company
4 where you are going to go, and you are going to end up
5 with a generation-transmission system that is all you
6 are going to have because these boys are going to take
7 it all away from you and in a tax-free operation you get
8 along fine.

9 Q Your reference to having it taken away from
10 you, would you elaborate on that, sir?

11 A They take your customers away from you.

12 Q If you are wholesaling to a municipality and
13 the municipality is serving its residence, you are
14 worried about the municipality extending its lines
15 beyond its city limits and taking away your customers?

16 A That is a conceivable condition.

17 Q Is it as profitable to sell wholesale to a
18 municipality as it is to sell retail to the individual
19 resident of that municipality?

20 A I don't know. I never had any experience
21 wholesaling to a municipality.

22 Q Has a study ever been done about the relative
23 merits or demerits of wholesale for municipalities as

24 opposed to REA's?

25 A I don't know.

FLORIDA POWER & LIGHT COMPANY

West Palm Beach, Florida
May 5, 1965

City Commissioners
City of Fort Pierce
Fort Pierce, Florida

Dear Commissioners:

This refers to our recent discussion in connection with your power problems and the manner in which these problems might be solved. We feel confident that our Company can adequately serve the present and future requirements of the City of Fort Pierce with the type of service which would definitely promote the growth of your City, and towards that end we suggest that some form of lease or sale agreement be developed which would permit our Company to operate the City's electric plant and distribution system.

It is realized that at this time, it is impossible to submit definite figures, and also that any agreement would be subject to approval of the qualified voters of Fort Pierce and the Board of Directors of the Florida Power & Light Company, but in an endeavor of at least establishing the framework, in our opinion, this agreement should cover the following salient factors:

1. If a lease, it should be for a period of 30 years which would coincide with the term of a standard electric franchise to be granted by the City to the Company, and should become effective as early as possible.
2. A lease, upon its effective date, should provide that the Company immediately proceed to install necessary transmission, substation and other facilities to tie in with the City's distribution system. Likewise, it should provide for necessary improvements to the system and thereafter for expansion of it in order to serve all customers and repair existing facilities as they wear out.
3. Any sale or lease should provide the City with appropriate financial remuneration.

Spencer Dyer
EX #4 C
9.28.72
GME

City Commission
City of Fort Pierce

May 5, 1965

4. An agreement should provide for the application of Florida Power & Light Company Rate Schedules, as filed with Florida Public Utilities Commission, which are now or later effective throughout the Company's system. The application of these rates would result in an annual savings to the electric customers of Fort Pierce.
5. A lease should provide at the end of its term that the City would have the option to acquire the property at depreciated value which the Company has installed during the term of the lease except for the substation and transmission system tie. Also, if the City did not exercise this option, then the Company would have the right to acquire the City's electric property at depreciated value.

Other matters of interest and advantages to the people of Fort Pierce are as follows:

Under Florida Power & Light Company policy there are no connection charges and we have no plans for instituting such charges. Normal extensions are made without charge to the customer.

Florida Power & Light Company would establish a district office in Fort Pierce suitably housed and well staffed, which would be an asset to the City. Trouble calls would be covered on a 24-hour basis.

All present Electric Department employees would be taken over by Florida Power & Light Company at salaries and wages equal to or above the remuneration now received by these employees and all regular Company benefits including pension plan, group life insurance, hospitalization insurance, paid vacation, sick leave, etc., would be made available to them.

Florida Power & Light Company as a Company and through its employees will contribute to the support of all community activities, Chamber of Commerce, Merchant's Bureau, and other activities relating to civic and community progress, and will lend its full support toward attracting industry to the area.

City Commission
City of Fort Pierce

May 5, 1965

We will continue our negotiations in an attempt to reach a mutually satisfactory agreement with respect to granting a 30-year electric franchise and also to permit the sale or lease of the utility facilities. In the meantime, it will be in order to plan the emergency connections necessary by the City and us to supply the power requirements which you have requested.

Very truly yours,

R. D. Hill
Division Manager

RDH:mj

MAY 13 1965

Florida



POST OFFICE BOX 660

OFFICE OF CITY MANAGER

May 12, 1965

RECEIVED

MAY 13 1965

EASTERN DIVISION

Mr. R. D. Hill
Division Manager
Florida Power & Light Company
West Palm Beach, Florida

Dear Mr. Hill:

Thank you for your letter of May 5, 1965 addressed to the City Commission regarding your suggestion that some form of lease or sale agreement which would include an interconnection between the Florida Power & Light Company's system and the City's electrical distribution system. This letter was read and discussed by the City Commission on May 6, 1965 at a conference meeting and was officially noted in the records of the City Commission at a regular meeting on May 10, 1965. You and I also had an opportunity to discuss the letter by telephone on May 7, 1965.

As I advised you by telephone on May 7, 1965, it was my understanding, at that time, that the City Commission was not interested in a lease or purchase agreement but the City is interested in exploring arrangements for stand-by, emergency stand-by or wholesaling of electricity by your company to the City of Fort Pierce. Regarding this interest of the City, you advised on the telephone that in the very near future you would again confer with me about it so this possibility could be fully explored. You also pointed out to me that your company was interested in this.

It may be that the City's position with regard to the lease of the City's electric utility to your company was slightly altered as a result of the May 10, 1965 meeting. At that meeting it was my understanding that Commissioners Castle and Tucker were authorized to discuss with you further the possibility of a lease agreement. For your information, attached is a copy of an excerpt from the minutes of the May 10, 1965 meeting related to this subject. They may help you in interpreting the Commission's consideration of your letter.

(Continued)

Spencer Dyer
Exp #5A
9-28-72
J.A.

D. Hill - District Manager
Power & Light Company

WO
1947

Office is looking forward to conferring with you in the very near future about the possibility of stand-by, emergency stand-by wholesaling of electricity. As we indicated to you previously, time very important to the City in this matter, and in my opinion the City cannot run the risk inherent in any delay in the consideration of this subject.

Very truly yours,

Alfred S. Harding
Alfred S. Harding
CITY MANAGER

ASH/anr
Attachment

cc: Mayor William R. Dannahower
Commissioner Charles C. Castle
Commissioner Milton Tucker

FLORIDA POWER & LIGHT COMPANY

West Palm Beach, Florida
December 13, 1967

City Commission of Fort Pierce
Fort Pierce, Florida

Attention: Mr. George D. Adkins, City Manager

Gentlemen:

It was a pleasure for Mr. Spencer and me to meet with representatives of your electrical department, along with your consulting engineers.

We discussed a territorial agreement, which we feel can be readily done. Approval by the Public Service Commission is necessary and I know you will agree that this territorial agreement must be concluded before either the City or our company can properly measure the problems and determine which further action would be in its best interest, which is, of course, its customers' best interest.

The second question was about an emergency tie with your system to furnish whatever power you may need in case of an emergency. Pending the development of a territorial agreement and further decisions, we will be in a position to make an emergency tie with your system.

I have been asked by your representatives to write this letter for official approval on the part of the City of Fort Pierce, so that the questions of territorial agreement and emergency tie can be pursued to conclusion.

Very truly yours,

R. D. Hill
Vice President

cc - Reynolds, Smith & Hill
Attention: Mr. E. A. Young
cc - Mr. R. C. Fullerton
Mr. J. G. Spencer, Jr.

Spencer Dapp
EX-6A
9-29-72
T.M.

West Palm Beach

December 11, 1967

MEMO TO FILE

R. D. Hill

Mr. R. C. Fullerton

Mr. J. G. Spencer, Jr.

On December 8th in the forenoon Mr. J. G. Spencer, Jr. and I met with the following people representing Fort Pierce to discuss its electrical problems:

Jim Massey, Power Plant Superintendent, City of Fort Pierce
 R. M. Skinner, Distribution Superintendent, City of Fort Pierce
 E. A. Young, Reynolds, Smith & Hills, Consulting Engineers
 W. L. Garlington, Reynolds, Smith & Hills, Consulting Engineers

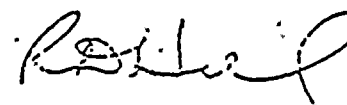
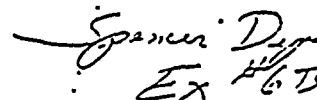
The purpose of this meeting was to discuss:

1. A territorial agreement which was subject to our writing to the City Manager of Fort Pierce requesting approval to pursue the matter. Further discussion on the part of those representing the City disclosed this would be in the best interest of both the City and the Company so that a territorial agreement could be instituted and approved to reduce any further conflicts of territory.

2. The question of wholesale power was discussed in only a minor way. The real purpose was to find out the power company's attitude for emergency service and just how it could be arranged. This, of course, brought up many facets and the net result of the discussion was that a letter would be written to the City Manager requesting the City's approval to discuss a territorial agreement and emergency power and further confirm to us their interest in the two categories.

The question of rates and how payments would be made for transfers of energy was one of the points of discussion. The question of sale or lease was not discussed at all.

RDH:mj

9-29-72

TME

MAR 31 1970

PL-135

March 30, 1970

Mr. Richard Hill, Vice President
Florida Power and Light Company
West Palm Beach, Florida

Dear Mr. Hill:

I have been instructed by the City Commission to write you regarding the status of the Interchange Agreement between the City of Fort Pierce and Florida Power and Light Company.

My telephone conversation with Mr. Spencer Friday, February 27, and your confirmation by telephone on March 2, on the Company's position with respect to the proposed Fort Pierce - Florida Power and Light Company Interconnection, is most disturbing. It is inconceivable to me that your difficulties at Turkey Point form any basis for suddenly refusing to sign the Interchange Agreement which is the culmination of almost two and one-half years of good faith negotiations with the Company.

At the special meeting of the City Commission on September 11, which you attended, it was agreed that the only details of the Interchange Agreement that had not been specifically agreed to by the parties were the specific facilities to be constructed by the City in order to tie our two systems together, such facilities to be described in an Exhibit "C" to the Contract. On September 17, copies of City Resolutions 69-119 and 69-120 accepting the Territorial Agreement and Interchange Agreement on behalf of the City of Fort Pierce, subject to completion of Exhibit "C", were forwarded to you. This Exhibit "C" was forwarded to you on October 24 and, at your request, was revised to include a third oil circuit breaker and forwarded again on November 12.

In subsequent meetings at our offices final technical language revisions satisfactory to the Company were made and we have fully expected the receipt of the signed Agreements momentarily.

If the Company now refuses to enter into this Interchange Agreement on the premise that your difficulties with respect

Spencer Dgo
EX 17
9-21-70 ENE

Mr. Richard Hill
Page 2

March 30, 1970

to the Turkey Point Plant constitute circumstances which preclude you from consummating the Agreement we have reached, we would like to remind you of the essential elements of the Interchange Agreement that make such reasoning impossible for us to accept:

1. Article VI - Electric Generating Capacity - states that "It is mutually agreed that the Company and the City will independently finally determine their reserve requirements and adequately provide therefor." This past year the City of Fort Pierce has carried generating capacity reserves in excess of 50% of its peak load, a ratio on the order of four to five times as great as the percentage reserves carried by Florida Power and Light Company. In light of this, and the mutual backup provisions which are the essence of the Contract, it would seem that the Company, instead of hesitating to sign this Interchange Agreement, would be most anxious to move it along as rapidly as possible and, therefore, improve the reliability of service to its customers, particularly in light of the possible circumstances surrounding the Turkey Point Plant problem.
2. Service Schedule A - Emergency Interchange Service - provides that power and energy will be supplied by one party "...under emergency conditions during which such other party is temporarily unable to obtain its required power and energy from normally available sources." Also, that "...the Seller shall furnish the requested emergency interchange service from all available sources as needed to the extent that, in the judgment of the Seller, the generation or purchase and the delivery of such power and energy will not jeopardize service in the system of the Seller."
3. Service Schedule B - Scheduled Interchange Service - provides that, "each party will determine its needs for Scheduled Interchange Service from time to time and will negotiate with the other party for such services and, to the extent that such service can be made available by the other party, a commitment shall be made between the parties hereto for such service."
4. At the present time there are no other schedules for interchange service, such as a firm power schedule, that would impose on the Company either an actual or a moral responsibility to furnish firm power to the City of Fort Pierce.

We hope that you will reconsider the decision relayed to me by both you and Mr. Spencer that the Company would not sign these

Mr. Richard Hill
Page 3

March 30, 1970

Agreements. On the contrary, we urgently request that the contracts be signed and immediately forwarded to the City so that we can proceed with our construction plans (which have been approved by you) for the physical interconnection facilities.

We request that you reply in writing to this letter as to the final decision of the Company as soon as possible so the City can make its plans accordingly.

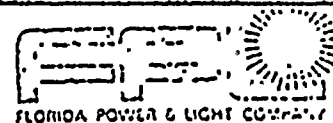
Very truly yours,

CITY OF FORT PIERCE

R. N. S.

R. N. Skinner
Electrical Engineer

CC: Mr. J. G. Spencer, Florida Power & Light Company
City Manager
Power Plant Superintendent
Mr. R. E. Bathen, R. W. Beck and Associates



Daytona Beach
July 9, 1970

PL-545

Honorable Fred Doster, Mayor
City of New Smyrna Beach
New Smyrna Beach, Florida

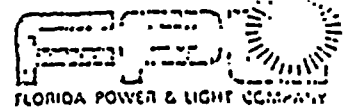
Dear Mayor Doster:

This refers to our recent discussion in connection with your electric power problems and in response to your request we would be interested in endeavoring to work out with the City some form of lease agreement which would permit our Company to operate the City's electric facilities.

It is realized that the lease would have to provide mutual benefits to both the City and to our Company and although at this time it is impossible to submit any definite figures, it is our opinion certain specific items should be included such as:

- 1 - Term - a period of 30 years to coincide with the term of a standard electric franchise to be granted by the City to the Company.
- 2 - Upon its effective date provisions should be made in the lease that the Company install necessary transmission, substations and other facilities to tie in with the City's distribution system. Likewise, it should provide for necessary improvements to the system and thereafter for expansion of it in order to serve all customers and repair existing facilities as they wear out.
- 3 - The lease should provide the City with appropriate financial remuneration which could be derived either from the franchise or some "rental" money, either singularly or combination of the two.
- 4 - Any lease agreement should provide for the application of FP&L rate schedules as filed with the Florida Public Service Commission, which are now or later effective throughout the Company's system. It is now estimated that application of these rates would result in annual savings to the electric customers of New Smyrna Beach in excess of \$150,000. Presently FP&L residential rates are approximately 20% lower than those of the City and the commercial rates are approximately 15% lower. In addition, concessions are made to hospitals, churches and schools.
- 5 - A lease should provide at the end of its term that the City would have the option to acquire the property at depreciated value which the Company has installed during the term of the lease except for the substation and transmission system tie. Also, if the City did not exercise this option, then the Company would have the right to acquire the City's electric property at depreciated value.

Spencer Doster
Ex-118
11.5 5.24.72



Mr. Fred Foster

- 2 -

July 9, 1970

Other matters of interest and advantages through a lease arrangement to the citizens of New Smyrna Beach are as follows:

Under Florida Power & Light Company policy there are no connection charges and we have no plans for instituting such charges. Normal extensions are made without charges to the customer.

Florida Power & Light Company would establish an office in New Smyrna Beach suitably housed and well staffed, which would be an asset to the City. Trouble calls would be covered on a 24 hour basis.

Present Electric Department employees would be offered comparable jobs at salaries and wages equal to or above the remuneration now received by these employees, together with all regular Company fringe benefits.

It is realized that under Section 193 of the City Charter even a lease arrangement would possibly require some amendment to the Charter. However, under Chapter 59-242 Laws of Florida, Senate Bill 297, enacted July 2, 1969, it would appear that something might be worked out under the "home rule" Legislation. This is a matter which you would have to determine through your attorneys.

We have a temporary emergency connection with the City on SR 44 which was established in May 1969. From time to time our Company has supplied the City with emergency power up to approximately 3500 kw. We will continue this arrangement on the same basis - namely, that it is for emergency purposes and is not to be considered firm power. We want you to know that it is our sincere desire to cooperate fully with the City as we have in past years and I will be glad to meet with you and other representatives at your convenience.

Yours sincerely;


Alan B Wright
Vice President

ADW-fc

TO Mr J G Spencer, Jr
 FROM A B Wright
 SUBJECT: New Smyrna Beach

LOCATION Daytona Beach
 DATE April 21, 1970

COPIES TO

With further reference to our discussion yesterday in regard to what might be done to change the present City Charter of New Smyrna Beach to permit some equitable arrangement for the leasing or sale of the City's electric utilities, I am attaching a suggested change in Section 193 of the City Charter, together with a copy of Chapter 69-242, Laws of Florida, Senate Bill No. 297, which was enacted July 2, 1969 and which relates to the change of a city charter under the "home rule" arrangement.

If it is possible for a municipality to change its charter under the foregoing, it would seem that this is the logical course for New Smyrna Beach to pursue in order that the present "impossible" situation be remedied.

As mentioned during our discussion, Mayor Doster is definitely interested in endeavoring to work out a sale or lease arrangement with our Company. Of course, we all realize that the present Charter, Section 193, will have to be changed if we are ever going to resolve this matter.

Accordingly, it will be appreciated if Sid Koehl, if he is available, will review this and let us have his comments.

ABW-fc
 attachments

Sgt assumes new law is valid - & if so, they can change charter, if follow terms.

*Copy of new ordinance
 before for signature
 not necessary - but acceptable*

*Spencer Doster
 EX 8C*

TIME 5.29.72

West Palm Beach, Florida
November 28, 1967

City Commission of Vero Beach
Vero Beach, Florida

Attention: Mr. James Pryde, City Manager

Gentlemen:

It was a pleasure to meet with the officials of Vero Beach to discuss electrical problems. After the discussion, it was concluded that I would answer three important questions as soon as possible.

The first was about a territorial agreement. I am sure that this readily can be done and you requested Mr. Frank Phillips and Mr. F. C. Wallace to work with me. Approval by the Public Service Commission is necessary and we feel, and know that you will agree, that this territorial agreement must be concluded before either the City or our company can properly measure the problem and determine which further action would be in its best interest, which is, of course, its customers' best interest.

The second question was about an emergency tie with your system to furnish whatever power you may need in case of an emergency. Pending the development of a territorial agreement and further decisions to which we refer below, we will be in a position to make an emergency tie with your system. This will take the pressures of immediacy off both the City and our company and provide time for further study and discussion.

The third question involves wholesale power to the City and we are reluctant to go further into this at this time as we believe there are other alternatives which should first be fully studied. These will include:

(a) Similar arrangements for interchange of power between us such as we now have with the City of Jacksonville and Orlando Utilities Commission.

(b) The outright purchase of your present system by our company.


(c) A 30-year lease of your present system by our company for our operation.

James Pryde
City Manager

City Commission of Vero Beach
November 28, 1967
Page No. 2

We feel these alternatives should be given full and free discussion and deliberation by both groups before going into the matter of negotiating a wholesale power contract so that we all can be sure that the eventual determination is based on full understanding of all the facts.

Very truly yours,


R. D. Hill
Vice President

RDH:mj

Bcc - Mr. R. C. Fullerton ✓
Mr. J. G. Spencer, Jr.

INTER-OFFICE CORRESPONDENCE

PL-599

LOCATION
DATEWest Palm Beach
November 24, 1967

COPIES TO

Mr. R. C. Fullerton
Mr. J. G. Spencer, Jr.

TO

MEMO TO FILE

FROM

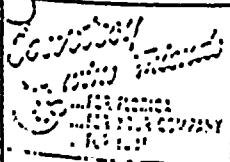
R. D. Hill

SUBJECT

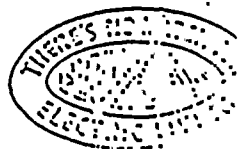
Mr. R. D. Cox and I visited with a group representing the City of Vero Beach on November 21, 1967 at noontime. Those present besides Mr. Cox and myself were: Mr. F. C. Wallace of Black and Veatch; Mr. James T. Vocelle, City Attorney; Mr. Jack Sturgis, City Commissioner, and who operates a lumber and supply company; Mr. Fred J. Prestin, City Commissioner; Mr. James Pryde, City Manager, and Mr. Fred Gossett, Plant Manager.

This meeting was the result of an earlier call to Mr. Fullerton from Mr. Prestin which was relayed to me. I visited these people to discuss several matters.

1. A territorial agreement, which to some degree had been investigated previously, but was held up as a result of conversation several months ago with Mr. Pryde who was not informed at the time, being newly appointed. The result of this discussion was that Mr. Frank Phillips, Distribution Manager, Mr. Wallace and I should review the territory and establish a territorial agreement which I would told would have to be approved on our part by the Florida Utilities Commission. I told them I was not interested in losing any customers but would work toward adjustments to the best interests of Florida Power & Light Company and Vero Beach.
2. The question of wholesale power was presented and I told them I did not think this was a good idea and then withdrew my answer and stated I thought a review of the third purpose of the meeting, (discussion of emergency service), might enter into this and be a solution. I said we would be glad to discuss this but that it would depend, of course, on the interpretation of what constituted emergency service. This then brought on the third question.
3. I told them that we are still interested in working out something that would be amicable to them and ourselves in the way of emergency service but that it was a subject of further discussion for conclusions.



Spencer, D. G.
EX-100
GNC 9-29-72



MEMO TO FILE
November 24, 1967
Page No. 2

Mr. Wallace brought up the question of rates and trading of power and also at the time made a statement that Messrs. Spencer and Fuqua had previously told them they were not interested in wholesale power.

At this time I asked them (those representing the city), as a diversion, whether they were interesting in selling or leasing the property to us. They said "yes," that they would be interested in a proposal and asked how long it would take to make such a proposal. I told them that if we had the information a proposal could be made in about 30 days.

At this point Mr. Wallace read a proposal to the group that we were presumed to have made in 1959. He plans to send me a copy of this. At this time Mr. Vocelle spoke up and said their charter did not permit the sale of their property but that this was not something he would be too concerned about as a referendum and legislation. change could be made if something of this nature was worked out.

It was further proposed by Mr. Sturgis that the answers to the questions Mr. Vocelle stated as being necessary; namely, territorial agreement, wholesale power and emergency tie, should be in writing.

Further Notes

I see that it is necessary that other members of the Commission should be visited to get their attitude regarding these matters. I think I should visit with Mr. Phillips and work out the territorial agreement as soon as practicable. Also, since Mr. Spencer had worked with me on Vero Beach matters previously that he again enter the picture with me in my visitations up there.

I have obtained copies of the 1965 and the 1966 audit of the Electric Revenue Fund and also received a copy of the Review of Electric System Planning that Black and Veatch submitted on November 20, 1967.



RDH:mj

RECEIVED

AUG 6 1959

FLORIDA POWER & LIGHT COMPANY

Daytona Beach, Florida

August 5, 1959

PL-65

City of New Smyrna Beach
P O Box 367
New Smyrna Beach, Florida

Attention: Mr F H Lee, City Auditor and Clerk
City of New Smyrna Beach, Florida

Gentlemen:

This will acknowledge your letter of July 29, 1959 formally rejecting our proposal dated April 27, 1959 to lease your electric plant and distribution system.

We sincerely regret that you see fit to take this action as we still are of the opinion that the proposal would have ultimately been most advantageous to the City. We are however interested in negotiating for certain of your outlying areas of distribution if these facilities are for sale and provided some satisfactory procedure could be determined for consummating such sale.

In regard to your inquiry concerning the sale of wholesale power on a long term basis, this will confirm our previous statement in regard to this question; namely, that we do not have any arrangement to sell wholesale to municipalities on a long term basis and we would not change our policy at this time.

We expect to abide by our agreement made October 3, 1958 to furnish the City of New Smyrna Beach emergency power as may be needed during the coming winter.

Again, we wish to express our appreciation for the opportunity of negotiating with the City and the assistance given in the supplying of certain information which was necessary to prepare our proposal. Our Company's position with the City of New Smyrna Beach will continue to be that of a "good neighbor" and it is our sincere hope that we may work something out at some future date.

ARM/ALC

Yours very truly,

cc: Mr Ben H. Futra - Mlt

Alan H. Wright
Vice President

Wright
EX-675
Aug 5 1959



FLORIDA POWER & LIGHT COMPANY

Daytona Beach
February 19, 1965

City Commission
City of New Smyrna Beach
New Smyrna Beach, Florida

Dear Commissioners:

This refers to our recent discussion in connection with your power problems and the manner in which these problems might be solved. We feel confident that our Company can adequately serve the present and future requirements of the City of New Smyrna Beach with the type of service which would definitely promote the growth of your City, and towards that end we suggest that some form of lease or sale agreement be developed which would permit our Company to operate the City's electric plant and distribution system.

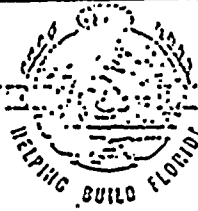
It is realized that at this time, it is impossible to submit definite figures, and also that any agreement would be subject to approval of the qualified voters of New Smyrna Beach and the Board of Directors of the Florida Power & Light Company, but in an endeavor of at least establishing the framework, in our opinion, this agreement should cover the following salient factors:

- 1 - If a lease, it should be for a period of 30 years which would coincide with the term of a standard electric franchise to be granted by the City to the Company, and should become effective September 1, 1965, or earlier, if possible.
- 2 - A lease, upon its effective date, should provide that the Company immediately proceed to install necessary transmission, substation and other facilities to tie in with the City's distribution system. Likewise, it should provide for necessary improvements to the system and thereafter for expansion of it in order to serve all customers and repair existing facilities as they wear out.
- 3 - Any sale or lease should provide the City with appropriate financial remuneration.
- 4 - An agreement should provide for the application of Florida Power & Light Company Rate Schedules, as filed with Florida Public



Unfiled
Exhibit 7 (app)
2/22/65

FLORIDA POWER & LIGHT COMPANY



Daytona Beach
February 19, 1965

Page 2
City Commission
City of New Smyrna Beach

Utilities Commission, which are now or later effective throughout the Company's system. It is now estimated that application of these rates would result in an annual savings to the electric customers of New Smyrna Beach in excess of \$100,000.

- 5 - A lease should provide at the end of its term that the City would have the option to acquire the property at depreciated value which the Company has installed during the term of the lease except for the substation and transmission system tie. Also, if the City did not exercise this option, then the Company would have the right to acquire the City's electric property at depreciated value.

Other matters of interest and advantages to the people of New Smyrna Beach are as follows:

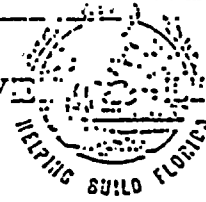
Under Florida Power & Light Company policy there are no connection charges and we have no plans for instituting such charges. Normal extensions are made without charge to the customer.

Florida Power & Light Company would establish a district office in New Smyrna Beach suitably housed and well staffed, which would be an asset to the City. Trouble calls would be covered on a 24 hour basis.

All present Electric Department employees would be taken over by Florida Power & Light Company at salaries and wages equal to or above the remuneration now received by these employees and all regular Company benefits including pension plan, group life insurance, hospitalization insurance, paid vacation, sick leave, etc., would be made available to them.



FLORIDA POWER & LIGHT COMPANY



Daytona Beach
February 19, 1965

Page 3
City Commission
City of New Smyrna Beach

Florida Power & Light Company as a Company and through its employees will contribute to the support of all community activities, Chamber of Commerce, Merchant's Bureau, and other activities relating to civic and community progress and will lend its full support toward attracting industry to the area.

The City has already initiated the necessary procedure to provide certain charter changes with respect to granting 30-year electric franchises and also to permit the sale or lease of utility facilities, when approved by a simple majority of freeholders or qualified electors. We will continue our negotiations to attempt to reach a mutually satisfactory agreement, and in the meantime we are immediately making an emergency connection to the City's distribution facilities on a temporary basis to supply the power requirements which you have requested.

Yours very truly,

A.B. Wright
Vice President

SW-ec



FLORIDA POWER & LIGHT COMPANY
INTER-OFFICE CORRESPONDENCE

PL-784

Mr R D Hill Vice Pres WB

LOCATION Miami

DATE Oct 22 1959

C S Coomes Rate Dept

COPIES TO Mr R C Fullerton ✓

SUBJECT:

Territorial Agreement and Contract -
City of Lake Worth

As requested we have prepared a proposed
Territorial Agreement and Contract for
Interchange Service with the City of Lake
Worth.

This agreement is identical with that
previously submitted to the City of Vero
Beach except that in each case "Lake Worth"
has been substituted for "Vero Beach."

Pages 1 and 2 of Exhibit C have been modified
to show the proper description of the switch-
ing station and one line diagram for delivery
to Lake Worth.

CSC cm
Encl.

Coomes depu
EX #13
GHE 10/3/59

June 23, 1963

Mr. McGregor Smith -

Dwight Sullivan reports that our territorial agreements may be technical violations, but he doubts that anything will ever come of it. There have been a number of cases where a party to a territorial agreement fails to live up to its provisions and when the other party takes action against him in court, the court rejects the agreement. Such action is based more on grounds of "not in the public interest" rather than violations of the anti-trust laws. ✓

In other cases where the Public Service Commission has approved the agreement, the court upholds it.

RHF

ANOTHER COPY FILED:

1. Anti-Trust Act
2. Florida Power Corp. Service Area
3. Florida R.R.&P.U. Commission - FPLCo. Territorial Agreements

File Dept
Noted
9-25-72
GME

LAKE WORTH ELECTION

LEASE OF ELECTRIC SYSTEM TO FP&L CO.

THINGS FOR IMMEDIATE CONSIDERATION AND ACTION

- 1 - Citizens Committee - RDH - RHF - CS
- 2 - City Employees - CS
- 3 - Stockholders Committee - CS
- 4 - Registered Freeholders List - CSC
- 5 - Card System - CSC
- 6 - Employee Organization - CSC
- 7 - Information Booklet - MB - McD
- 8 - Election Legal Procedure - McC - WMP
- 9 - Outside Help
 - Appliance Dealers - Bud Freer
 - FP&L Suppliers - D. Bouton
 - Railroad - Oil - Insurance etc -
- 10 - Informations Center & Headquarters - CSC
- 11 - Advertising & Publicity - MB - McD
- 12 - Purge Freeholders List - CSC
- 13 - Block Workers - RDH - CS
- 14 - Communications & Swingman - RFL

*File depo
EX #21
GHE 12-4-72*

July 29, 1958

Mr. Leamon Andrews
132 North Federal Highway
Lake Worth, Florida

Dear "Andy":

You and the others who worked with us at Lake Worth did a remarkable job. Six out of every seven votes is a new record and a magnificent expression of confidence in the position which you took. While I know that what you did was because of your interest in the welfare of Lake Worth, nevertheless, I was glad that our interests were mutual and that I was on your side.

I read your Committee's statement in the Palm Beach Post. I am delighted that they plan to continue their efforts and I am even more delighted that you fellows still have enough confidence in us to want us to come back permanently!

As for all of us with Florida Power & Light Company, we are not going anywhere and will be standing by just over the city limits and I hope you will have occasion to call us.

Sincerely yours,

Robert H. Fite
President & General Manager

RHF:bh

By the way there is a very fine editorial from today's Miami Daily News. I think you will like it. Very best
Personal regards RHF

MEMORANDUM TO FILE

Messrs. Fite and Autrey had an informal meeting with the Homestead Commission on Thursday evening, July 27, 1967 at the invitation of Mayor Dickinson and City Attorney Vernon Turner. The reason for the meeting was to discuss the relationship between the City of Homestead utility operation and FP&L utility operation.

Mr. Turner was, for the most part, spokesman for the Commission and he presented a request for (1) a territorial agreement; (2) provision for an additional emergency connection to supply up to 5,000 KW more than the existing connection which is about 2,000 or 3,000 KW; and (3) a future permanent connection with FP&L for the purchase of the service at wholesale for resale by the City.

We made it clear that we would like very much to conclude a mutually agreeable territorial agreement, but also made it clear that this agreement must be concluded before undertaking negotiations for an interchange or to sell wholesale. We did agree to look into the feasibility of an emergency interconnection to determine how much it would cost. At this point, the City complained bitterly about the rate for emergency power that had been charged in the past and asked the Company to "take a look" at the rate if further emergency service is needed. We agreed to "take a look" at the rate.

On the territorial agreement it was understood by both the City and the Company that we would submit on next Monday, July 31, 1967, an agreement which provides in essence that an area be designated inside of which the City of Homestead would operate in the future and the Florida Power & Light Company would operate outside and both the City and the Company would observe completely these boundary lines and discontinue any raiding of the others' territory.

While the exact area was not agreed upon, it is clear that the City wants an extended area beyond any that we had previously considered equitable as the area the City desires includes several hundred of our customers.

Fite Logo
Ex #23 (3000)
GME 12.4.72

While we may be able to negotiate the shrinking of the area to some extent, it is doubtful that we will be able to get the City to change their thinking. Both the City and the Company agreed that before becoming effective any territorial agreement we reach would first have to be approved by the Public Service Commission after a public hearing at which any customers affected would have an opportunity to be heard.

After approval by the Public Service Commission, it was agreed that the City would purchase the Company's lines inside the City's territory and take over the customers on such lines. Likewise, the Company would follow the same procedure in connection with the City of Homestead lines and customers outside the proposed Homestead territory. The lines are to be purchased by the respective parties at original cost, less depreciation. It was understood that there may be physical limitations that would have to be surveyed to determine how the actual physical change can be made. It was agreed by the City that any transmission lines or main feeder lines that the Company may want to leave inside the City's territory for transmitting electricity beyond their territorial boundary would be acceptable to the City. Payments for any lines purchased would be for cash at the time of transfer of ownership.

Upon direct request by the City for an arrangement for wholesale service, we pointed out that we don't now serve any municipalities wholesale, we don't want to serve any, but if they really want wholesale service and this is the only arrangement that can be negotiated, if the territorial agreement has been settled, that we would not refuse to sell wholesale, but we would not expect to give the City our REA wholesale rate.

It was also pointed out that an interchange agreement may be more desirable to the City than a wholesale contract. We emphasized again that purchase of the Homestead facilities, or lease of them should be considered also. At several points, it was repeated that we must have a territorial agreement signed, sealed and delivered, and approved by the Public Service Commission before going ahead with any of these arrangements.

While Mr. Turner said the City was more interested in a wholesale contract than anything else, he volunteered that the present commission is different from those of the past and that it was willing to review and consider anything, such as an offer to purchase, or lease that we may care to submit.

TABLE 1
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
 (Examples Showing Inability of Municipalities to Sell Power for Industrial or
 Commercial Loads of 5,000 KW to 10,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
 WINTER RATES
 100 % COINCIDENCE
 OUTSIDE CITY

		JSD(KW)			GSD(KW)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery voltage -KV	13	13	13	13	13	13
2	Demand -KW	5000	5000	5000	10000	10000	10000
3	Hours of Use of Demand	200	400	600	200	400	600
4	KWh-In Thousands	1000	2000	3000	2000	4000	6000
5	base Revenues -Mills/KWH	27.36	22.68	21.12	27.36	22.53	21.02
6	Retail Fuel Adjustment -Mills/KWH	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	franchise Tax -Mills/KWH	0.	0.	0.	0.	0.	0.
8	Total Revenues-Output at Retail Rates -Mills/KWH	26.47	21.79	20.23	26.47	21.64	20.13
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
9	Incremental Cost at Wholesale Rate -Mills/KWH	37.90	28.45	25.30	37.90	28.45	25.30
10	Fuel Adjustment -Mills/KWH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point -Mills/KWH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/KWH	-8.73	-3.96	-2.37	-8.73	-4.11	-2.47
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
16	Distribution Cost to Serve Retail Customer -Mills/KWH	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
NET MARGIN OR LOSS (1)							
18	-Mills/KWH	-8.73	-3.96	-2.37	-8.73	-4.11	-2.47
19	-% of Revenues	-32.97	-18.17	-11.71	-34.53	-19.00	-12.25
20	-\$/month	-8725.	-7916.	-7103.	-18063.	-16440.	-14625.

Legend:

NA = Not available at this time, will vary depending on delivery voltage to municipal and individual municipal system losses and investments.

(1) From any positive net margin there would have to be deducted and to any loss shown there would have to be added the cost of purchasing losses to serve the retail customer and the distribution costs from the municipal delivery point to the retail customer's facilities.

TABLE 1
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
 (Examples Showing Inability of Municipalities to Sell Power for Industrial or
 Commercial Loads of 5,000 KW to 10,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
 WINTER RATES
 95 % COINCIDENCE
 OUTSIDE CITY

		USD (KW)			USD (KW)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery Voltage -KV	13	13	13	13	13	13
2	Demand -KW	5000	5000	5000	10000	10000	10000
3	Hours of Use of Demand	200	400	600	200	400	600
4	Kwh-In Thousands	1000	2000	3000	2000	4000	6000
5	Base Revenues -Mills/KWH	27.36	22.68	21.12	27.06	22.53	21.02
6	Retail Fuel Adjustment -Mills/KWH	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/KWH	0.	0.	0.	0.	0.	0.
8	Total Revenues-Output at Retail Rates -Mills/KWH	26.47	21.79	20.23	26.17	21.64	20.13
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
9	Incremental Cost at Wholesale Rate -Mills/KWH	36.95	27.98	24.98	36.95	27.98	24.98
10	Fuel Adjustment -Mills/KWH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/KWH	34.26	25.28	22.29	34.26	25.28	22.29
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point -Mills/KWH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/KWH	34.26	25.28	22.29	34.26	25.28	22.29
14	DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT -Mills/KWH	-7.78	-3.49	-2.05	-8.09	-3.64	-2.16
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/KWH	34.26	25.28	22.29	34.26	25.28	22.29
16	Distribution Cost to Serve Retail Customer -Mills/KWH	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/KWH	34.26	25.28	22.29	34.26	25.28	22.29
NET MARGIN OR LOSS							
18	-Mills/KWH	-7.78	-3.49	-2.05	-8.09	-3.64	-2.16
19	% of Revenues	-29.40	-16.00	-10.16	-30.92	-16.82	-10.71
20	-\$/month	-7784.	-6773.	-6164.	-16177.	-14555.	-12938.

TABLE 1
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
 (Examples Showing Inability of Municipalities to Sell Power for Industrial or
 Commercial Loads of 5,000 KW to 10,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
 WINTER RATES
 100% CUMULANCE
 INSIDE CITY

			USD (KW)				USD (KW)	
			(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES								
1	Delivery Voltage	-KV	13	13	13	13	13	13
2	Demand	-KW	5000	5000	5000	10000	10000	10000
3	Hours of Use of Demand		200	400	600	200	400	600
4	Kwh-In Thousands		1000	2000	3000	2000	4000	6000
5	Base Revenues	-Mills/Kwh	27.36	22.66	21.12	27.06	22.55	21.32
6	Retail Fuel Adjustment	-Mills/Kwh	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax	-Mills/Kwh	1.32	1.09	1.01	1.31	1.05	1.01
8	Total Revenues-Output at Retail Rates	-Mills/Kwh	27.80	22.86	21.24	27.47	22.72	21.44
COST OF INPUT AT MUNICIPAL DELIVERY POINT								
9	Incremental Cost at Wholesale Rate	-Mills/Kwh	37.90	28.45	25.30	37.90	28.45	25.30
10	Fuel Adjustment	-Mills/Kwh	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal	-Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point	-Mills/Kwh	NA	NA	NA	NA	NA	NA
13	Total Cost of Input	-Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT								
14		-Mills/Kwh	-7.40	-2.87	-1.36	-7.73	-3.03	-1.16
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER								
15	Cost of Input Distribution Cost to Serve	-Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
16	Retail Customer	-Mills/Kwh	NA	NA	NA	NA	NA	NA
17	Total Added Cost	-Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
NET MARGIN OR LOSS								
18		-Mills/Kwh	-7.40	-2.87	-1.36	-7.73	-3.03	-1.16
19	% of Revenues		-26.64	-12.54	-6.39	-28.12	-13.34	-5.73
20	\$/month		-7400.	-5739.	-4073.	-15451.	-12120.	-5739.

TABLE 1
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
 (Examples Showing Inability of Municipalities to Sell Power for Industrial or Commercial Loads of 5,000 KW to 10,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
 WINTER RATES
 95 % COINCIDENCE
 INSIDE CITY

		USD (KW)			USD (KW)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery Voltage -KV	13	13	13	13	13	13
2	Demand -KW	5000	5000	5000	10000	10000	10000
3	Hours of Use of Demand	200	400	600	200	400	600
4	Kwh-In Thousands	1000	2000	3000	2000	4000	6000
5	Base Revenues -Mills/Kwh	27.36	22.68	21.12	27.06	22.53	21.02
6	Retail Fuel Adjustment -Mills/Kwh	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/Kwh	1.32	1.09	1.01	1.31	1.05	1.01
Total Revenues-Output at Retail Rates		27.80	22.88	21.24	27.47	22.72	21.14
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
Incremental Cost at							
9	Wholesale Rate -Mills/Kwh	36.95	27.98	24.93	36.95	27.98	24.93
10	Fuel Adjustment -Mills/Kwh	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/Kwh	34.26	25.28	22.29	34.26	25.28	22.29
Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point							
12	-Mills/Kwh	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/Kwh	34.26	25.28	22.29	34.26	25.28	22.29
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/Kwh	-6.46	-2.40	-1.04	-6.73	-2.56	-1.15
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/Kwh	34.26	25.28	22.29	34.26	25.28	22.29
Distribution Cost to Serve Retail Customer							
16	-Mills/Kwh	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/Kwh	34.26	25.28	22.29	34.26	25.28	22.29
NET MARGIN OR LOSS							
18	-Mills/Kwh	-6.46	-2.40	-1.04	-6.73	-2.56	-1.15
19	-% of Revenues	-23.24	-10.48	-4.91	-24.63	-11.26	-5.44
20	-\$/month	-6460.	-4794.	-3123.	-13561.	-10230.	-5679.

TABLE 1
 PRICE SQUEEZE IMPOSED ON MUNICIPALS
 BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
 (Examples Showing Inability of Municipalities to Sell Power for Industrial or
 Commercial Loads of 5,000 KW to 10,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
 SUMMER RATES
 100 % COINCIDENCE
 OUTSIDE CITY

		USD (Kw)			USD (Kw)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery Voltage -KV	13	13	13	13	13	13
2	Demand -Kw	5000	5000	5000	10000	10000	10000
3	Hours of Use of Demand	200	400	600	200	400	600
4	KwH-In Thousands	1000	2000	3000	2000	4000	6000
5	Base Revenues -Mills/KwH	29.89	24.94	23.30	29.57	24.78	23.19
6	Retail Fuel Adjustment -Mills/KwH	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/KwH	0.	0.	0.	0.	0.	0.
8	Total Revenues-Output at Retail Rates -Mills/KwH	29.00	24.05	22.41	28.68	23.89	22.30
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
9	Incremental Cost at Wholesale Rate -Mills/KwH	37.90	28.45	25.30	37.90	28.45	25.30
10	Fuel Adjustment -Mills/KwH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/KwH	35.20	25.75	22.60	35.20	25.75	22.60
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point -Mills/KwH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/KwH	35.20	25.75	22.60	35.20	25.75	22.60
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/KwH	-6.20	-1.70	-0.19	-6.52	-1.86	-0.30
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/KwH	35.20	25.75	22.60	35.20	25.75	22.60
16	Distribution Cost to Serve Retail Customer -Mills/KwH	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/KwH	35.20	25.75	22.60	35.20	25.75	22.60
NET MARGIN OR LOSS							
18	-Mills/KwH	-6.20	-1.70	-0.19	-6.52	-1.86	-0.30
19	% of Revenues	-21.39	-7.05	-0.87	-22.74	-7.77	-1.35
20	-\$/month	-620.	-393.	-58.	-1304.	-742.	-1803.

TABLE 1
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
(Examples Showing Inability of Municipalities to Sell Power for Industrial or
Commercial Loads of 5,000 KW to 10,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
SUMMER RATES
95 % COINCIDENCE
OUTSIDE CITY

		USD(KW)			USD(Kwh)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery Voltage -KV	13	13	13	13	13	13
2	Demand -Kw	5000	5000	5000	10000	10000	10000
3	Hours of Use of Demand	200	400	600	200	400	600
4	Kwh-In Thousands	1000	2000	3000	2000	4000	6000
5	Base Revenues -Mills/Kwh	29.89	24.94	23.30	29.57	24.70	23.19
6	Retail Fuel Adjustment -Mills/Kwh	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/Kwh	0.	0.	0.	0.	0.	0.
8	Total Revenues-Output at Retail Rates -Mills/Kwh	29.00	24.05	22.41	28.68	23.81	22.30
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
9	Incremental Cost at Wholesale Rate -Mills/Kwh	36.95	27.98	24.93	36.95	27.95	24.93
10	Fuel Adjustment -Mills/Kwh	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/Kwh	34.26	25.28	22.29	34.25	25.25	22.29
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point -Mills/Kwh	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/Kwh	34.26	25.28	22.29	34.25	25.25	22.29
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/Kwh	-5.26	-1.22	0.12	-5.57	-1.35	0.01
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/Kwh	34.26	25.28	22.29	34.25	25.25	22.29
16	Distribution Cost to Serve Retail Customer -Mills/Kwh	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/Kwh	34.26	25.28	22.29	34.25	25.25	22.29
NET MARGIN OR LOSS							
18	-Mills/Kwh	-5.26	-1.22	0.12	-5.57	-1.35	0.01
19	% of Revenues	-18.13	-5.09	0.54	-19.45	-5.77	0.06
20	\$/Month	-5259.	-2448.	361.	-11154.	-5333.	57.

TABLE 1
 PRICE SQUEEZE IMPOSED ON MUNICIPALS
 BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
 (Examples Showing Inability of Municipalities to Sell Power for Industrial or
 Commercial Loads of 5,000 KW to 10,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
 SUMMER RATES
 100 % COINCIDENCE
 INSIDE CITY

		USD (KW)			USD (KW)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery Voltage -KV	13	13	13	13	13	13
2	Demand -KW	5000	5000	5000	10000	10000	10000
3	Hours of Use of Demand	200	400	600	200	400	600
4	Kwh-In Thousands	1000	2000	3000	2000	4000	6000
5	Base Revenues -Mills/Kwh	29.89	24.94	23.30	29.57	24.73	23.19
6	Retail Fuel Adjustment -Mills/Kwh	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/Kwh	1.45	1.20	1.12	1.43	1.19	1.12
8	Total Revenues-Output at Retail Rates -Mills/Kwh	30.45	25.26	23.53	30.11	25.04	23.41
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
Incremental Cost at							
9	Wholesale Rate -Mills/Kwh	37.90	28.45	25.30	37.90	28.45	25.30
10	Fuel Adjustment -Mills/Kwh	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
Cost to Purchase Power and Energy Losses to Retail							
12	Customer Delivery Point -Mills/Kwh	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/Kwh	-4.75	-0.49	0.93	-5.09	-0.65	0.81
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
Distribution Cost to Serve							
16	Retail Customer -Mills/Kwh	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
NET MARGIN OR LOSS							
18	-Mills/Kwh	-4.75	-0.49	0.93	-5.09	-0.65	0.81
19	-% of Revenues	-15.61	-1.96	3.94	-16.90	-2.63	3.48
20	-\$/Month	-4753.	-138.	2775.	-15175.	-2644.	4938.

TABLE 1
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
(Examples Showing Inability of Municipalities to Sell Power for Industrial or
Commercial Loads of 5,000 KW to 10,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
SUMMER RATES
95 % COINCIDENCE
INSIDE CITY

		USD (KW)			USD (KW)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery Voltage -KV	13	13	13	13	13	13
2	Demand -KW	5000	5000	5000	10000	10000	10000
3	Hours of Use of Demand	200	400	600	200	400	600
4	KWH-In Thousands	1000	2000	3000	2000	4000	6000
5	Base Revenues -Mills/KWH	29.89	24.94	23.30	29.57	24.73	23.19
6	Retail Fuel Adjustment -Mills/KWH	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/KWH	1.45	1.20	1.12	1.43	1.19	1.12
8	Total Revenues-Output at Retail Rates -Mills/KWH	30.45	25.26	23.53	30.11	25.03	23.41
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
9	Incremental Cost at Wholesale Rate -Mills/KWH	36.95	27.98	24.98	36.95	27.98	24.98
10	Fuel Adjustment -Mills/KWH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/KWH	34.26	25.28	22.29	34.25	25.28	22.29
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point -Mills/KWH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/KWH	34.26	25.28	22.29	34.25	25.28	22.29
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/KWH	-3.81	-0.02	1.24	-4.14	-0.19	1.13
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/KWH	34.26	25.28	22.29	34.25	25.28	22.29
16	Distribution Cost to Serve Retail Customer -Mills/KWH	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/KWH	34.26	25.28	22.29	34.25	25.28	22.29
NET MARGIN OR LOSS							
18	-Mills/KWH	-3.81	-0.02	1.24	-4.14	-0.19	1.13
19	% of Revenues	-12.51	-0.08	5.28	-13.76	-0.75	4.82
20	\$/month	-3808.	-43.	3723.	-8205.	-754.	5773.

TABLE 2
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
 (Examples Showing Inability of Municipalities to Sell Power for Industrial or
 Commercial Loads of 500 KW to 1,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
 WINTER RATES
 100 % COINCIDENCE
 OUTSIDE CITY

		USD(KW)			USD(KW)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES							
FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery Voltage -KV	13	13	13	13	13	13
2	Demand -KW	500	500	500	1000	1000	1000
3	Hours of Use of Demand	200	400	600	200	400	600
4	KWH-In Thousands	100	200	300	200	400	600
5	Base Revenues -Mills/KWH	32.86	25.43	22.95	29.81	23.90	21.94
6	Retail Fuel Adjustment -Mills/KWH	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/KWH	0.	0.	0.	0.	0.	0.
8	Total Revenues-Output at Retail Rates -Mills/KWH	31.97	24.54	22.07	28.92	23.01	21.05
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
9	Incremental Cost at Wholesale Rate -Mills/KWH	37.90	28.45	25.30	37.90	28.45	25.30
10	Fuel Adjustment -Mills/KWH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point -Mills/KWH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/KWH	-3.22	-1.21	-0.53	-6.28	-2.74	-1.55
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
16	Distribution Cost to Serve Retail Customer -Mills/KWH	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
NET MARGIN OR LOSS (1)							
18	-Mills/KWH	-3.22	-1.21	-0.53	-6.28	-2.74	-1.55
19	% of Revenues	-10.09	-4.92	-2.42	-21.73	-11.89	-7.36
20	\$/month	-322.	-241.	-160.	-1256.	-1094.	-952.

Legend:

NA = Not available at this time, will vary depending on delivery voltage to municipal and individual municipal system losses and investments.

(1) From any positive net margin there would have to be deducted and to any loss shown there would have to be added the cost of purchasing losses to serve the retail customer and the distribution costs from the municipal delivery point to the retail customer's facilities.

TABLE 2
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
(Examples Showing Inability of Municipalities to Sell Power for Industrial or
Commercial Loads of 500 KW to 1,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
WINTER RATES
95 % COINCIDENCE
OUTSIDE CITY

			GSD (Kw)			GSD (Kw)		
			(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES								
1	Delivery Voltage	-KV	13	13	13	13	13	13
2	Demand	-Kw	500	500	500	1000	1000	1000
3	Hours of Use of Demand		200	400	600	200	400	600
4	KwH-In Thousands		100	200	300	200	400	600
5	Base Revenues	-Mills/KwH	32.36	25.43	22.95	29.81	23.90	21.94
6	Retail Fuel Adjustment	-Mills/KwH	-0.59	-0.59	-0.89	-0.89	-0.59	-0.59
7	Franchise Tax	-Mills/KwH	0.	0.	0.	0.	0.	0.
8	Total Revenues-Output at Retail Rates	-Mills/KwH	31.97	24.54	22.07	28.92	23.01	21.35
COST OF INPUT AT MUNICIPAL DELIVERY POINT								
9	Incremental Cost at Wholesale Rate	-Mills/KwH	36.95	27.98	24.93	36.95	27.95	24.92
10	Fuel Adjustment	-Mills/KwH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal	-Mills/KwH	34.26	25.28	22.29	34.25	25.25	22.22
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point	-Mills/KwH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input	-Mills/KwH	34.26	25.28	22.29	34.25	25.25	22.29
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT								
14		-Mills/KwH	-2.28	-0.73	-0.22	-5.34	-2.26	-1.24
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER								
15	Cost of Input	-Mills/KwH	34.26	25.28	22.29	34.25	25.25	22.29
16	Distribution Cost to Serve Retail Customer	-Mills/KwH	NA	NA	NA	NA	NA	NA
17	Total Added Cost	-Mills/KwH	34.26	25.28	22.29	34.25	25.25	22.29
NET MARGIN OR LOSS								
18		-Mills/KwH	-2.28	-0.73	-0.22	-5.34	-2.26	-1.24
19	% of Revenues		-7.13	-2.99	-1.00	-18.46	-9.84	-5.89
20	\$/month		-228.	-147.	-66.	-1068.	-700.	-744.

TABLE 2
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
 (Examples Showing Inability of Municipalities to Sell Power for Industrial or
 Commercial Loads of 500 KW to 1,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
 MINTEL RATES
 100 % COINCIDENCE
 INSIDE CITY

		USD (KW)			USD (KW)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES							
FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery voltage -KV	13	13	13	13	13	13
2	Demand -KW	500	500	500	1000	1000	1000
3	Hours of Use of Demand	200	400	600	200	400	600
4	KWH-In Thousands	100	200	300	200	400	600
5	Base Revenues -Mills/KWH	32.86	25.43	22.95	24.81	23.90	21.74
6	Retail Fuel Adjustment -Mills/KWH	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/KWH	1.60	1.23	1.10	1.40	1.15	1.05
8	Total Revenues-Output at Retail Rates -Mills/KWH	33.57	25.77	23.17	25.33	24.16	22.10
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
9	Incremental Cost at Wholesale Rate -Mills/KWH	37.90	28.45	25.30	37.90	28.45	25.30
10	Fuel Adjustment -Mills/KWH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point -Mills/KWH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/KWH	-1.63	0.02	0.57	-4.84	-1.59	-0.50
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
16	Distribution Cost to Serve Retail Customer -Mills/KWH	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
NET MARGIN OR LOSS							
18	-Mills/KWH	-1.63	0.02	0.57	-4.84	-1.59	-0.50
19	-% of Revenues	-4.84	0.08	2.45	-19.73	-6.58	-2.27
20	-\$/month	-163.	4.	171.	-997.	-634.	-201.



TABLE 2
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
(Examples Showing Inability of Municipalities to Sell Power for Industrial or
Commercial Loads of 500 KW to 1,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
WINTER RATES
95 % COINCIDENCE
INSIDE CITY

		USD(KW)			USD(KW)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery Voltage -KV	13	13	13	13	13	13
2	Demand -KW	500	500	500	1000	1000	1000
3	Hours of Use of Demand	200	400	600	200	400	600
4	Kwh-In Thousands	100	200	300	200	400	600
5	Base Revenues -Mills/KWH	32.86	25.43	22.95	29.81	23.90	21.94
6	Retail Fuel Adjustment -Mills/KWH	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/KWH	1.60	1.23	1.10	1.45	1.15	1.35
8	Total Revenues-Output at Retail Rates -Mills/KWH	33.57	25.77	23.17	30.36	24.16	22.10
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
Incremental Cost at							
9	Wholesale Rate -Mills/KWH	36.95	27.98	24.92	36.95	27.95	24.98
10	Fuel Adjustment -Mills/KWH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/KWH	34.26	25.28	22.29	34.26	25.25	22.29
Cost to Purchase Power and Energy Losses to Retail							
12	Customer Delivery Point -Mills/KWH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/KWH	34.26	25.28	22.29	34.26	25.25	22.29
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/KWH	-0.66	0.49	0.88	-3.39	-1.11	-0.19
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/KWH	34.26	25.28	22.29	34.26	25.25	22.29
16	Distribution Cost to Serve Retail Customer -Mills/KWH	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/KWH	34.26	25.28	22.29	34.26	25.25	22.29
NET MARGIN OR LOSS							
18	-Mills/KWH	-0.66	0.49	0.88	-3.39	-1.11	-0.19
19	-% of Revenues	-2.03	1.91	3.81	-12.32	-4.61	-0.84
20	-\$/month	-66.	98.	265.	-773.	-445.	-112.

TABLE 2
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
 (Examples Showing Inability of Municipalities to Sell Power for Industrial or
 Commercial Loads of 500 KW to 1,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
 SUMMER RATES
 100 % COINCIDENCE
 OUTSIDE CITY

			USD (KW)			USD (KW)		
			(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES								
FROM OUTPUT AT COMPANY RETAIL RATES								
1	Delivery Voltage	-KV	13	13	13	13	13	13
2	Demand	-KW	500	500	500	1000	1000	1000
3	Hours of Use of Demand		200	400	600	200	400	600
4	Kwh-In Thousands		100	200	300	200	400	600
5	Base Revenues	-Mills/KWH	35.61	27.91	25.20	32.43	26.22	24.14
6	Retail Fuel Adjustment	-Mills/KWH	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax	-Mills/KWH	0.	0.	0.	0.	0.	0.
8	Total Revenues-Output at Retail Rates	-Mills/KWH	34.72	26.92	24.32	31.54	25.33	23.25
COST OF INPUT AT MUNICIPAL DELIVERY POINT								
9	Incremental Cost at Wholesale Rate	-Mills/KWH	37.90	28.45	25.30	37.90	28.45	25.30
10	Fuel Adjustment	-Mills/KWH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal	-Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point	-Mills/KWH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input	-Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT								
14		-Mills/KWH	-0.47	1.17	1.72	-3.66	-0.42	0.65
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER								
15	Cost of Input	-Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
16	Distribution Cost to Serve Retail Customer	-Mills/KWH	NA	NA	NA	NA	NA	NA
17	Total Added Cost	-Mills/KWH	35.20	25.75	22.60	35.20	25.75	22.60
NET MARGIN OR LOSS								
18		-Mills/KWH	-0.47	1.17	1.72	-3.66	-0.42	0.65
19		-% of Revenues	-1.37	4.34	7.05	-11.60	-1.67	2.81
20		-%/month	-47.	234.	515.	-731.	-169.	393.

TABLE 2
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
(Examples Showing Inability of Municipalities to Sell Power for Industrial or
Commercial Loads of 500 KW to 1,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
SUMMER RATES
95 % COINCIDENCE
OUTSIDE CITY

		USD(KW)			USD(KW)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery Voltage -KV	13	13	13	13	13	13
2	Demand -KW	500	500	500	1000	1000	1000
3	Hours of Use of Demand	200	400	600	200	400	600
4	KWH-In Thousands	100	200	300	200	400	600
5	Base Revenues -Mills/KWH	35.61	27.81	25.20	32.43	26.24	24.14
6	Retail Fuel Adjustment -Mills/KWH	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/KWH	0.	0.	0.	0.	0.	0.
8	Total Revenues-Output at Retail Rates -Mills/KWH	34.72	26.92	24.32	31.54	25.35	23.25
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
9	Incremental Cost at Wholesale Rate -Mills/KWH	36.95	27.98	24.93	36.95	27.95	24.98
10	Fuel Adjustment -Mills/KWH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/KWH	34.26	25.28	22.29	34.25	25.25	22.29
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point -Mills/KWH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/KWH	34.26	25.28	22.29	34.25	25.25	22.29
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/KWH	0.47	1.64	2.03	-2.71	0.00	0.97
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/KWH	34.26	25.28	22.29	34.25	25.25	22.29
16	Distribution Cost to Serve Retail Customer -Mills/KWH	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/KWH	34.26	25.28	22.29	34.25	25.25	22.29
NET MARGIN OR LOSS							
18	-Mills/KWH	0.47	1.64	2.03	-2.71	0.00	0.97
19	-% of Revenues	1.35	6.09	8.35	-8.60	0.19	4.17
20	-\$/Month	47.	328.	609.	-543.	20.	581.

TABLE 2
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
(Examples Showing Inability of Municipalities to Sell Power for Industrial or
Commercial Loads of 500 KW to 1,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
SUMMER RATES
100 % COINCIDENCE
INSIDE CITY

		USD(Kwh)			USD(Kwh)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery voltage -KV	13	13	13	13	13	13
2	Demand -KW	500	500	500	1000	1000	1000
3	Hours of Use of Demand	200	400	600	200	400	600
4	Kwh-in Thousands	100	200	300	200	400	600
5	Base Revenues -Mills/Kwh	35.61	27.61	25.20	32.43	26.22	24.14
6	Retail Fuel Adjustment -Mills/Kwh	-0.89	-0.89	-0.89	-0.89	-0.89	-0.89
7	Franchise Tax -Mills/Kwh	1.74	1.35	1.22	1.53	1.27	1.16
8	Total Revenues-Output at Retail Rates -Mills/Kwh	36.46	28.26	25.53	33.12	26.59	24.42
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
9	Incremental Cost at Wholesale Rate -Mills/Kwh	37.90	28.45	25.30	37.90	28.45	25.30
10	Fuel Adjustment -Mills/Kwh	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point -Mills/Kwh	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/Kwh	1.26	2.51	2.93	-2.08	0.84	1.82
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
16	Distribution Cost to Serve Retail Customer -Mills/Kwh	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/Kwh	35.20	25.75	22.60	35.20	25.75	22.60
NET MARGIN OR LOSS							
18	-Mills/Kwh	1.26	2.51	2.93	-2.08	0.84	1.82
19	-% of Revenues	3.46	8.89	11.48	-6.28	3.17	7.44
20	-\$/Month	126.	503.	879.	-416.	337.	1090.

TABLE 2
PRICE SQUEEZE IMPOSED ON MUNICIPALS
BY FLORIDA POWER & LIGHT'S WHOLESALE AND RETAIL RATES
(Examples Showing Inability of Municipalities to Sell Power for Industrial or
Commercial Loads of 500 KW to 1,000 KW at Company's Present GS-D Retail Rates)

RETAIL CUSTOMERS AT:
SUMMER RATES
95 % COINCIDENCE
INSIDE CITY

		GSD (KW)			JSD (KW)		
		(a)	(b)	(c)	(d)	(e)	(f)
COMPANY OR MUNICIPAL REVENUES FROM OUTPUT AT COMPANY RETAIL RATES							
1	Delivery Voltage -KV	13	13	13	13	13	13
2	Demand -KW	500	500	500	1000	1000	1000
3	Hours of Use of Demand	200	400	600	200	400	600
4	KWH-in Thousands	100	200	300	200	400	600
5	Base Revenues -Mills/KWH	35.61	27.61	25.20	32.43	26.22	24.14
6	Retail Fuel Adjustment -Mills/KWH	-0.69	-0.69	-0.69	-0.69	-0.69	-0.69
7	Franchise Tax -Mills/KWH	1.74	1.35	1.22	1.55	1.27	1.16
8	Total Revenues-Output at Retail Rates -Mills/KWH	36.46	28.26	25.53	33.12	26.57	24.42
COST OF INPUT AT MUNICIPAL DELIVERY POINT							
9	Incremental Cost at Wholesale Rate -Mills/KWH	36.95	27.98	24.95	36.95	27.98	24.98
10	Fuel Adjustment -Mills/KWH	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70
11	Subtotal -Mills/KWH	34.25	25.28	22.25	34.25	25.28	22.29
12	Cost to Purchase Power and Energy Losses to Retail Customer Delivery Point -Mills/KWH	NA	NA	NA	NA	NA	NA
13	Total Cost of Input -Mills/KWH	34.25	25.28	22.25	34.25	25.28	22.29
DIFFERENCE - COST OF INPUT AND REVENUES FROM OUTPUT							
14	-Mills/KWH	2.21	2.99	3.25	-1.14	1.32	2.13
TOTAL ADDED COST TO SERVE RETAIL CUSTOMER							
15	Cost of Input -Mills/KWH	34.25	25.28	22.25	34.25	25.28	22.29
16	Distribution Cost to Serve Retail Customer -Mills/KWH	NA	NA	NA	NA	NA	NA
17	Total Added Cost -Mills/KWH	34.25	25.28	22.25	34.25	25.28	22.29
NET MARGIN OR LOSS							
18	-Mills/KWH	2.21	2.99	3.25	-1.14	1.32	2.13
19	% of Revenues	6.05	10.57	12.71	-3.43	4.95	8.73
20	\$/Month	221.	597.	974.	-227.	525.	1279.

SALE-FOR-RESALE
RATE SCHEDULE - SR-1

AVAILABLE:

In all territory served by the Company.

APPLICATION:

To electric service supplied to a municipal electric utility or to a cooperative non-profit membership corporation organized under the provisions of the Rural Electric Cooperative Law for their own use or for resale.

SERVICE:

Three phase, 60 hertz at such delivery points: (1) as may be established at any location on the Company's interconnected system where the operating voltage is 69 KV, 115 KV, 138 KV or 230 KV, or (2) at any location on the Company's interconnected system where the operating voltage is below 69 KV and adequate capacity is available to meet the customer's estimated load for the initial five years, and (3) at other points agreed upon by the Company and the customer.

All service required at the point of delivery by the customer shall be furnished through one meter.

Customer will provide, install, operate and maintain all necessary lines, substations, transformers, and other equipment necessary to utilize the electric service delivered hereunder, including the switching and protective equipment to be installed at the point of delivery.

LIMITATION OF SERVICE:

Neither the Company nor the Customer, unless ordered to do so by a properly constituted authority, shall distribute or furnish electric power and energy to a customer of the other. No power and energy sold hereunder shall be resold at wholesale for use outside of the State of Florida. Standby or emergency service is not permitted hereunder.

MONTHLY RATE, AT EACH POINT OF DELIVERY:

For service at distribution voltage:

Demand Charge

For each KW of Demand _____ \$3.78 per KW

Reactive Demand Charge

For all rKVA by which the Reactive Demand exceeds one-half the measured KW demand _____ . \$0.15 per rKVA

Energy Charge

Each KWH _____ 1.90 cents

For service at 69 KV and higher:

Discount 4% of the bill, before adjustments.

Adjustment: The amount computed at the above Monthly Rate shall be adjusted minus or plus by an amount calculated in accordance with the formulae specified in the Company's Fuel and Tax Adjustment Clauses which are incorporated as a part of this Rate as Appendices A and B.

Minimum: The current effective billing demand charge but not less than \$945.

DEMAND:

The demand is the KW to the nearest whole KW, as determined from the Company's demand meter for the 15-minute period of Customer's greatest use during the current billing month, adjusted to preclude duplication of any demand that may have been occasioned by switching of load between delivery points, but not less than 75% of the highest demand metered during the preceding eleven months or less than 250 KW. In the event load is transferred to a new delivery point, the preceding eleven months demand at the delivery point from which load was transferred shall be appropriately adjusted for future billing purposes. Where the Company supplies the partial requirements of a customer at a point of delivery, the billing demand shall be the highest metered demand during the preceding eleven months adjusted to reflect service delivered under other appropriate rate schedules.

REACTIVE DEMAND:

The Reactive Demand will be the maximum 15-minute rKVA demand measured during the month.

Issued by:
Marshall McDonald
President
Issued on:

Effective:

SALE-FOR-RESALE
RATE SCHEDULE - SR-1

PAYMENT:

Bills for electric energy shall be rendered monthly by the Company and paid monthly by the Customer, and shall be due and payable within ten days from date rendered, and the Company shall have the right to discontinue the delivery of electric energy to Customer in the event Customer shall fail to pay any sum due, or in the event Customer otherwise violates this contract; provided that the Company shall give Customer at least sixty (60) days' written notice of its intention to discontinue the delivery of electric energy and the reason therefor. Customer shall have such period in which to pay such sum or cure such default; provided, however, that the foregoing shall not be applicable to the extent that a bona fide dispute exists.

RULES AND REGULATIONS:

Service under this rate is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Terms and Conditions" and contract agreements applicable to Rate Schedule SR-1.

The rate and any provisions herein, or any provisions in the "General Terms and Conditions," are subject to changes or substitutions, either in whole or in part, made from time to time by a legally effective filing of the Company with, or by order of, the regulatory authorities having jurisdiction. Both the Company and the Customer shall have the right to seek unilaterally changes or substitutions from such regulatory authorities.

Issued by:
Marshall McDonald
President
Issued on:

Effective:

APPENDIX-A
FUEL ADJUSTMENT CLAUSE

APPLICABLE:

To the Monthly Rate of each filed rate schedule as indicated with reference to Adjustment.

CALCULATION OF FUEL ADJUSTMENT:

Each energy charge of the Monthly Rate shall be decreased or increased .001¢ per kilowatt-hour for each .001¢ decrease below or increase above 1.340¢ per kilowatt-hour in the cost of Fossil and Nuclear fuel for each kilowatt-hour delivered in the second preceding month, as calculated in accordance with the following formula:

$$FA = \left[\frac{F_m}{S_m} - 1.340 \right] 1.01652$$

Where:

- FA = Applicable fuel adjustment per kwh delivered to be applied to each kwh of energy billed in the current month or billing cycle.
- F_m = Cost to the Company in the second preceding month of Fossil and Nuclear fuel used during the month, including:
- (1) Fossil and Nuclear fuel consumed in the Company's own plants, and the Company's share of fossil and nuclear fuel consumed in jointly owned or leased plants.
 - (2) The actual identifiable Fossil and Nuclear fuel costs associated with energy purchased for reasons other than identified in (3).
 - (3) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein may be such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by the Company to substitute for its own higher cost energy; and less:
 - (4) The cost of Fossil and Nuclear fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on a economy dispatch basis.
- S_m = Net kwh input into the Company's system for the supply of energy in its operating area for the second preceding month, equated as the sum of (a) generation, (b) purchases, (c) interchange in, less (d) intersystem sales referred to in (4) above, less (e) total system losses. This sum shall then be adjusted to reflect a loss factor of 2.66% associated with wholesale sales for resale.

The adjustment factor computed above shall be further modified to allow for recovery of 1.625% State of Florida revenue taxes occasioned by the fuel adjustment revenues.



APPENDIX-B
TAX ADJUSTMENT CLAUSE

APPLICABLE:

To the Monthly Rate of each filed rate schedule as indicated with reference to Adjustment.

CALCULATION OF TAX ADJUSTMENT:

Minus or plus the applicable proportionate part of any taxes and assessments imposed by any governmental authority below or in excess of those in effect on the effective date hereof, which are assessed on the basis of meters or customers or the price of or revenues from electric energy or service sold or the volume of energy generated or purchased for sale or sold.

Issued by:
Marshall McDonald
President
Issued on:

Effective:

GENERAL SERVICE - DEMAND -- Rate Schedule GSDAVAILABLE:

In all territory served.

APPLICATION:

For electric service required for lighting, power and any other purpose with a measured Demand in excess of 20 kw for which no specific rate schedule is applicable.

SERVICE:

Single or three phase, 60 cycles and at any available standard voltage.
All service required on premises by Customer shall be furnished through one meter.
Stand-by or resale service not permitted hereunder.

MONTHLY RATE:

Customer Charge:

\$16.50

Demand Charge:

November - April

\$2.50 per kw for the first 500 kw,

\$1.75 per kw for all additional kw.

May - October

\$2.65 per kw for the first 500 kw,

\$1.85 per kw for all additional kw.

Energy Charge:

November - April

2.9c per kwh for first 20,000 kwh,

1.8c per kwh for all additional kwh.

May - October

3.1c per kwh for first 20,000 kwh,

2.0c per kwh for all additional kwh.

Note: The change in monthly rate will be effective with meter readings on May 1st and November 1st.

Minimum: The Customer Charge plus the charge for the currently effective demand which shall not be less than 10 kw.

Adjustment: The amount computed at the above Monthly Rate shall be adjusted minus or plus by an amount calculated in accordance with the formulae specified in the Company's Fuel and Tax Adjustment Clauses which are incorporated by reference as a part of this Rate Schedule and as filed with the Florida Public Service Commission.

DEMAND:

The Demand is the kw to the nearest whole kw, as determined from the Company's demand meter for the 30-minute period of Customer's greatest use during the month as adjusted for power factor, but not less than 10 kw.

TERM OF SERVICE:

Not less than one year.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

FUEL COST AND PURCHASED POWER ADJUSTMENT CLAUSE

APPLICABLE:

To the Monthly Rate of each filed rate schedule as indicated with reference to Adjustment.

CALCULATION:

Minus or plus an adjustment calculated in accordance with the formula specified by the Florida Public Service Commission designed to give effect to changing efficiency as well as the changing cost of fossil and nuclear fuels and purchased power as summarized below:

Each energy charge of the Monthly Rate shall be decreased or increased .001¢ per kilowatt-hour for each .001¢ decrease below or increase above 1.218¢ per kilowatt-hour in the cost of fossil and nuclear fuels and purchased power for each kilowatt-hour delivered, including adjustments for energy losses, gross receipts tax and regulatory trust fund fee, during the second preceding month.

R. W. BECK AND ASSOCIATES

ENGINEERS AND CONSULTANTS

PLANNING
DESIGN
RATES
ANALYSES
EVALUATIONS
MANAGEMENT

1510 EAST COLONIAL DRIVE
POST OFFICE BOX 6817
ORLANDO, FLORIDA 32803
TELEPHONE 305-896-4911

SEATTLE, WASHINGTON
DENVER, COLORADO
PHOENIX, ARIZONA
ORLANDO, FLORIDA
COLUMBUS, NEBRASKA
WELLESLEY, MASSACHUSETTS
INDIANAPOLIS, INDIANA

FILE NO. FF-5149-EG1-MW

April 21, 1976

Mr. J. K. Daniel, Coordinator
Florida Power & Light Company
P. O. Box 013100
Miami, Florida 33101

Dear Ken:

Subject: Agreement to Provide Transmission Service
Between Florida Power & Light Company
and the Utilities Commission of the City of
New Smyrna Beach, Florida

In response to your letter of April 15, 1976, regarding the subject matter, we have considerable concern regarding the costs proposed by FP&L for transmission service and the basis on which those costs have been developed by the Company.

Of course we are very concerned about the prospect of the Utilities Commission paying a double transmission charge, one to Florida Power Corporation and one to FP&L, to have its 4.63 MW ownership share of Crystal River No. 3 nuclear unit output delivered to its facilities. Even a cursory examination reveals that under an integrated statewide Florida power pool a fair share of statewide pool transmission investment proportionate to a 4.63 MW usage of transmission facilities would result in a capital cost to the Utilities Commission which it could amortize annually at a cost far less than the cost of the double rates that would be paid to the two companies under the proposed bi-lateral arrangements. The approach of the Utilities Commission making an investment in transmission facilities, which approach is being used in Georgia in lieu of transmission charges and should be possible for municipalities under the constitutional amendment approved by the voters in November, 1974, was proposed to FP&L in the Commission's initial proposal for transmission from St. Lucie No. 2 in the letter to Mr. Mulholland dated November 13, 1974, from Mr. John Kelly.

April 21, 1976

Aside from the approach of making a capital investment in transmission facilities, looking at the combined investment of the two companies in bulk power transmission facilities, an annual charge based on such investment and reasonable company fixed charges would still indicate a transmission charge for wheeling 4.63 MW over the facilities of both companies of about half the potential double charge under the proposed bi-lateral arrangements. I am sure you can see how serious this matter is for the Commission since your proposed arrangement would apparently result in a payment to FP&L, based on June 30, 1975 test period figures, of \$12.85/kW/year. Florida Power's new T-1 (Transmission Service) rate which it expects to file before commercial operation of CR-3 will be an increase over the \$5.05/kW/year rate in the present tariff.

Aside from the problem of a double rate, we have some real concerns about the methods and costs proposed by FP&L under the bi-lateral arrangement. For example, under the work sheets on which you developed the \$12.85/kW/year rate (copy attached), there appear to be discrepancies in the numbers, the accounts, and the functionalized plant that would be utilized in providing transmission (wheeling) service to New Smyrna Beach when this calculation is compared to the testimony and exhibits sponsored by Mr. Richard H. Pierce, Principal Consultant of Ebasco Services Inc., on behalf of FP&L in its recently filed wholesale rate request "SR-1," FPC Docket No. ER76-211. (See attached copies of pertinent portions of Mr. Pierce's testimony, pages 5, 6 and 8, and Exhibit M-1, Period I, "Functionalized Production, Transmission and Distribution Plant in Service" which are attached.) We note that your work papers include "Accounts 350 through 390." Since these account numbers include distribution accounts, we fail to see how such investment is used in providing transmission service.

We see no evidence of your having functionalized transmission plant into "Power Supply," "Common," "Specific," "General," or "Sub-Transmission" as Mr. Pierce has done in his testimony for your rate case. We consider it important in developing a fair transmission rate for the Utilities Commission, that will be taking transmission service at 115 kV through the new interconnection under construction, that only the cost of your bulk power supply transmission investment be utilized as a basis for the rate for transmission service.

Looking at Mr. Pierce's exhibit, only the "Power Supply" investment would clearly be used and useful in supplying transmission service to New Smyrna Beach; and of that investment, there would have to be deducted the investment in step-up facilities at your generation plants since these do not

function as transmission for wheeling power over your system from Florida Power to New Smyrna Beach. It is clear that the investment in all "Subtransmission" and "Specific" transmission facilities as defined and identified by Mr. Pierce would not be includable in calculating a cost justified transmission rate to New Smyrna Beach's 115 kV facilities. It is doubtful if any of the "Common" facilities would be used and useful, but we have no way of knowing without more detail. Also, we cannot identify what Mr. Pierce has included under "General" and how that is allocated or assigned so that we can identify that portion associated only with bulk "Power Supply" transmission.

Therefore, the information required to properly analyze a fair and reasonable cost justified rate includes the following:

- (1) A map of the FP&L system showing all "Power Supply" transmission facilities used and useful in providing transmission service to New Smyrna Beach.
- (2) Details of Plant investment of all such "Power Supply" transmission facilities including a break out of step-up facilities that would be excluded from transmission investment for transmission service purposes. This data should be in sufficient detail so that the break outs made by Mr. Pierce into "Sub-transmission," "Common," "Specific," and "General" can also be identified and included or excluded as may be appropriate for the investment on which a transmission rate might be based.

Further, as to a fair rate for transmission service, we have consistently taken the position in our negotiations with you regarding transmission service that the transmission system serves multiple purposes including (1) power deliveries, (2) transmission reliability (alternative paths in the event of a line fault), and (3) generation reliability (in the event of a generation outage). In recognition of these facts we strongly believe, and other utilities in the state have agreed, that an adjustment for generation reliability should be made when calculating a fair transmission rate where the system is used to deliver power from one utility to another, such as the case for wheeling CR-3 power and energy from Florida Power to New Smyrna Beach. In the Florida Power T-1 tariff that generation reliability reduction is 30%. Unless FP&L has made its own studies to determine a different reasonable percentage, we suggest this ratio be used for the subject transmission service.

April 21, 1976

Finally, we note on the attached work sheets that you propose as the cost of capital using the following rates:

- A. Long Term Debt - Most Recent Transaction - 9.85%
- B. Preferred Stock - Cost of Most Recent Transaction - 10.08%
- C. Equity - Most Recent Return on Equity Approved by a Regulatory Authority - 15.00%.

We do not understand how the Company feels such rates are cost justified. New Smyrna Beach has not asked FP&L to build any new facilities to provide the service. You might want to use such rates to make an economic analysis of alternative new facilities, but they are clearly not appropriate in any fair cost of service analysis. In fact, in your rate case, Statement G, the following cost of capital rates appear:

A. Debt Capital

Period I, at June 30, 1975 7.57%
Period II, at December 31, 1976 7.80%

B. Preferred Stock Capital

Period I, at June 30, 1975 8.14%
Period II, at December 31, 1976 8.14%

Further, a transmission rate for New Smyrna Beach would be under the jurisdiction of the Federal Power Commission. That Commission has not handed down its decision in Docket No. E-8008 so we do not know what return on equity capital will be granted, but we doubt it will approach 15.00%. We suggest using 12.50% until the decision is handed down and thereafter using whatever is set forth therein.


We both know how important the requested transmission service is to the Utilities Commission of New Smyrna Beach; however, we cannot recommend to the Commission that they accept a completely unjustified, exorbitant rate for that service which is not and cannot, in our opinion, be cost justified. We suggest, therefore, that the Company, which has the details of its transmission system, furnish us with the necessary details as requested so that we may prepare a proper rate for your consideration. Also, you may want to review the material previously furnished and modify it along the lines suggested herein.

April 21, 1976

Regarding the information on the proposed switching station site, the approximate location has been known to the Company since the very initiation of our negotiations on the high voltage interconnection. You were shown by Mr. Kelly on a drawing the exact site the Commission was intending to acquire some months ago. Further our Denver Design Department has been in frequent contact with your engineering personnel from Miami, including a visit by your Mr. Cogburn to our Denver Design office. We know of no engineering considerations other than the number of spans involved that depend upon the actual location along your line that could not have been made at any time since execution of the Interconnection Agreement. We trust that all necessary engineering and material procurement has proceeded by FP&L such that you will be completely ready to energize the interconnection when the Commission facilities are completed. As requested, Mr. Moriarty of our Denver office transmitted by letter of April 13, 1976, a plot plan of the switching station showing the arrangement and containing a complete legal description of the property which the Commission has, by resolution, taken steps to acquire.

Very truly yours,

R. W. BECK AND ASSOCIATES



Robert E. Bathen

Manager, Orlando Regional Office

REB/ebf

Enclosures

cc Robert A. Jablon, Esquire

Mr. John R. Kelly

METHOD FOR CALCULATION OF TRANSMISSION
DELIVERY SERVICE OF THE CRYSTAL RIVER
POWER RESOURCES OF THE UTILITIES COMMISSION
OF THE CITY OF NEW SMYRNA BEACH, FLORIDA

A. Costing Period

12 Months Ending June 30, 1975

B. Transmission Facilities (Accts. 350 thru 390)

Plant	\$418,803,822
Depr. Reserve	(77,421,876)
Net	<u>\$341,381,946</u>

C. Annual 60 minute on Company's system

7,076,000 KW

D. Capital Structure

Long Term Debt	57.95
Preferred Stock	9.00
Common Stock	<u>33.05</u>
	100.00

E. Income Tax Factor

(1.0 - State) (1.0 - Federal)

$$(1.0 - .05) (1.0 - 0.48) = .4940$$

F. Cost of Capital

A. Long Term Debt - Cost of most recent transaction

$$9.85 \times .5795 = 5.71$$

B. Preferred Stock - Cost of most recent transaction

$$\frac{10.08 \times .09}{.4940} = 1.84$$

C. Equity - Most recent return on equity approved by a regulatory authority

$$\frac{15.00 \times .3305}{.4940} = \frac{10.04}{17.59}$$

G. Transmission Operating Expense including but not limited to operation and maintenance, depreciation, taxes other than income

\$30,891,065

H. Cost per KW at Transmission Service

Cost of Capital times net transmission plant plus operating expense divided by the Company's annual peak load

$$\frac{17.59}{100} \times 341,381,946 = \begin{array}{r} \$60,049,084 \\ 30,891,065 \\ \hline \$90,940,149 \end{array}$$

$$\frac{\$90,940,149}{7,076,000} = \$12.85/\text{KW}/\text{YR}$$

1 A I used the actual cost data for the calendar year
2 1974, actual cost data for the year end June 30,
3 1975, and budgeted figures for the year 1976.
4

5 Q What are your conclusions based on the results of
6 the study?
7

8 A The two classes of Wholesale Service show a
9 significant revenue deficiency for the projected
10 year 1976, based on a desired rate of return from
11 operations of 10.39 percent rate of return on
12 rate base. About 2.98 percent of Florida Power &
13 Light Company 1976 projected sales revenues were
14 accounted for in its wholesale operations. In
15 projected year 1976 the overall rate of return
16 from wholesale operations is 6.36 percent.
17 Between the years 1973 and 1976, a three year
18 period, Florida Power & Light Company will have
19 increased their total investment in utility plant
20 by more than 30 percent, due to the necessity to
21 accommodate load growth. During this period,
22 approximately 33 percent of the increase has been
23 in production facilities. It is essential to the
24 continued ability of Florida Power & Light Company
25 to provide dependable service that the financial
26 needs associated with these higher costs are met.
27

28 Q Please describe your overall process of cost
29 allocation?
30

31 A I have used a conventional three-step procedure
32 which consists of functionalization, classification
33 and allocation.
34

35 Q What is meant by functionalization?
36

37 A Functionalization is the assignment of the Company's
38 plant, revenues and expenses among operating functions
39 suitable for allocation. The basic Uniform System of
40 Accounts is inadequate for a cost allocation study
41 because it does not recognize distinctions occurring
42 within each accounting function.
43

44 As an example, the transmission category of the
45 Uniform System of Accounts does not distinguish



1 between plant functioning at 500 kV, 240 kV, 138 kV,
2 115 kV or 69 kV. The Ebasco functionalization
3 recognizes the various functions for which transmission
4 facilities are utilized.
5

6 Q Can you give me an example of the way the Ebasco
7 Method of functionalization works?
8

9 A Yes. Certain transmission lines and their substations
10 which connect generating stations and establish
11 interties with other utilities and form power loops
12 for the bulk transmission of power, have been designated
13 as being part of the power supply function whose
14 related plant, revenues and costs are equally shared
15 by all customers on the system.
16

17 Analysis of the Florida Power & Light Company
18 system also shows certain transmission tap lines
19 with associated substations. Where these are required
20 for an identifiable customer they have been function-
21 alized in a specific category; that is, the costs of
22 the line and the required switch gear have been
23 assigned directly to the customer's class of service.
24

25 In another case where a transmission line serves
26 a wholesale customer as well as the general retail
27 requirements of the surrounding area, this tap line,
28 with associated switch gear, has been assigned to
29 the common function.
30

31 All transmission facilities other than those
32 previously set forth are functionalized as general.
33

34 Q What is meant by classification, the second step in
35 your process of cost allocation?
36

37 A Classification is the assignment of functionalized
38 plant, revenue and costs to demand, energy or
39 customer components of service. "Demand related"
40 costs are those costs considered to be a function
41 of either the demand coincident with the system
42 peak, the class non-coincident peak demands or
43 customer non-coincident peak demands. "Energy
44 related" costs vary with annual kilowatt-hour
45 requirements. The customer component of cost
46 varies with the number of customers.

1 The energy purchased by the class at the individual
2 voltage levels was then expanded upward to the
3 busbar to determine the classes energy allocation
4 factor as a percent against total energy generated.
5 The same procedure was utilized for Periods I and
6 II.
7

8 Q We have discussed the cost treatment accorded to
9 Production, Transmission and Distribution Plant
10 in your cost analysis. How were other items
11 treated?
12

13 A All other items of rate base were analyzed and
14 assigned to the Production, Transmission, Distri-
15 bution, Customer Accounts, Sales or Revenue Functions.
16 The items were further spread on percentages developed
17 within the function to subfunction relationships on
18 the basis of the original analysis.
19

20 Revenues from sales of electricity reflect the
21 annual sales revenues by class. Other electric
22 revenues were assigned following related items of
23 tangible plant.
24

25 Operating deductions excluding income taxes
26 were assigned on the basis of related elements of
27 tangible plant.
28

29 Income taxes were developed and assigned on
30 the basis of taxable income.
31

32 Q Please describe the exhibits relating to your cost
33 analysis.
34

35 A Wholesale Cost data for the cost analysis study is
36 shown in the schedules collectively referred to
37 as "Statement M." Statement M is submitted as
38 Exhibit No. (RP - MI) for Period I and Exhibit
39 No. (RP - MII) for Period II. The first page
40 of Statement M for both Periods I and II is a
41 summary of rate base, operating income and rate
42 of return at present rates for the two wholesale
43 classes.
44

45 Statement M-1 summarizes the functional assign-
46 ment and classification of Production, Transmission

Line	Description	Project No. 2775		Land & Structures		Station		Poles & Towers		Wires & Cables		Miscellaneous		Total		Subtotal		Grand Total	
		11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
1	Balance	30,237,327	916,642,763	37,611,267	2,810,000	129,770,560	29,000,000	90,311,293	84,740,260	10,000,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000
2	Adjustments																		
3	Adjusted Balance	30,237,327	916,642,763	37,611,267	2,810,000	129,770,560	29,000,000	90,311,293	84,740,260	10,000,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000	
4	Transfer from																		
5	Transfer to																		
6	Transfer from																		
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29	Transfer to																		
30	Transfer from																		
31	Transfer to																		

4/R FPL
St. Lucie No. 2
Nuclear Unit



March 31, 1975

New Smyrna Utilities Commission
P.O. Box 519
New Smyrna Beach, Florida 32069

Gentlemen:

In connection with the Atomic Energy Commission review of Florida Power & Light's application to construct Unit 2 of the St. Lucie plant, we agreed to provide certain utility systems advance notice of our plans for "the next nuclear generating unit to be constructed after St. Lucie Unit 2."

This is to advise you that FPL is now considering seeking the necessary regulatory authorizations to construct a nuclear unit at a site in the southern part of Dade County, Florida, or some other acceptable site. No firm decisions have been reached with respect to the specific type or size of reactor to be utilized, although we are considering standardized reactor designs in the 1,100-1,300 MW range. Moreover, while no firm decisions have been reached with respect to timing, we contemplate completion of a unit in the general time frame of 1983-85.

Sincerely,


Tracy Danese
Director of Public Affairs

TD:mh

UTILITIES COMMISSION

CITY OF NEW SMYRNA BEACH
POST OFFICE BOX 519
NEW SMYRNA BEACH, FLORIDA 32069

RECEIVED

NOV 26 1974

R. W. Beck & Associates
Orlando, Fla.

EVAN L. WILLIAMS
Chairman
CHARLES E. JARRARD
VICE Chairman
JACK E. PROFFITT
Commissioner

November 25, 1974

JAMES O. COVINGTON
SECRETARY, TREASURER
MARGARET G. MCAREE
ASSISTANT SECRETARY
JOHN L. CHISHOLM
ATTORNEY

Mr. Ben H. Fuqua, Esq.
Senior Vice President
Florida Power & Light Company
Post Office Box 3100
Miami, Florida 33101

Dear Mr. Fuqua:

I have your letter of November 20 in response to my letter of November 13, relative to our participation in St. Lucie No. 2 and related matters.

I appreciate your prompt response and your suggestion that we set a mutually convenient date to discuss in detail additional power supply for New Smyrna Beach.

By copy of this letter I am alerting our Counsel, Spiegel & McDiarmid and our Engineers R. W. Beck & Associates of the meeting subject to an agreed place, time and date.

If you are in agreement let's shoot for the week of December 1, say 4, 5 or 6 at your office in Miami.

I am also taking the liberty of informing Mr. Abraham Braitman Chief of the Office of Anti-Trust & Indemnity of the Atomic Energy Commission, so that he can have a representative present if he is so inclined.

As soon as I hear from you I will contact the others to try and confirm a date certain.

I will be out of the office the rest of this week, but will instruct my secretary to follow through in trying to firm the arrangements as soon as we have your response.

Sincerely,

UTILITIES COMMISSION
City of New Smyrna Beach

John R. Kelly
John R. Kelly
Director

JRK:p

cc: Mr. Bob Jablon, Esq., Mr. Bob Bathen & Mr. Abraham Braitman



HAND DELIVERED

February 26, 1974

Mr. John F. O'Leary
Director
Directorate of Licensing
United States Atomic Energy Commission
Washington, D.C.

Re: Florida Power and Light
Company
St. Lucie, Unit No. 2, AEC
Docket No. 50-389A

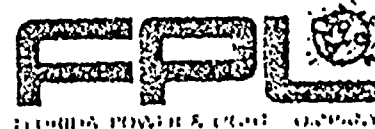
Dear Mr. O'Leary:

The license conditions attached to your letter of February 25th are acceptable to Florida Power and Light Company as a resolution of all antitrust matters with regard to this Docket. Accordingly, Florida Power and Light Company agrees to inclusion of these conditions in the licenses issued in this Docket.

Acceptance of these license conditions is for the purpose of avoiding an antitrust hearing in the proceeding, and is not to be construed as an admission that any situation inconsistent with the antitrust laws would be created or maintained by activities under an unconditioned license, or that Florida Power and Light Company is otherwise in violation of any of the antitrust laws.

Sincerely,

Ben H. Fuqua
Senior Vice President



November 20, 1974

Mr. John R. Kelly
Director
Utilities Commission
City of New Smyrna Beach
P. O. Box 519
New Smyrna Beach, Florida 32069

Dear Mr. Kelly:

This responds to your letter of November 13, 1974, to Mr. Ralph G. Mulholland. Your letter includes a proposal consisting of eight items and states that "it is essential that in keeping with [FPL's] commitments to the Atomic Energy Commission as a condition of license for St. Lucie No. 2, FP&L indicate its acceptance of this proposal" The letter, dated November 13, 1974, concludes: "Your acceptance and the data required to complete the evaluation is requested as soon as possible, but not later than November 21, 1974."

I should like to preface my response with a brief review of the background of this matter with respect to the opportunity to participate in St. Lucie Unit 2.

On April 26, 1974, I wrote to the City of New Smyrna Beach advising of FPL's willingness to offer to the City an opportunity to own a share of St. Lucie Unit 2. On May 1, 1974, Mr. R. W. Buck, City Manager, acknowledged my letter, stating that it had been forwarded to the Chairman of the Utilities Commission of the City of New Smyrna Beach and also referred for information to Members of the City Commission. Some weeks later on June 24, 1974, Mr. Jablon (counsel for the Utilities Commission) requested certain information about St. Lucie Unit 2. On August 21, Mr. Mulholland responded in detail to Mr. Jablon's request, including in his response cost estimates with respect to the Unit which were not developed for submission to the AEC until August, 1974. We heard nothing further from New Smyrna Beach in regard to this matter until receiving, on Friday, November 15, your letter of November 13.

Obviously, and particularly in view of this background, it is unreasonable for you to insist that FPL analyze and respond definitively in less than five business days to your proposal.

However, your proposal goes so far beyond what is required by the St. Lucie Unit 2 license conditions and is so foreign to any proposals previously discussed between us that I think it is appropriate to provide you with FPL's initial views with regard to several of the items in your proposal.

Items 1 and 2 of your proposal suggest that the "Utilities Commission agrees to take and pay for a 3.7037% share" of St. Lucie Unit 2, amounting to approximately 30 Mw. This amount of capacity compares with New Smyrna Beach's total 1972 peak of approximately 20 Mw. FPL's intent in agreeing to offer to the City of New Smyrna Beach and other named systems the opportunity to share in ownership of St. Lucie Unit 2 was that ownership shares of potential participants would be based upon each system's purchases of power from FPL in 1972. According to the formula which we are proposing to all participants named in the license conditions, New Smyrna Beach would be entitled to 946 Kilowatts (.946 MW), based on 802 Mwe net rating for St. Lucie Unit 2. This amounts to less than 1/30 of the capacity requested in your proposal.

Item 4 of your proposal pertains to St. Lucie Unit 1. The St. Lucie Unit 2 license conditions contain no reference to St. Lucie Unit 1, and FPL has never considered selling any portion of Unit 1.

Your Item 5 suggests that New Smyrna Beach would invest in transmission facilities now owned by FPL. We do not construe the St. Lucie Unit 2 license conditions as requiring that FPL in effect sell a portion of its existing transmission system, and we are not at this time willing to do so. We are prepared to offer to deliver the power and energy associated with the City's ownership share and to charge for delivery on the basis of a rate which covers FPL's cost.

Item 6, relating to "parallel" operation is particularly perplexing in that FPL has offered New Smyrna Beach an inter-connection agreement similar to agreements currently in effect between FPL and the Cities of Ft. Pierce and Homestead. This offer has been outstanding for more than 10 months, and would provide for parallel operation and make available emergency and scheduled maintenance power and energy on reasonable terms. This offer was advanced before FPL agreed to any AEC license conditions; however, we believe that it more than satisfies the requirements of the license conditions.

Your Items 7 and 8 are predicated on FPL's acceptance of your Item 5; and, as I stated previously, FPL is not at this time agreeable to the arrangement suggested in Item 5. However, some further clarification of the matters raised in your Items 7 and 8 might be helpful. At present, electricity sold by FPL to New Smyrna Beach moves through FPL's Edgewater substation and is delivered there by one 115 Kv line. FPL has suggested that, if New Smyrna Beach desires an interconnection with FPL, a second 115 Kv line into that area might be built directly into a new substation at New Smyrna Beach. However, if New Smyrna Beach desires that FPL continue to deliver increasing amounts of power under the SR rate and the present delivery arrangement, FPL will probably construct a second 115 Kv line into the Edgewater substation at some future date. In either event, no special "consideration" will be required to induce FPL to fulfill its responsibilities with respect to the FPL transmission system.

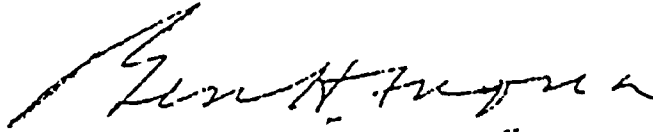
Finally, your proposal is made subject to certain conditions, several of which are unacceptable from FPL's standpoint. For example, FPL will not accept a participation arrangement "made subject to . . . final verification and documentation of cost estimates of St. Lucie No. 2 . . . [or to] FP&L's ability to secure an operating license for St. Lucie Unit No. 2." In our view, any participant in St. Lucie Unit 2 must share in the risks of cost escalation and nuclear licensing.

In summary you have advanced a proposal which has little relation to the offer of participation to which your letter purports to respond. FPL is prepared to proceed promptly with discussions concerning the fair implementation of the St. Lucie 2 license conditions and is prepared to continue discussions concerning an agreement for interconnection and parallel operation with New Smyrna Beach. That our initial review of your proposal identified a number of serious problems does not, of course, close the door to discussion of a wide variety of possible arrangements. FPL is prepared to move forward with discussions, subject to my own availability and the availability of our legal counsel and technical advisers. Please contact me to arrange a mutually agreeable time and place for these discussions.

Pursuant to your request, the cost estimate with respect to St. Lucie Unit 2 contained in Mr. Mulholland's letter of August 21 to Mr. Jablon should be revised upward to \$537,000,000, plus common or shared facilities of which approximately \$25,000,000

is allocable to St. Lucie Unit 2, totalling \$562,000,000. This reflects FPL's latest revised estimates. However this is only an estimate, and any participant will be expected to assume the full risks of further escalation.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ben H. Fuqua", written in a cursive style.

Ben H. Fuqua
Senior Vice President

cc: Mr. Lee Dewey
Mr. David Leckie
Mr. Lawrence K. Hoffman
Harry Poth, Jr., Esq.
John E. Mathews, Jr., Esq.
J. A. Bouknight, Jr., Esq.

UTILITIES COMMISSION

CITY OF NEW SMYRNA BEACH
POST OFFICE BOX 519
NEW SMYRNA BEACH, FLORIDA 32069

EVAN E. WILLIAMS
Chairman

CHARLES E. JARRARD
Vice Chairman

JACK E. MCAFISTE
Commissioner

JAMES O. COVINGTON
Secretary

MARGARET G. MCNEE
Assistant Secretary

RYAN F. CHISHOLM
Attorney

November 13, 1974

Mr. Ralph G. Mulholland
Group Vice President
Florida Power & Light Company
P. O. Box 3100
Miami, Florida 33101

Dear Mr. Mulholland:

As you know, our consulting engineers have been evaluating Florida Power & Light's offer of participation in your St. Lucie No. 2 nuclear power facility. The Utilities Commission of New Smyrna Beach, Florida (Utilities Commission) hereby accepts Florida Power & Light's (FP&L) offer of participation subject to working out mutually satisfactory agreements to effect the following proposal or mutually satisfactory alternatives thereto:

Utilities Commission's Proposal for
Participation in St. Lucie Unit No. 2

WHEREAS the citizens of the State of Florida in approving Constitutional Amendment #6 on November 5, 1974, have, in effect, mandated that all electric utilities in the state achieve a greater degree of cooperation through joint ownership of generation and transmission, thereby achieving economies not otherwise available, to the benefit of the customers of all utilities and the ultimate consuming public; and

WHEREAS Florida Power & Light Company, like most large investor owned utilities, has experienced extreme difficulty in raising capital to finance needed generation and transmission facilities to meet its electric load requirements, and

WHEREAS Florida Power & Light Company has offered to the Utilities Commission the opportunity to participate in St. Lucie nuclear unit No. 2 and has agreed to certain commitments with respect to such

participation as a condition for obtaining an operating license for this unit from the Atomic Energy Commission (AEC), and

WHEREAS the electric system operated by the Utilities Commission for the benefit of its customers has a need for capacity and energy from large base loaded nuclear facilities which, although having high capital cost, produce low energy costs as compared to fossil fuel plants, and

WHEREAS the fixed costs of the Utilities Commission's ownership of the capacity of St. Lucie No. 2 are considerably lower than FP&L's fixed costs for ownership of a comparable amount of capacity,

NOW, THEREFORE,

1. The Utilities Commission agrees to take and pay for a 3.7037% share of the St. Lucie No. 2 plant and associated capacity and available energy (which capacity, at an estimated net capability of 810 Mwe, is 30 mw) and a 1.85185% share of the common facilities at the St. Lucie plant shared by Unit No. 1 and Unit No. 2.
2. The Utilities Commission agrees to sell back to FP&L capacity and associated energy from its entitlement in St. Lucie No. 2 up to a total of 225 mw-years in accordance with the following schedule following the date of commercial operation of St. Lucie No. 2:

	<u>Capacity Sales</u>	<u>Total MW-Years</u>
First 3 Years	10 MW	30
Next 3 Years	9 MW	27
Next 21 Years	8 MW	<u>168</u>
Total - 27 Years		225 MW-Years

3. Sale of the capacity from the Utilities Commission to FP&L will be on the basis of a split of the savings between FP&L's and the Utilities Commission's fixed cost of capacity in St. Lucie No. 2.
4. In consideration of the capital contribution to FP&L's construction program made by the Utilities Commission and the annual

cost savings over the 27 years following completion of St. Lucie No. 2 resulting from the sale described in paragraph 2 above, FP&L agrees to exchange 10 mw of capacity and associated available energy from its St. Lucie No. 1 unit at that unit's fuel, operation and maintenance costs for 10 mw of capacity and associated available energy from the Utilities Commission's share of St. Lucie No. 2 at that unit's fuel, operation and maintenance costs for the life of both units. The delivery of the 10 mw of capacity and associated available energy from St. Lucie Unit No. 1 to the Utilities Commission will commence upon transfer by the Utilities Commission to FP&L of the estimated capital cost of construction of St. Lucie Unit No. 2 in \$/kw times 10,000 kw on (a) the date of commercial operation of St. Lucie Unit No. 1, or (b) the effective date of the final agreements, whichever comes later.

5. In light of FP&L's commitment to the Atomic Energy Commission to provide for delivery of each participant's share of the output of Unit No. 2 to that participant on terms which are reasonable and will fully compensate FP&L for the use of its facilities, the Utilities Commission agrees to make a capital investment in transmission facilities of FP&L in the amount of \$ (being approximately equal to the ratio of capacity delivered from St. Lucie No. 2 to the Utilities Commission divided by the Company's net plant capability and multiplied by the Company's gross investment in bulk power supply transmission facilities, being 115 kv facilities and above in voltage) which should fully compensate FP&L for the use of transmission facilities to deliver power over its bulk power supply transmission system to New Smyrna Beach, including reliability built into FP&L's system for delivery of load requirements and for generation back up.
6. FP&L agrees to operate its system in parallel with the Utilities Commission's system pursuant to an interconnection and interchange agreement of the form contained in Exhibit 76(1) in Federal Power Commission Docket E-8008, which, in addition to being filed as part of Mr. Robert E. Bathen's testimony in that docket, was sent to FP&L accompanying a letter dated December 14, 1973, from the Utilities Commission's attorney Mr. Robert A. Jablon, requesting negotiations for parallel interconnection and interchange agreement.

7. In consideration of the Utilities Commission's commitment to invest \$ in the transmission facilities of the Company as set forth in paragraph 5 above (which amount is to be determined, but is estimated to be in excess of \$750,000), FP&L agrees to schedule for completion at the earliest possible date following its acceptance of this proposal, the construction of the second Edgewater 115 kv tap line described as Alternative B by FP&L's witness, Mr. Bivans, in Federal Power Commission Docket E-8008 and originally projected for the summer of 1975 at a cost of \$1,155,000, which Alternative B was offered at that time for a parallel interconnection with the Utilities Commission system and subsequently withdrawn because of FP&L's financial condition, or, alternatively, FP&L agrees to schedule for completion at the earliest possible date the 115 kv line from the existing Edgewater tap point to the Edgewater substation described in attachments to Mr. Mulholland's letter dated November 7, 1974, to Mr. Robert Bathen, which facilities are part of FP&L's plan to serve the Edgewater and New Smyrna Beach areas following acquisition by FP&L of the New Smyrna Beach electric system if its proposal to purchase the system is consummated.
8. To the extent the capital investment in FP&L's transmission facilities as determined in paragraph 5 above is insufficient to complete whichever of the alternative methods of improving service to the Edgewater area described in paragraph 7 is the more practical, feasible and in the public interest and to finance the necessary modifications of the best of these alternatives to provide for a 115 kv parallel interconnection for the Utilities Commission and eliminate a three-terminal line interconnection with generation on the Utilities Commission's system, the Utilities Commission agrees to make an additional capital investment in those facilities to accomplish such purposes. The transmission lines and substation facilities would be financed and owned by the Utilities Commission and would be constructed, operated and maintained by FP&L. The cost of operation and maintenance would be borne annually by the Utilities Commission under a mutually agreeable contractual arrangement.

The above proposal is made subject to (a) arriving at mutually satisfactory specific agreements and contracts to carry out the proposed purposes and mutual commitments; (b) final verification and documentation



of cost estimates of St. Lucie No. 2 and determination of the cost of facilities common to St. Lucie Unit No. 1 and Unit No. 2; (c) both parties being able to meet the requirements of local, state and federal laws, rules, regulations, licenses, permits, etc., including specifically FP&L's ability to secure an operating license for St. Lucie Unit No. 2; (d) both parties' ability to successfully finance their respective share of the costs of St. Lucie Unit No. 2 and the common facilities at the St. Lucie plant; and (e) agreement as to a satisfactory interconnection and interchange agreement, including transmission service rights.

In making the above proposal, the Utilities Commission does not waive any of its rights or give up any position taken in any regulatory proceeding or litigation that is presently pending or may be initiated in the future.

The proposal offers the opportunity for cost savings for both parties to the economic benefit of their customers. The proposal should be particularly attractive to FP&L for the following reasons:

1. The Utilities Commission would make a capital contribution to FP&L's already planned construction program on the order of \$20,000,000, of which approximately one-third would be advanced at the time the 10 mw of nuclear exchange capacity available from St. Lucie Unit No. 1 can be delivered to New Smyrna Beach, and the balance would be advanced during the completion of construction of St. Lucie Unit No. 2.
2. FP&L would be able to purchase approximately 25% of the Utilities Commission's entitlement from St. Lucie No. 2 over a 27-year period at considerable cost savings over what it would pay if the capacity were financed by FP&L.
3. The reliability of service to all of FP&L's customers from Deland to Daytona Beach would be materially improved through the sectionalizing provided at the point of interconnection and the additional transmission line facilities to be constructed, particularly those customers served from the Edgewater Substation whose service is less reliable than other customers of FP&L because their service is presently provided from a long single radial tap line.

The Utilities Commission's consulting engineers and financial advisors have concurred in the preparation of this proposal and, subject

November 13, 1974

to development of final cost figures by FP&L prior to reaching final agreement, feel that this proposal represents a financially feasible method of supplementing the Utilities Commission's present power supply resources including purchases from FP&L under the "SR" rate; provided, however, as contemplated in the proposed interconnection agreement, supplemental power purchases from FP&L are continued over the interconnection to supplement the Utilities Commission's existing generation and its capacity share of St. Lucie No. 2 and proposed nuclear capacity exchanges embodied in this proposal, and that the Utilities Commission, subject to the conditions set forth above, can successfully market the necessary bonds to finance its commitments hereunder.

The Utilities Commission has instructed its consulting engineers, financial advisors and attorneys to present to it by December 10, 1974, their evaluation of which of the alternatives available to the Utilities Commission of New Smyrna Beach will result in the lowest overall cost to the citizens and customers of the Utilities Commission. As you are aware, one of those alternatives being studied is FP&L's proposal to purchase the New Smyrna Beach electric system. In order to evaluate fairly the alternatives to your proposal to purchase the system, it is essential that in keeping with your commitments to the Atomic Energy Commission as a condition of license for St. Lucie No. 2, FP&L indicate its acceptance of this proposal as provided hereinafter, subject to the conditions listed above and providing any necessary up-dating of cost estimates and completion estimates set forth in your letter of August 21, 1974, to Mr. Jablon together with your best preliminary estimate of the cost of completing the second tap line to Edgewater and other facilities embodied in your Alternative B arrangement for a 115 kv interconnection, or alternatively, the 115 kv transmission line anticipated in your proposal to purchase the New Smyrna Beach electric system.

Your acceptance and the data required to complete the evaluation is requested as soon as possible, but not later than November 21, 1974.

Very truly yours,

UTILITIES COMMISSION OF
NEW SMYRNA BEACH, FLORIDA

John R. Kelly
John R. Kelly

Director of Utilities

Accepted:

FLORIDA POWER & LIGHT COMPANY

By _____

Date _____

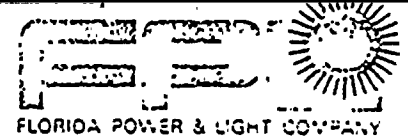
Title _____

Mr. Ralph G. Mulholland

-7-

November 13, 1974

cc Mr. Lee Dewey, Atomic Energy Commission Staff
Mr. David Leckie, Antitrust Division, Department of Justice
Mr. Lawrence K. Hoffman, Federal Power Commission
Harry Foth, Jr., Esquire, Reid & Priest
John E. Mathews, Jr., Esquire, Mathews, Osborne,
Ehrlich, McNatt, Gobelman & Cobb
J. A. Bouknight, Jr., Esquire



April 26, 1974

Mr. R. W. Buck, City Manager
City of New Smyrna Beach
P. O. Box 490
New Smyrna Beach, Florida 32069

Dear Mr. Buck:

Florida Power & Light Company has applied to the United States Atomic Energy Commission for permission to construct Unit No. 2 of the St. Lucie nuclear electric generating plant. The Plant would be located on Hutchinson Island, between Ft. Pierce and Stuart, Florida, is designed to produce a new output of approximately 850 megawatts of electricity, and is planned for completion about 1980.

Enclosed is a set of license conditions which Florida Power & Light Company has agreed are to be incorporated into any licenses for Unit 2 of the St. Lucie Plant. In accordance with these license conditions, Florida Power & Light Company is prepared to offer to New Smyrna Utilities Commission an opportunity to pay for and own, in the form of an undivided interest, a reasonable share of the St. Lucie Plant, Unit No. 2.

If New Smyrna Utilities Commission is interested in exploring this matter further, please contact me so that a meeting might be arranged for a mutually convenient time and place. In any event, a prompt reply would be appreciated.

Sincerely yours,

Ben H. Fuqua
Senior Vice President

BHF:bc

Enclosure

City of New Smyrna Beach

POST OFFICE BOX 490
NEW SMYRNA BEACH, FLORIDA 32069

LOWELL A. HANKS, MAYOR - COMMISSIONER
S. VICTOR McDONALD, VICE MAYOR - COMMISSIONER
CARL W. COCHRAN, COMMISSIONER
FREDERICK DOSTER, COMMISSIONER
HENRY A. RHODES, COMMISSIONER

R. W. BUCK, CITY MANAGER
E. IRENE BECKHAM, CITY CLERK
CHARLES A. HALL, CITY ATTORNEY

May 1, 1974

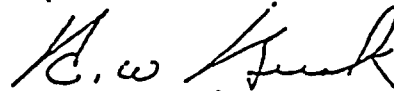
Mr. Ben H. Fuqua
Senior Vice President
Florida Power and Light Co.
P.O. Box 013100
Miami, Florida 33101

Dear Mr. Fuqua:

Your letter to me of April 26, 1974, containing the offer of the Florida Power and Light Company to the City of New Smyrna Beach to participate in the ownership of the proposed St. Lucie Plant, Unit 2, has been forwarded to the Chairman of the Utilities Commission of the City of New Smyrna Beach for consideration and reply directly to you. This matter has also been referred for information to members of the City Commission.

The opportunity to share in the St. Lucie Plant is appreciated and I am confident that the Utilities Commission will give the offer its most serious consideration and will communicate with you at an early date.

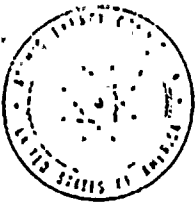
Sincerely yours,



R. W. Buck
City Manager

RWB:jmc

"World's Safest Bathing Beach"



UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D.C. 20545

DATE: RAJ
BLUE BOOK COPY

March 1, 1974


Robert Jablon, Esq.
2600 Virginia Ave., N. W.
Washington, D. C. 20037

Dear Mr. Jablon:

On February 27, 1974 we forwarded to you a copy of a letter addressed to Mr. John F. O'Leary from Mr. Ben H. Fuqua, Senior Vice President, Florida Power & Light Company, indicating the company's acceptance of certain license conditions that had been forwarded to the company.

I am enclosing for your information the license conditions referred to in Mr. Fuqua's letter.

Sincerely,


Joseph Rutberg
Antitrust Counsel for
AEC Regulatory Staff

Enclosure:
Subject: license conditions

LB

COMMITMENTS FOR FLORIDA POWER & LIGHT
ST. LUCIE UNIT 2

1. With regard to Clay County Electric Cooperative, Inc., Florida Keys Electric Cooperative, Inc., Glades Electric Cooperative, Inc., Lee County Electric Cooperative, Inc., Okefenokee Rural Electric Membership Cooperative, Inc., Peace River Electric Cooperative, Inc., and Suwannee Valley Electric Cooperative, Inc.^{1/} and the municipalities of New Smyrna Beach and Homestead:
 - a. Licensee will offer each the opportunity to purchase, at licensee's costs, a reasonable ownership share (hereafter, "Participant's Share") of the St. Lucie Plant, Unit No. 2 (the Unit).

"Licensee's costs" will include all costs associated with development, construction and operation of the Unit, determined in accordance with the Federal Power Commission's Uniform System of Accounts.

"Purchase" means payment, within a reasonable time, of participant's share of licensee's costs incurred through date of acceptance of the offer, and, thereafter, regular payments of the participant's share of all costs incurred during development, construction and operation of the Unit.

^{1/} Two or more of the referred-to coops may determine to aggregate their entitlements from the St. Lucie Unit #2 through a single representative. In such event, the licensee shall allocate the delivery of said entitlements as designated by the representative to one or more existing or mutually agreeable Florida Power & Light Co. delivery points on the combined system provided that such delivery is technically feasible.

- b. Participant will notify licensee of its acceptance to participate in St. Lucie 2 within a reasonable time after receipt of the offer.
 - c. Licensee may retain complete control and act for the other participants with respect to the design, engineering, construction, operation and maintenance of St. Lucie Unit 2, and may make all decisions relevant thereto, in so far as they deal with the relationship between the licensee and the other participants, including, but not limited to, decisions regarding adherence to AEC health, safety and environmental regulations, changes in construction schedule, modification or cancellation of the project, and operation at such time and at such capacity levels as it deems proper, all without the consent of any participant.
2. Licensee shall facilitate the delivery of each participant's share of the output of the Unit to that participant, on terms which are reasonable and will fully compensate it for the use of its facilities, to the extent that subject arrangements reasonably can be accommodated, from a functional and technical standpoint.
 3. Licensee shall not refuse to operate in parallel to the extent that it is technically feasible to do so with the participants and shall provide emergency and maintenance power to participants as required when such power is or can be made available without jeopardizing



power supply to licensee's customers or its other power supply commitments. A separate rate schedule(s) shall be established for such emergency and maintenance power exchanges.

4. At a time when licensee plans for the next nuclear generating unit to be constructed after St. Lucie No. 2 has reached the stage of serious planning, but before firm decisions have been made as to the size and desired completion date of the proposed nuclear unit, licensee will notify all non-affiliated utility systems with peak loads smaller than licensee's which serve either at wholesale or at retail adjacent to areas served by applicant that licensee plans to construct such nuclear unit.
5. It is recognized that the foregoing conditions are to be implemented in a manner consistent with the provisions of the Federal Power Act and all rates, charges or practices in connection therewith are to be subject to the approval of regulatory agencies having jurisdiction over them.



UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D.C. 20545

FEB 1 1974

AEC Docket No. 50-389A

Mr. Ben H. Fuqua
Senior Vice President
Florida Power & Light Company
Post Office Box 3100
Miami, Florida 33101

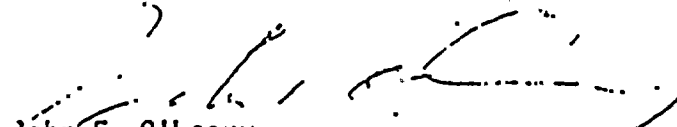
Dear Mr. Fuqua:

By letter of November 14, 1973, the Department of Justice recommended that an antitrust hearing was not necessary in connection with the Florida Power & Light Company application for St. Lucie Unit 2 in view of the consideration of the granting of access to this facility to certain entities.

In view of your expressed intent to provide reasonable access to the St. Lucie Unit with the necessary ancillary arrangements, the fact that no antitrust issues have been raised by another in a manner according with the Commission's Rules of Practice, and that no finding has been made that an antitrust hearing is otherwise required, it is our position that the attached conditions would satisfy the staff with regard to the antitrust issues that have been raised in connection with this application and the position of the Department of Justice as expressed in its letter of November 14, 1973, and accordingly obviate an antitrust hearing.

Accordingly, the attached conditions will be included in any license issued in connection with the above application.

Sincerely,


John F. O'Leary
Director of Licensing

Enclosure:
Subject commitments

cc: Lon Bouknight, Esq.

COMMITMENTS FOR FLORIDA POWER & LIGHT
ST. LUCIE UNIT 2

1. With regard to Clay County Electric Cooperative, Inc., Florida Keys Electric Cooperative, Inc., Glades Electric Cooperative, Inc., Lee County Electric Cooperative, Inc., Okefenokee Rural Electric Membership Cooperative, Inc., Peace River Electric Cooperative, Inc., and Suwannee Valley Electric Cooperative, Inc.^{1/} and the municipalities of New Smyrna Beach and Homestead:
 - a. Licensee will offer each the opportunity to purchase, at licensee's costs, a reasonable ownership share (hereafter, "Participant's Share") of the St. Lucie Plant, Unit No. 2 (the Unit).

"Licensee's costs" will include all costs associated with development, construction and operation of the Unit, determined in accordance with the Federal Power Commission's Uniform System of Accounts.

"Purchase" means payment, within a reasonable time, of participant's share of licensee's costs incurred through date of acceptance of the offer, and, thereafter, regular payments of the participant's share of all costs incurred during development, construction and operation of the Unit.

^{1/} Two or more of the referred-to coops may determine to aggregate their entitlements from the St. Lucie Unit #2 through a single representative. In such event, the licensee shall allocate the delivery of said entitlements as designated by the representative to one or more existing or mutually agreeable Florida Power & Light Co. delivery points on the combined system provided that such delivery is technically feasible.

- b. Participant will notify licensee of its acceptance to participate in St. Lucie 2 within a reasonable time after receipt of the offer.
 - c. Licensee may retain complete control and act for the other participants with respect to the design, engineering, construction, operation and maintenance of St. Lucie Unit 2, and may make all decisions relevant thereto, in so far as they deal with the relationship between the licensee and the other participants, including, but not limited to, decisions regarding adherence to AEC health, safety and environmental regulations, changes in construction schedule, modification or cancellation of the project, and operation at such time and at such capacity levels as it deems proper, all without the consent of any participant.
- 2. Licensee shall facilitate the delivery of each participant's share of the output of the Unit to that participant; on terms which are reasonable and will fully compensate it for the use of its facilities, to the extent that subject arrangements reasonably can be accommodated from a functional and technical standpoint.
 - 3. Licensee shall not refuse to operate in parallel to the extent that it is technically feasible to do so with the participants and shall provide emergency and maintenance power to participants as required when such power is or can be made available without jeopardizing

Department of Justice
Washington, D.C. 20538

NOV 14 1973

Howard K. Shapar, Esquire
Assistant General Counsel
Licensing and Regulation
U. S. Atomic Energy Commission
Washington, D. C. 20545

Re: Florida Power & Light Company
St. Lucie Plant, Unit No. 2
AEC Docket No. 50-389A
Department of Justice File 60-415-45

Dear Mr. Shapar:

You have requested our advice pursuant to the provisions of Section 105 of the Atomic Energy Act of 1954, as amended by P. L. 91-560, in regard to the above-captioned application.

Florida Power & Light Company ("Applicant") has applied for a construction permit for its St. Lucie Plant, Unit No. 2, an 810-megawatt nuclear steam generating unit to be located on Hutchinson Island off Florida's east coast. Operation of the facility is presently scheduled for September, 1979.

The Applicant

Applicant is by far the largest electric utility in the State of Florida; it serves approximately half of the state-wide electric load. Headquartered in Miami, its area of operation includes most of southern Florida and extends up the east coast to the Georgia border. As of the end of 1972, it provided retail electric power to 574 communities with over 1,500,000 customers. Its total energy sales for 1972 were 28,927,808 megawatt hours. Applicant's summer 1972 peak load was 6,011 megawatts; its dependable generating capacity at that time was 6,565 megawatts--over 70 percent of the generation in the area. Its system of generating stations is integrated by over 3,400 miles of high-voltage transmission lines, approximately 90 percent of the high-voltage transmission in the area--including the 230-kilowatt main transmission grid for southern Florida and the east coast.

Applicant calls itself "the nation's fastest growing electric utility." Florida's rapid growth has been concentrated in the area in which it serves; and for the past several years, the Applicant has added more new customers than any other electric utility in the United States. Applicant's projected peak load for 1980 is 14,475 megawatts--over twice its 1972 load--and generating capacity is planned to increase more than 10,000 megawatts to meet that load.

Applicant's system is directly interconnected and coordinated to some degree with most of the other electric generating systems in Florida: Florida Power Corporation, Tampa Electric Company, and the municipal systems of Jacksonville, Orlando, Fort Pierce, Vero Beach and Lake Worth. Applicant coordinates operations with still other systems through the activities of the Florida Operating Committee. Some of these coordinating arrangements have been entered into only recently.

Applicant supplies electric power in bulk at wholesale to seven rural electric cooperative distribution systems: Lee County, Clay, Glades, Okefenoke, Peace River, Suwanee Valley, and Florida Keys. With the exception of Florida Keys, which has some generation of its own, these cooperatives are exclusively distribution systems and purchase all of their bulk power requirements. 1/ Applicant also supplies bulk power to supplement the generation of two small municipal systems, Homestead and New Smyrna Beach.

Competition

There is substantial and vigorous actual and potential competition among electric utilities in Florida in both bulk power supply and retail distribution markets. Florida law does not require electric utilities to restrict their service areas. The Florida Public Service Commission has approved certain voluntary territorial agreements between Applicant and neighboring systems. 2/

1/ Applicant supplies the total requirements of Lee County, most of the requirements of Clay, Florida Keys, and Glades, and a portion of the requirements of Okefenoke, Peace River and Suwanee Valley.

2/ Some territorial agreements involving the Applicant apparently have taken the form of oral understandings and have never been submitted to the Commission.

Even where these territorial agreements exist, neighboring smaller systems do compete with Applicant at retail. They still compete to attract new loads who can choose to locate either in their service areas or in Applicant's. They still compete to extend service in developing areas on the fringes of their systems. Finally, they compete to stay in business; if their costs and retail rates become too high, their customers may force them to sell out to the Applicant.

There is also competition in bulk power supply, where territorial agreements cannot lawfully operate. The smaller systems have two basic competitive alternatives; either they produce their own bulk power supply, or they buy their bulk power requirements from the Applicant.

Antitrust Implications of This License Application

The Department regards Applicant's ownership of the main high-voltage transmission network in southern and east coast Florida as a significant factor in this antitrust review of the St. Lucie Unit No. 2 license application.

As we have advised you previously,^{3/} there are substantial economies of scale in the business of generation and bulk supply of electric power. Nuclear power, which is expected to be the cheapest kind of base-load electric power available to meet future load growth, may be produced economically only from large generating units--units with a capacity of 500 megawatts or more. Most electric generating systems cannot install and market power from such large units on their own. They can employ large units--and achieve the economies of scale necessary to compete effectively in today's electric power markets--only through coordination with other generating systems. High-voltage transmission is the necessary medium for such coordination.

Applicant's control over the transmission network in its area has given it the power to grant or deny access to coordination--and thereby access to the benefits of large-scale,

^{3/} E.g., letter of advice of June 28, 1971, regarding Consumers Power Company (Midland Units 1 and 2), AEC Docket Nos. 50-329A and 50-330A.

low-cost, base-load nuclear generation--to neighboring smaller systems. There have been some allegations that Applicant may have used this power to deny coordinating benefits to smaller systems or to take the predominant share of the benefits of such coordination as has been entered into. The principal allegations of this nature are (1) that Applicant insisted upon retail territorial allocation agreements as a prerequisite to entering into interconnections and bulk power supply transactions with other systems; (2) that Applicant once refused interconnection arrangements to Gainesville in adherence to wholesale territorial allocation with Florida Power Corporation; 4/ and (3) that on one occasion in the 1960's, Applicant refused to make available to a rural electric cooperative the coordinating arrangements necessary to "firm up" its own isolated generation.

Applicant's control over regional transmission and over access to necessary coordinating arrangements for small systems is illustrated by the current problems of two municipal systems, Homestead and New Smyrna Beach. Both have generation of their own and have endeavored to remain in the business of producing their own bulk power supply and to expand their generating facilities to compete for new and growing loads. 5/ Applicant has interconnected with these two municipal systems for the sale of wholesale bulk power. 6/ The nature of the interconnection and the terms under which the power is sold appear to be designed for systems without any generation or systems planning to cease self-generation, rather than for systems seeking to coordinate with others.

4/ During the course of our antitrust review, the municipal distribution system of Jacksonville Beach (which presently obtains its full bulk power requirements from the Jacksonville municipal system) advised us of a pending request to Applicant (which has transmission lines close by) to consider an interconnection with it for the sale of bulk power. Applicant's ultimate response to this request should indicate its current policy with regard to selling wholesale bulk power to a retail distribution system seeking an alternative source of bulk power supply.

5/ Homestead now has barely sufficient generation to meet its load requirements, and it lacks reserves. New Smyrna Beach's generation is sufficient to serve approximately half of its load.

6/ There is some evidence that Applicant earlier had a policy of refusing to sell power at wholesale to municipal systems.

We are advised that Homestead and New Smyrna Beach are negotiating with the Applicant for parallel interconnections at transmission voltage and appropriate coordinating arrangements. Since the instant application was filed, Homestead and New Smyrna Beach have sought ownership participation in or unit power purchases from St. Lucie Unit No. 2 as a means of satisfying their future power supply needs in coordination with their own generation. Homestead and New Smyrna Beach also have asked the Applicant to agree to provide transmission services ("wheeling") to accommodate future power transactions with other systems as another means of satisfying their power supply expansion needs.

The following example indicates how wheeling might be used. We are advised that the Jacksonville electric system proposes to construct two 1,150-megawatt nuclear units and has inquired of other Florida systems, including Homestead and New Smyrna Beach, whether they would be interested in participating in those units or purchasing unit power surplus to Jacksonville's needs. Applicant, which already has a high-voltage interconnection with Jacksonville, could transmit this nuclear power to Homestead and New Smyrna Beach. Applicant has not yet offered, however, to provide such transmission services to Homestead or New Smyrna Beach.

We have noted above that seven rural electric cooperative systems purchase some or all of their bulk power requirements from the Applicant. Six of these systems, 7/ and six other distribution cooperatives who do not obtain any power from Applicant, are members of Seminole Electric Cooperative, Inc., a corporation formed to act for its members in solving their power supply problems. Seminole has at various times in the past conducted studies to determine the feasibility of alternative means of power supply for its members. It appears that the possibility of self-generation by these cooperatives as an alternative to purchased power has had the effect of keeping wholesale purchase rates relatively low, and therefore the cooperatives have continued to purchase their power requirements from the Applicant and other large generating systems.

Recently, both Applicant and Florida Power Corporation have filed wholesale rate increases with the Federal Power Commission; and, as a result, Seminole is again exploring

7/ The exception is Florida Keys.

power supply alternatives to meet the growing loads of its members. One alternative for the cooperatives would be to acquire a share of, or purchase unit power from Applicant's St. Lucie Unit No. 2 (in conjunction with appropriate provisions for power delivery, reserve sharing, and other forms of coordination). A second alternative would be to obtain nuclear power from Jacksonville or other systems which may contemplate installing nuclear generation, with provision for delivery of that power over Applicant's high-voltage transmission system to those cooperatives with which it is interconnected. Since the filing of this license application, Seminole has advised the Applicant of its interest in participating in St. Lucie Unit No. 2 and in other forms of coordination to achieve a feasible long-range power supply program.

Applicant has recently installed its first two nuclear generating units, Turkey Point Nos. 3 and 4, each with a capability of 723 megawatts. A third nuclear unit, St. Lucie Unit No. 1, with 810 megawatts of capacity, is projected to enter service in September, 1975. Unit No. 2, the subject of the present license application, and also 810 megawatts in size, is scheduled for operation in September, 1979. When Unit No. 2 comes on line, Applicant will have over 3,000 megawatts of large-scale, low-cost, base-load nuclear generating capacity. The marketing of power produced by this substantial block of nuclear generation clearly could impair the competitive viability of the other systems in Applicant's area if they are unable to exercise a similar opportunity to obtain their power from nuclear generation.

If systems such as Homestead and New Smyrna Beach are denied both access to nuclear generating units like Applicant's St. Lucie No. 2 and access to other systems' nuclear generation through the use of Applicant's transmission system, they will not be able to take advantage of nuclear generation to meet growing loads as bulk power suppliers. Likewise, without similar access to nuclear generation, the feasibility of Seminole's members entering the bulk power supply business as an alternative to full-requirements wholesale purchase appears greatly diminished.

Conclusion

Our antitrust review led us to the following conclusions:
(1) Applicant is the dominant electric utility in Florida and because of its ownership of transmission, has the power to

grant or deny other systems in its area the access to coordination--and thus the nuclear power--needed to compete in bulk power supply and retail distribution markets; (2) there is some indication Applicant's dominance may have been enhanced through conduct inhibiting the competitive opportunities of the smaller systems in its area; and (3) construction and operation of St. Lucie No. 2, and the sale of power therefrom to meet Applicant's load growth and compete with the smaller systems in its area could create or maintain a situation inconsistent with the antitrust laws if access to nuclear generation were denied those smaller systems.

We related our concern over these matters to representatives of the Applicant. While denying construction and operation of St. Lucie Unit No. 2 could have the effect we feared, they advised us that Applicant would nevertheless seriously consider offering participation in St. Lucie Unit No. 2 (with the transmission services, reserve sharing, and other coordination necessary to support such participation) to the three utilities who, prior to our rendering this advice, have given Applicant notice of their interest in such participation to meet a portion of their future power supply requirements--i.e., Homestead, New Smyrna Beach and Seminole Electric Cooperative. Further, because of the status of Applicant's transmission network as the key to coordination by these systems with others, the Department requested Applicant also to consider adopting a policy to facilitate their efforts to obtain access to other economical power sources. It was indicated that the Applicant's final position on these matters will be determined within the next 90 days; this would appear to leave sufficient time to formulate such license conditions as may be appropriate.

In view of the consideration Applicant is now giving to the question of access by other entities to nuclear generation, and the probability that participation in St. Lucie Unit No. 2 will be made available to certain of these entities, 8/ the Department does not at this time recommend an antitrust hearing. Considering that issuance of the construction permit

8/ In this connection we note also that Applicant will almost certainly apply to the Commission for licenses to construct and operate additional nuclear generation units. Further questions concerning the opportunities of its neighboring systems (including systems other than Homestead, New Smyrna Beach, and Seminole) for access to the benefits of nuclear generation may be ripe for resolution in the antitrust review of such license applications.

for St. Lucie Unit No. 2 is not contemplated until early in 1975, we believe it reasonable to ask the Commission to abide the outcome of Applicant's 90-day consideration prior to ultimately deciding whether or not to hold an antitrust hearing. The Department would, of course, be pleased to advise the Commission further on this question or other relevant questions, in the light of whatever offers Applicant may make and other intervening developments.

Sincerely yours,



BRUCE B. WILSON

Acting Assistant Attorney General
Antitrust Division

