

UNITED STATES OF AMERICA  
BEFORE THE  
NUCLEAR REGULATORY COMMISSION

7/29/76

Florida Power & Light Company )  
(St. Lucie Plant, Units No. 1 )  
and No. 2) )

Docket Nos. 50-335A  
50-389A

Florida Power & Light Company )  
(Turkey Point Plant, Units )  
No. 3 and No. 4) )

Docket Nos. 50-250A  
50-251A

SUPPLEMENTAL AFFIDAVIT  
OF ROBERT A. JABLON

I, Robert A. Jablon, being first duly sworn, affirm  
that:

1. I am a member of the law firm of Spiegel & McDiarmid, 2600 Virginia Avenue, N.W., Washington, D.C. 20037;
2. I am counsel for the Fort Pierce Utilities Authority of the City of Fort Pierce, the Gainesville-Alachua County Regional Electric Water and Sewer Utilities, the Lake Worth Utilities Authority, the Utilities Commission of the City of New Smyrna Beach, the Orlando Utilities Commission, the Sebring Utilities Commission, the Cities of Alachua, Bartow, Bushnell, Chattahoochee, Daytona Beach, Fort Meade, Key West, Leesburg, Mount Dora, Newberry, Quincy, St. Cloud, Tallahassee and Williston, Florida, and the Florida Municipal Utilities Association (collectively referred to as "Florida Cities");
3. Each of the foregoing cities or authorities and the Florida Municipal Utilities Association for its members

seek the opportunity to have the right to participate in Florida Power & Light Company's St. Lucie nuclear generating unit No. 1 and Turkey Point nuclear generating units No. 3 and No 4, and Florida Power & Light Company's St. Lucie nuclear generating unit No. 2, which is presently under construction. Such participation may be through direct ownership, unit power purchase, wholesale power purchase or otherwise, or any combination thereof, dependent upon legal, economic and engineering analyses. They further seek attendant rights as described in their Joint Petition of Florida Cities for Leave to Intervene Out of Time; Petition to Intervene; and Request for Hearing, filed in the above-captioned dockets on 6 August 1976;

4. On information and belief, each of the factual statements contained in the Joint Petition of Florida Cities for Leave to Intervene Out of Time; Petition to Intervene; and Request for Hearing is correct;

5. The statistical information contained in the Joint Petition of Florida Cities was either compiled by me or under my direction from published sources or was obtained directly from Florida Cities;

6. On information and belief, the matters and things set forth in the Affidavits of Robert E. Bathen, Harry C. Luff, Jr., Robert A. Jablon, Esq., Osee R. Fagan, Esq., and John. W. Wilson, Ph.D., submitted in support of the Joint Petition of Florida Cities for Leave to Intervene and Request for Conference



and Hearing, filed with the Nuclear Regulatory Commission in Florida Power & Light Co. (South Dade Plant), Docket No. P-636-A, on the 14th of April, 1976, and enclosed herewith, are true and correct;

7. And the attached documentary exhibits, as listed below, are submitted in support of the Joint Petition of Florida Cities for Leave to Intervene Out of Time; Petition to Intervene; and Request for Hearing:

(a) Formal Proposal by Florida Power & Light Company for the Acquisition of the City of Vero Beach Electric System, letter addressed to The Honorable Mayor and City Council of the City of Vero Beach, signed by Mr. R. G. Mulholland, Senior Vice President, Florida Power & Light Company and dated 27 May 1976; exhibits omitted;

(b) Excerpts from Minutes of a Meeting between Representatives of the Fort Pierce Utilities Authority and Florida Power & Light Company, held Monday, 1 March 1976;

(c) "FPL's Sale Pinch May Kill Bill Savings," Sentinel-Star, Orlando, Florida, 7 April 1976;

(d) "Power Plant Topic for Gregg Review," Press-Journal, Vero Beach, Florida, 13 June 1976.

Robert A. Tablon  
Robert A. Tablon

Subscribed and sworn to before me  
this 29th day of July, 1976.

Nancy Z. Buck  
Notary Public

My Commission Expires September 30, 1978

May 27, 1976

The Honorable Mayor and  
City Council of the  
City of Vero Beach

RE: Formal Proposal by Florida Power & Light Company for  
the Acquisition of the City of Vero Beach Electric  
System

Gentlemen:

At the request from the initial committee appointed July 9, 1974 by the Vero Beach City Council to investigate the possible sale of the Vero Beach electric system ("electric system") and as a result of discussions with a subsequently appointed committee requesting a proposal from Florida Power & Light Company (hereinafter referred to as FPL) for the possible purchase of the electric system, FPL on February 11, 1976 reached understandings and made a verbal offer to the designated representatives of the City of Vero Beach (hereinafter referred to as City) to purchase the electric system presently owned and operated by the City. Your representatives, at a public hearing on February 23, 1976, explained this verbal offer and made recommendations concerning it. FPL was advised that the City Council unanimously approved the recommendations and requested FPL to prepare a formal proposal regarding the purchase of the electric system.

Pursuant to further discussions with City representatives, review of certain records, and inspections of the electric system, FPL herewith formally offers to purchase from the City all of the assets of the City's electric system except those lands on which the generating stations and the transmission-distribution office are situated, and certain other assets more specifically defined herein. The proposal has a value of approximately Forty-two Million Six Hundred Six Thousand Dollars. A portion of the funds provided will be used to purchase the necessary securities such that all outstanding electric system bond obligations shall be defeased by the placing of such securities in escrow.

This proposal is illustrated as follows:

Bonds to be defeased	\$30,435,000 <sup>1/</sup>
Balance	<u>7,232,000</u>
Sub Total	\$37,667,000
Inventory	1,390,000 <sup>2/</sup>
Value relating to other current assets, current liabilities and other funds of the electric system	<u>3,549,000<sup>2/</sup></u>
Total	\$42,606,000

This offer is made upon the following terms and conditions:

1. It is based on the fixed assets as of the date of acquisition and the current assets and current liabilities as of September 30, 1975. The details of accounts to be subject to adjustments are set forth on Exhibit A - Sections II and III. The price will also be adjusted to properly reflect the amount required to establish two escrow accounts to defease the electric system bonds as set forth in Exhibit B. The determination of current assets and current liabilities and the adjustments will be based upon financial statements prepared by the City using accounting principals and formats consistent with the September 30, 1975 Financial Statements prepared by May, Zima & Co. FPL shall have the right to review the working papers and make any audit checks deemed necessary to satisfy itself with respect to the accuracy and consistency of these financial statements.

2. Assets to be acquired pursuant to this proposed purchase will include the presently existing electric system and all additions thereto through the date of acquisition, less certain enumerated properties more specifically described in Exhibit C attached hereto and made a part hereof, including, but not limited to, those items set forth on Exhibit A attached hereto and made a part hereof, which includes all generating, transmission, substations, distribution and street lighting facilities, easements, privileges and right-of-way grants incident thereto, all items of inventory relating thereto including fuel oil together with all property, real, personal or mixed, used or useful in furnishing electric service to customers, and all records necessary for continued service to customers presently served by the City's electric system including engineering, operating and accounting records.

<sup>1/</sup> or such lesser sum as will cause the defeasance of such Bonds. Further, if between September 30, 1976 and the date of acquisition, the amount of bonds to be defeased has been reduced by payments by the City to meet normal scheduled sinking requirements, then the "Balance" shall be increased accordingly.

<sup>2/</sup> Subject to adjustment as set forth in Exhibit A.



3. The offer to purchase is subject to certain contingencies which are set forth as follows:

- (a) All necessary approval of the purchase by regulatory authorities, which may include among others, the Florida Public Service Commission and the Federal Power Commission.
- (b) Grant by the City to FPL at no cost to FPL, except as specifically set forth in the terms of the franchise referred to hereafter, of an electric utility franchise the terms of which are specifically set forth in Exhibit D, attached hereto and made a part hereof, such franchise to become effective as of the date of acquisition.
- (c) Approval by the voters of the City of an amendment to the City Charter such that the City Council of Vero Beach shall be empowered to sell the electric system.

4. FPL will offer employment to all those employees whose duties are primarily related to the electric system having permanent employment at date of acquisition, at wages and a total employee benefit package equal to or better than they presently have. The general terms and conditions of employment of City's electric system employees by FPL are set forth in detail in Exhibit E, attached hereto and made a part hereof.

5. Contractual obligations which have been furnished to FPL are listed on Exhibit F. It is understood that this proposal is contingent upon FPL's approval of any contractual obligations including those entered into or acquired with respect to the electric system from the date of this proposal up to and including the date of acquisition.

6. It is understood that FPL is purchasing the steam and diesel generating facilities presently owned by the City, including the associated auxiliary equipment. FPL proposes to continue to operate the generating facilities at their present location for an indefinite period of time after the date of acquisition. It will therefore be necessary for FPL to lease from the City the land upon which they are located. It is further understood that it will be necessary for FPL to lease the land and buildings presently being used by the City for the transmission-distribution service center, a portion of the central stores warehouse building and land, and the substation property located at the Civic Center site for an indefinite period of time. This offer is therefore contingent upon the City's execution of leases to FPL in accordance with the foregoing and agreement herewith by the City to furnish cooling tower make up water from the waste water treatment plant effluent and in



the event effluent is not used or not available, to furnish City water at normal commercial rates. Copies of said five leases are attached hereto as Exhibits G, H, I, J and K.<sup>3/</sup>

7. In order to properly effect the transfer of the electric system to FPL, it will be necessary for FPL to have reasonable access to all of the electric system properties and records for a period of at least ninety (90) days prior to the date of acquisition and reasonable access to records not transferred affecting the electric system for a period up to twelve (12) months after acquisition.

8. FPL will obtain new deposits from customers of the electric system after the date of acquisition in accordance with its Rules and Regulations. So as to avoid any undue hardships on those customers, FPL agrees, where requested, to establish a deferred deposit payment plan.

9. The City shall pay as due all debts and liabilities relating to the electric system which arise out of operations or conditions occurring prior to the date of acquisition. Property taxes and tax equivalents if any shall be prorated as of the date of acquisition. FPL shall assume, and pay as they become due after the date of acquisition, all debts and liabilities relating to the electric system which arise out of operations or conditions after said date.

10. To provide for the most equitable method for determination of revenue accounts receivables, FPL will make provisions for all electric meters to be read on the date of acquisition. Such meter reading data will be made available to the City for use in rendering final billings under its various rate schedules. It is understood the City will cooperate in this effort by providing meter reading personnel to assist FPL personnel. This meter reading data will be used by FPL to establish the customer record data for future billings under its various rate schedules.

11. The electric system is presently covered by the insurance policies as set forth in Exhibit L. It is understood that these policies will remain in full force and effect up to the date of acquisition insofar as they provide insurance on and on behalf of the electric system.

12. It is understood that the City will execute a Municipal Street Lighting Agreement with FPL as prescribed in Exhibit M attached hereto and made a part hereof, such agreement shall include all street lights and associated

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3/ It is understood that certain information to complete these leases as indicated in the leases has not been supplied by the City and that when supplied, the leases shall be completed.



facilities as determined within the City boundaries at the date of acquisition. The charges for street lighting services will be in accordance with FPL's presently effective Rate Schedules "IL" and "SL" or subsequent applicable rate schedules as filed with the Florida Public Service Commission. It is further understood that Rate Schedule "IL" is a closed schedule applying only to incandescent lighting fixtures which are in service at the date of acquisition and that no further additions of street lighting facilities will be added under Rate Schedule "IL".

13. In the event any of the physical properties or assets to be acquired by FPL shall be damaged or destroyed between the date hereof and the date of acquisition, the City shall restore said damaged or destroyed properties to the condition that they were in prior to the date of such damage or destruction, provided that the City shall have the option to reimburse FPL for costs to replace such facilities in event of damage or destruction to said properties.

14. It is understood that between the date hereof and the date of acquisition that the electric system will be operated in a sound, businesslike manner.

15. It is understood that legal questions regarding defeasance of the City's electric system bonds and the tax-exempt status of interest on these bonds after defeasance must be resolved to FPL's satisfaction, and it is agreed that the City and FPL will share the responsibility for obtaining solutions to these legal questions. It is therefore agreed that FPL shall pay such legal expenses and the City shall assume one-half of these expenses, but the City's share shall not be in excess of \$12,500. Settlement of this account shall be made on the final closing date.

16. The City shall warrant and represent that (a) it has good and marketable title to all of the assets to be conveyed by it to FPL, (b) there are no creditors of the City whose claims may constitute a lien on any of such assets, (c) it has disclosed to FPL all liabilities which may become due after the acquisition, (d) the accounting, engineering and employee records are accurate, (e) there has been no adverse change in the assets prior to the acquisition, (f) there is no litigation or governmental action, pending or threatened, which would affect the operation of the electric system, the assets or the transfer thereof to FPL, (g) the sale of the assets does not constitute a sale under the Bulk Transfer Law, (h) neither the use of the assets nor the operation of the electric system violates any deed restriction or law, rule or regulation, (i) it has all necessary governmental approvals for the operation of the electric system and (j) it will cooperate with FPL in obtaining all governmental approvals for the transfer to and operation of the electric system by FPL. These warranties and representations shall survive the closing.

17. The City shall cause to be delivered to FPL at acquisition an opinion from the City Attorney which shall state (a) the City has good and marketable title to all of the assets to be conveyed to FPL, (b) the City has all necessary governmental approvals for the operation of the electric system, (c) the City has all necessary easements and licenses for the operation of the electric system, (d) neither the use of the assets nor the operation of the electric system violates any deed restriction or law, rule or regulation, (e) the consummation of this transaction is within the powers of the City, (f) all necessary City action has been taken for the consummation of this transaction, (g) all governmental approvals necessary for the City to consummate this transaction, if any, have been obtained, (h) there is no litigation or governmental action, pending or threatened, which would affect the operation of the electric system, the assets or the transfer thereof to FPL and (i) all of the closing documents are valid and sufficient for the purposes therein stated and for the transfer of the assets to FPL.

18. FPL and the City take cognizance herein of the Water Service Agreement dated December 18, 1968 between the City and the Town of Indian River Shores. Neither FPL nor the City intend that this undertaking will affect any rights which may exist under such contract relative to water service which the Town of Indian River Shores is now receiving pursuant to said Agreement.

19. It is understood that the Mayor will be designated by the City to execute on behalf of the City the necessary and proper documents conveying title to FPL by the City and City Clerk will be designated to attest the same.

20. If this proposal is favorably considered by the City Council, it is understood that the Charter amendment contemplated in paragraph 3(c) shall be submitted to the electorate on or before September 30, 1976, or if not, this proposal may be withdrawn at the option of FPL.

21. It is further understood that should the electorate adopt the Charter amendment contemplated in paragraph 20, a mutually acceptable date of acquisition will be established no earlier than three (3) months nor no later than five (5) months from the date of such adoption. It is further agreed that on the date of acquisition there will be a preliminary closing which will include provision for the defeasance of the electric system bonds plus cash payment of \$6,000,000. The balance of the purchase price will be paid at the subsequent final closing date, which will be

mutually established at the preliminary closing and will provide the necessary time for the final audit and a joint inventory of materials, supplies and other equipment.

Respectfully Submitted

R. G. Mulholland  
Senior Vice President

MINUTES OF A MEETING BETWEEN REPRESENTATIVES OF THE FT. PIERCE UTILITIES  
 AUTHORITY AND FLORIDA POWER AND LIGHT, MONDAY, MARCH 1, 1976, 10:00 A.M.,  
 UTILITIES BUILDING CONFERENCE ROOM.

Present:	Ralph Mulholland, Sr. Vice President	F.P.&L.
	Harry Schindehette, St. Lucie District Manager	F.P.&L.
	Ken Daniels,	F.P.&L.
	R. N. Skinner, Chief Engineer	F.P.U.A.
	Walter Baldwin, Director of Utilities	F.P.U.A.
	John Litton, Administrative Assistant	F.P.U.A.
	Bill Bidle, Director of Finance	F.P.U.A.
	Ewell E. Menge, Chairman	F.P.U.A.
	Charles R. P. Brown, Attorney	F.P.U.A.
	Jack P. Smith, Superintendent Power Plant	F.P.U.A.
	T. N. Moulton, Electrical Engineer	F.P.U.A.
	Charles Jackson, City Manager & Ex-Officio	City of Ft. Pierce
	Member F.P.U.A.	
	Ann Wilder	Miami Herald
	Linda Butsch	News Tribune
	Ron Landy	WIRA
	John Picano	WFTF

Mr. Baldwin asked Mr. Mulholland how they felt about the news media being present at the meetings. Mr. Mulholland asked if they are present now. Mr. Baldwin said they are. Mr. Mulholland said really, especially with them here, he has no objections to it.

Mr. Mulholland said he would like to comment because he doesn't think Florida Power and Light or the Authority is trying to do anything to withhold information from the citizens who are directly or indirectly responsible for any decision that's made. He thinks the only reason they have more or less classified this meeting as a work session rather than a formal meeting is because of the nitty gritty that you have to get ironed out and a lot of the details that get away from the meeting stage and get into actual working. He doesn't think anybody is trying to hold anything away. It is difficult in these stages to make any statements that mean anything. If the news media would like to sit in and the Authority doesn't object, then they don't either.

Mr. Jackson said he thinks what Mr. Mulholland is saying is that in working with any public body the presence of somebody that's writing down everything you say probably makes you say substantially less than what you might otherwise say. Mr. Mulholland said eventually you are in negotiations and as an example, he doesn't think a salesman for an automobile dealership would be as free to try and negotiate if his boss were standing over his head as he would to get a lot of the sparring done first. He doesn't think it is a matter of trying to deceive anybody, but a matter of feeling more comfortable working and not being quoted on every little statement that's made. It could be misinterpreted. This is something we ought to be careful with and he is sure the press will do this. It should be interpreted as it is meant.

Mr. Jackson said one group he worked with followed the theory that the ground rules were no quotations. He asked Ann Wilder what she would think about that. Ms. Wilder said when you have ground rules with no quotations and things like that, you're putting the reporter in a very difficult position. She thinks when you begin to get into limited coverage of certain areas, you're really opening a can of worms. Mr. Jackson said of course the other side of the coin is that there is limited coverage because she sends the story down, but she has an editor and doesn't write the headlines. If we were dealing with Ann that would be fine, but we're not, we're dealing with an organization.

Mr. Mulholland said let's try it and see. Ann Wilder agreed with him that there would be no ground rules at this time.

Mr. Mulholland said he would like to clarify who he has with him. He introduced Harry Schindehette, St. Lucie District Manager, who lives here and operates out of here. He then introduced Ken Daniels. He stated his home should be Daytona Beach, but they use him so much in areas of this nature. One of the main reasons is that they are very complicated areas, such as Bob Skinner would know what he is talking about when he talks about interconnections and interchanges, so that they are consistent system-wide and so that they try their best to treat everyone the same when it comes to dealing with wholesale power.

Mr. Daniels asked if there is a breakdown in the information given them of the different classes of customers. Mr. Bidle said no. Mr. Mulholland said that is one thing they need - a breakdown by customer class.

Mr. Bidle said the total income last year including interest and everything was 11.8 million. From sales only and street lighting was 10,841,000. This excludes interest and other income. The other was income on interest, construction funds which we can use and interest on investments. Mr. Skinner said he thinks they will find a breakdown in here as to classifications. Mr. Bidle said there are only residential and commercial. Mr. Skinner said it is on FPC. Mr. Baldwin said it's on the FPC report. Everything on the list should be in the packet Mr. Bidle gave them.

Mr. Mulholland said if that is the case everyone has helped considerably in saving time.

Mr. Skinner said we think we have a very good system and think its very efficiently operated. We realize the big problem facing us is not the high cost of fuel or the inefficiency of our system, but the inefficiency as compared with putting oil into a larger boiler and turbine. That's where we're getting caught short on the heat rate input to the boiler. We have a problem competing with FP&L favorably today because it represents around 65% roughly of the cost of doing business, the cost for fuel oil. When you consider that we might make 10% profit that whacks it in the head.

Mr. Daniels asked when the proposed crossing to the beach is planned. Mr. Skinner said we haven't gotten to that stage yet. It is preliminary right now, but we have approval for a permit to cross the river. It has been extended one year. Hopefully, sometime this year we would generate enough funds to do that job and get under construction within the next 10 or 11 months.

Mr. Skinner said if we can depart from our general discussion, what Harry is asking is on the problem of feed to the South Beach. He said we've been working very hard on this with FP&L and Mr. Sam Humphreys and Ken Daniels, he understands. We're wanting to consider as an alternate feed to the South Beach have an agreement with FP&L to feed the South Beach area generally with a feed from a new substation which is now under construction on Hutchinson Island. That would delay the construction across the river. That's up in the air right now, but hope to get it jelled very soon because building has been off in the Fort Pierce area for approximately a year and a half to two years and every indication is that it's going to pick up. Mr. Mulholland asked how the building is over on the beach. Mr. Skinner said it's stopped right now. He is getting concerned with our feed to the South Beach by itself. It's a radial feed and he felt we were getting too many customers over there to rely on one feed. Mr. Mulholland asked for a rough figure as to the number of customers and load on the Beach. Mr. Skinner said we have approximately 3 megawatts of load on peak. He doesn't know how many customers.

Mr. Daniels asked if the Authority peaks in the summer. Mr. Smith said that is correct. We peak one summer and the next winter it peaks up. Mr. Mulholland asked if we peaked more this winter than summer. Mr. Smith said yes. He said FP&L did too for the first time in years.

Mr. Baldwin said Mr. Skinner mentioned that funds might be available this year. We haven't got a good chance of selling bonds with this process going on so he doesn't know when it will be. He hasn't talked with the Authority yet, but he doesn't think we will go ahead with our bond issue on this basis. He doesn't see how we could. He doesn't see anyone buying bonds without knowing what the future holds.

Mr. Daniels asked if the bonds are revenue bonds covered by the revenue of all utilities. Mr. Baldwin said the last issue was. Mr. Brown said the others were combinations. Mr. Daniels asked if the last one, the 73 series was covered by revenue. Mr. Bidle said this is correct. Mr. Baldwin said the earlier ones were water and electric. Mr. Mulholland said that is headache number one. Mr. Baldwin said that's why we have experts. Mr. Mulholland said Mr. Baldwin is right. That's when we need experts.

Mr. Skinner asked if he could bring up a subject that is not on the agenda. He said we are wondering what would be the possibility if any, of the City of Fort Pierce purchasing wholesale power for the entire area, possibly buying power from FP&L for our base load and us taking the peak load from the existing plant.

He asked if we could contract to buy maybe 30 megawatts the year around. He asked if there was a contract of that type that they could offer the Authority. Mr. Daniels said Mr. Skinner has a contract of that type already in his hands for the interchange agreement. Mr. Skinner said it doesn't have the figures. Mr. Mulholland said that's right and Mr. Skinner would not like to see those. Actually, FP&L doesn't really have any firm power with anybody. He wouldn't want to have firm power for somebody unless the generating company could, also, guarantee him firm power. They don't have any firm power to guarantee. If they did, it's awfully expensive. Mr. Smith asked how they handle Glades Co-op. Mr. Mulholland said it isn't anymore firm that his house is. They can't guarantee it. They can do their best, but cannot guarantee it. Everybody wants a guarantee, but they can't do it. It makes it most uncomfortable. To answer Bob's question, he thinks it would be uneconomical attempting to go with their sale for resale rates with the Authority with their distribution system. Then you get into a demand charge and a ratchet because if the demand went up to 50 megawatts and then 3 or 4 or 5 months, you really only needed 20, FP&L couldn't be expected to standing by with that much generation. That's the whole ballgame. The ratchet -- that's a nice word because everybody doesn't understand it -- means that for the next 11 months you have to pay that same demand. That's what's a horror story for somebody that's trying to operate like this. To answer your question, he doesn't think that's the answer. He's trying to say it as nice as he can say it. He had to say it not long ago. He thinks you ought to either get out of the business or stay in the business. When you get in half of it, it never seems to do too well. He doesn't know what you do with bond indebtedness of the plants and things. He doesn't know that that's a wise way to handle it. He guesses maybe you could try and peddle some of it, but if you find anybody that'll give a lot of money for them, Mr. Mulholland asked to let him know, because they're hunting it, too. Nobody seems to give any money for it because it is all labor, taking it down, transporting it and putting it together again. He thinks they're talking now around 10 or 20 cents on the dollar. You can't operate like that with the investment you've got. Mr. Smith has heard that if there was any need for the brand new unit, we would get a return of about 30 cents on the dollar. Mr. Mulholland said that would depend on if you found a buyer. He would say the new unit would be a good one and it's about as efficient as you can get with a small unit, but the labor of taking it down and putting it up again is what eats them up alive. This is a problem we all face. Mr. Skinner said it was purely an academic question, but he wanted to clarify that point because that is one area we will consider - buying power. We can't go into this and say we're definitely going to sell it and have that as the only alternate. We have to have some alternates to make a presentation to our commission and Authority members.

Mr. Baldwin said this is a fine beginning. Mr. Skinner asked if anyone else had anything. Mr. Jackson said he has a couple of things to talk to them about, but it doesn't involve what we're meeting about.

Mr. Skinner wondered if he could ask us to make a formal statement that will take us all off the hook in regard to news releases. They will eat us up. If they call the Mayor, he's going to report on this meeting but he wasn't here. Mr. Jackson or anyone could give a report, but he thinks it would be better if we had a uniform system of releasing reports in regard to our discussions today. He asked if that is wise. Mr. Baldwin said he does. Mr. Jackson said Mr. Skinner is the Chairman and he would think that he is as logical a place to turn to as any. Mr. Menge asked if Mr. Skinner is asking that a written news release be made of this meeting. Mr. Skinner said he would think that would be logical. We're probably already on the radio. Mr. Menge said the only thing that will be on the radio is a few out of context remarks that don't mean anything. Nothing has been decided, we've just agreed that we're going to start work. FP&L has agreed they will take care of our employees and that's an important step as far as we're concerned. Mr. Mulholland would suggest and it is strictly a suggestion, that the ball is in the Authority's court now. He would suggest that Mr. Skinner or someone make the statement to the news media or back to the Authority or whatever. He said that if they're asked, they're just going to say that they came up at the Authority's invitation to informally discuss the subject matter and that they think it's inappropriate at this time -- in fact they can't go into any detail. If too many people try to report on it, you may run into problems. If it's any assurance, they're not going to say anymore than that, because he doesn't know anymore than that. They haven't studied this. Mr. Baldwin said John Litton could handle that. Mr. Skinner asked Ann Wilder if she could see what we're getting at. Ms. Wilder said she could and thinks it's good. From the point of view of the press when there's someone available that they can call and aren't told that in 3 hours we're having a press release, is what



is important. They don't like being told that someone is out of the office for five hours and it's tough. The HERALD has a flexibility because they don't send until late in the afternoon, but there is a TV station and radio stations that will be panting for something in five minutes. If they can't get hold of John there will be calls to Walt, Ewell, Jack. It is really a question of availability. She thinks it's a help to have someone to go to.

Mr. Skinner said the next step is scheduling the next meeting. He asked about a meeting a month from today. Mr. Baldwin said it would be resolved by the work itself. Mr. Mulholland said that's right. They're going to have to run a financial analysis on it to see where they are. They may from time to time need to get with some of the Authority's expertise in different areas and get their counterparts with them. Until they can delve into this and see where they are financially and see how the kilowatt hours are compared to their rates that they would be applying to see what their revenue would be to see how it affects their rate payers and shareholders and look at the bonds a little bit, he thinks we're in accord that if we can get together and make this work, we'll do it. If we can't, we'll part friends on the thing and still be interconnected. He thinks a month is about the least time we could do. Mr. Baldwin told him to feel welcome to call anybody here. That's why everyone is here today, to find out what the situation is. There will be no red tape or formality. We can get information for you in a hurry. We are completely neutral until the bottom line tells us where we want to go.

Mr. Mulholland said so that we don't call or write to too many different people he would appreciate it -- he will be available at anytime, his door is always open -- if there is anything that needs to be discussed if the Authority would call Ken Daniels. He can leave his phone numbers here. He would like to coordinate it through one man so somebody doesn't call him, Ken, their financial people, even though he has no objection to it, the sand starts falling through the crack if you start operating like this. Mr. Baldwin said Bob Skinner would represent the Authority in that case. He is available almost all the time or on very short notice.

Mr. Mulholland said he guesses there is one other item that the Authority could think about and that might make FP&L more comfortable, and that is an overwhelming majority of the City Council that is in accord with what is being done. Then they know both bodies are working together on this. He isn't expecting any commitment that they're going to do it, but he thinks they should have some sort of overwhelming agreement that they're in accord that this is what we should be doing and that if it would work out within some reasonable amount of money that it would be to their benefit that they would endorse it. If the two bodies are not in concurrence, we're wasting our time. He knows we're all busy. He thinks we've done about all we can do. He thanked the people for inviting him up.

MEETING ADJOURNED.

AER-7. -76

# FPL's Sale Pinch May Kill Bill Savings

By MIKE THOMAS

Sentinel Star Staff

VERO BEACH — Florida Power and Light's desire to keep the pressure on the city to sell its power system may doom efforts for city utility customers to gain some relief this summer from astronomical electric bills, it was learned this week.

City Manager John Little has been trying quietly over the past month to work out an arrangement with the Orlando Utilities Commission (OUC) to purchase excess power to offset a predicted 25 per cent jump in the fuel adjustment charge that will come when the city is forced to start using low sulphur fuel early this summer.

LITTLE SAID Monday the Orlando municipal utility has agreed to furnish the power and the savings to Vero Beach electric customers could be "considerable."

The hitch in the plan is the only

way to get the power from Orlando to Vero Beach is over FPL lines, and the giant private utility is reluctant to cooperate.

The Vero Beach City Council agreed, in principle, to a recommendation in February to pursue attempts to sell the municipal power system to FPL for \$12.5 million.

BECAUSE THE only reason for the council to consider selling the system is the high cost of locally produced electricity, FPL is reluctant to do anything that would tend to reduce the price and thus remove some of the urgency felt by the public and city officials who are facing a fuel adjustment charge of more than \$22 per 1,000 kilowatt hours when the use of expensive low sulphur fuel becomes mandatory this summer.

LITTLE is negotiating purchase of cheaper OUC power would only be a temporary relief for local



users, and not an alternative to selling the system. Anything I can do to help this summer I want to do it, Little said.

LITTLE INDICATED FPL wants to keep the disparity between city and FPL rates as wide as possible as an inducement to

go through with the sale of the power system, and a recent presentation of the OUC power purchase plan to FPL officials met with a "negative" reaction.

"What would you do if you were in their position?" Little asked.

FPL has consistently resisted attempts to use its lines as a common carrier for other systems and does not even have a set charge for such use, known as "wheeling," so that the amount of savings to city customers by purchasing our power, if FPL agreed to cooperate, cannot be determined now, Little said.

LITTLE SAID FPL refuses to go along with the request to use its lines this summer, the city could go to court. But such an action would put the city in the uncomfortable position of both suing FPL and trying to work out a sale agreement at the same time.

Even if FPL refuses to cooperate with the city's attempts to purchase Orlando power, Little said, there is a possibility the city could purchase FPL power to help keep electric bills down this summer.

"I don't care where I get it from," Little said, "I'd get it from the devil himself if it was cheaper than our generating costs."

## Power Plant Topic For Gregg Review

Vero Beach City Wednesday reviewed the points of the proposed sale of the city's municipal power plant to Florida

Power and Light (FP&L) before members of the Indian River Taxpayers Association.

In the group's last scheduled meeting, until September, Gregg outlined the proposal and said it was "the best thing the city can possibly do under the circumstances."

He added that Ernst and Ernst, the auditing firm which was chosen by the council for review and evaluation, the proposal, should deliver their findings in 20 days.

The councilman claimed the dollar differential if the city combined with FP&L at the proposed \$42.5 million would save the city "in excess" of \$4 million. The primary beneficiary of the savings, he noted, would be the out-of-city users, who are forced to pay higher electric costs.

Out-of-city users are charged a 10 percent surcharge, he said. "This was not the intent when it was put on the books," the councilman continued.

Gregg listed several alternatives to the sale of the municipal plant. "We wish we had better news," he remarked.

One alternative would be to seek a share in the nuclear capacity of FP&L, he noted, but added such a move could involve a five-year lawsuit. It has been alleged that FP&L is attempting to monopolize the nuclear capacity in the state and several cities in Florida have filed suits.

Another option Gregg listed was to seek a share in the joint Florida Nuclear Power and Light system. But this idea is 10 to 15 years in the future, he said. "It won't solve our near-term problem," the councilman remarked.

Taking court action to induce the Florida Transmission Company to give up a share of natural gas was outlined as another option. But Gregg said, he questioned how much gas would be obtained if the suit was successful.

The final alternative would be to purchase power from another source, Gregg acknowledged. Although one city in the state could help supply Vero Beach, it "wouldn't solve the problem," he said. There is only a five year guarantee, and such a solution is not "practical or economical," he noted.

To add to the dilemma, Gregg said, there is no guarantee that FP&L rates will remain unchanged. In fact, he noted, after Hutchinson Island was operating, FP&L would probably ask for a rate increase.

"We've got real problems," he said.

"These are hard times," he said. But Gregg stressed that it would probably be "in the best interests" of the city if the sale were completed between FP&L. He also emphasized that "gas is not going to be the salvation of the City of Vero Beach's electric system."

Sun., June 13, 1976, Vero Beach, Fla., PRESS-JOURNAL 2A

### FP&L SALE

Editor, Press-Journal:

The way that the citizens of Vero Beach are being brainwashed into thinking that they are going to gain anything by the sale of their power plant to Florida Power is most amazing.

Who has, who will or who can say that our electric bills will be less if we sell to them? How much is the city paying to our city-owned power plant for the electricity for the many street lights, the traffic lights, the water department, the sewage-treating plant, the parks department, the community center, the city hall, the police department and fire department?

Then what will Florida Power charge us for this service?

When all of these questions have been considered it may turn out that the small amount we stand to net for our power plant which is paying for itself and has contributed millions to the general fund is not as good a deal as we are being led to believe.

K. V. Bell  
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