

UNITED STATES OF AMERICA
BEFORE THE
NUCLEAR REGULATORY COMMISSION

Florida Power & Light Company)
(St. Lucie Plant, Unit No. 2))

Docket No. 50-389A



FLORIDA CITIES' INITIAL INTERROGATORIES
AND REQUEST FOR PRODUCTION OF DOCUMENTS BY APPLICANT

Pursuant to Section 2.714 of the Nuclear Regulatory Commission's Rules of Practice under the Atomic Energy Act, Florida Cities 1/ hereby file initial interrogatories and request the production of documents by Florida Power & Light Company ("FP&L") as follows. Each document produced in response to this request should be referenced with the number(s) of the relevant discovery request. Each document should be numbered and a list should be prepared showing the particular item of this request to which FP&L believes the document to be responsive. To the extent documents have been produced in response to requests submitted in Florida Power & Light Co. (South Dade Plant), NRC Docket No. P-636-A, or in response to interrogatories and data requests submitted in proceedings before the Federal Energy Regulatory Commission,

1/ Florida Cities include the Florida Municipal Utilities Association, 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, and the Cities of Alachua, Bartow, Fort Meade, Key West, Lake Helen, Mount Dora, Newberry, St. Cloud, and Tallahassee, Florida.

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FP&L may, in lieu of recopying documents, refer to such production identifying the proceeding and the date and item number of the request to which they were responsive.

Responses to interrogatories and requests for the production of documents shall be served upon the following persons:

Robert A. Jablon, Esquire
Spiegel & McDiarmid
2600 Virginia Avenue, N. W.
Washington, D. C. 20037

Mr. Robert E. Bathen
R. W. Beck & Associates
P. O. Box 6817
Orlando, Florida 32803

Documents should be provided by FP&L as they become available.

I. DEFINITIONS:

A. "Company" means Florida Power & Light Company ("FP&L"), its subsidiaries, affiliates, or predecessor companies and any entities providing electric service at wholesale or retail, the properties or assets of which have been acquired by FP&L.

B. "Electric utility" means a private or public corporation, cooperative, rural electric cooperative, municipality, joint stock association, or any political subdivision, agency or instrumentality of the Federal, state, or municipal government, or a lawful association of any of the foregoing which owns, controls, or operates, or proposes or is studying the possibility of owning, controlling, or operating, facilities for the generation, transmission and/or distribution of electricity.

C. "Coordination" shall refer to firm power sales, including partial requirements sales to supplement other power supply resources, reserve sharing, spinning reserve sharing, economic dispatch or economy interchange, staggered additions of generating or transmission facilities, emergency and maintenance power interchange, joint maintenance scheduling, transmission service, connections or interconnections, short-term power interchange, diversity interchange, or any sales, purchases or exchanges of any form of wholesale power among utilities. "Coordination" and "coordinating" shall also include joint ventures in, the sharing of, or participation in, the ownership, operation, or output of generating facilities and the sharing of ownership, construction, or use of transmission facilities, and any other form of interchange or pooling.

D. "Integrated operation" shall refer to the operation of an electric utility system in which all or some of the major electric facilities (large generators and high voltage transmission lines) are interconnected and operate such that the performance of any one facility will affect other facilities.

E. "Documents" mean all writings and records of every type in the possession, control, or custody of Company, its directors, officers, employees, consultants, or agents, including but not limited to memoranda, correspondence, reports, surveys, tabulations, charts, books, pamphlets, photographs, maps, bulletins, minutes, notes, diaries, log

sheets, ledgers, transcripts, microfilm, computer printouts, vouchers, accounting statements, telegrams and telegraphic communications, engineering diagrams ("one-line diagrams"), mechanical and electrical recordings, records of telephone communications, speeches and all other records, written, electrical, mechanical, or otherwise.

"Documents" shall also mean copies of documents, even though the originals thereof are not in the possession, custody, or control of Company, and every copy of a document which contains handwritten or other notations, or which does not otherwise duplicate the original, or any other copy.

F. "Identify," when used with respect to documents, means that the type, author, recipient(s) of the original, recipient(s) of copies, date, and subject of the document should be specified.

"Identify," when used herein with respect to any person, means that the person's name, current business address, and current job title and employer should be specified.

"Identify," when used herein with reference to any corporation, association, cooperative, or other legal entity, means to state the name and current address of said organization or entity; if the current address is unknown, provide the last known address.

G. "FCG" shall mean the Florida Electric Power Coordinating Group (or Florida Coordinating Group).

H. "FOC" shall mean the Florida Operating Committee.

I. "FMUA" shall mean the Florida Municipal Utilities Association; "FMPA" shall mean the Florida Municipal Power Agency.

J. "SERC" shall mean the Southeastern Electric Reliability Council.

K. "South Dade Units" shall be understood to refer to the nuclear generating units for which FP&L sought construction permits in NRC Docket No. P-636-A.

L. "Relating to" or "relate" means relating to in any way and includes documents which are the subject of the request. (E.g., "relating to a contract" includes the contract itself.) Requests concerning a subject or item should be understood to include possible or contemplated actions as to such subject or item. For example, a request for documents relating to interconnection plans would include documents relating to interconnection arrangements that have been considered but rejected.

II. DOCUMENTS NO LONGER IN COMPANY'S POSSESSION, CUSTODY, OR CONTROL:

If any document described in this section was, on or after 19 December 1970 (date of enactment of P.L. 91-560), but is no longer in Company's possession, or subject to Company's control, or in existence, state whether (1) it is missing or lost, (2) has been destroyed, (3) has been transferred voluntarily to others, or (4) has been otherwise

disposed of. In each instance, explain the circumstances surrounding such disposition and identify the person(s) directing or authorizing same, and the date(s) of such direction or authorization. Identify each such document by listing its author and addressee, type (e.g., letter, memorandum, telegram, chart, photograph, etc.), date, subject matter, present location(s) and custodian(s), and if the document (or copies) is still in existence.

III. SCOPE OF PRODUCTION:

Each paragraph below, unless otherwise specified, refers to all documents made, sent, dated or received from 1 January 1970 to date, in Company's possession, custody, or control.

IV. DOCUMENTS WITHHELD AS PRIVILEGED:

If Company withholds and asserts privilege as to any documents requested below, each such document shall be described, the person(s) preparing and receiving it identified, and a brief statement of the reasons which in Company's opinion justify the assertion of privilege shall be included as to each document.

All documents for which privilege is claimed shall be submitted to the Licensing Board under seal no later than the last day of document production.

V. INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS:

1. Furnish copies of maps showing Company's distribution facilities in Company's service areas adjacent to the following areas: New Smyrna Beach, Edgewater, Vero Beach, Fort Pierce, Homestead, Clewiston, Lake Worth, St. Cloud, Orlando and Daytona Beach.

2. Furnish copies of Company's monthly load duration curves for 1976 and 1977 (or data that will establish such curves), and the megawatt-hours included therein. For each of these months state: (a) the net energy supplied by each of Company's individual generating units; (b) the kilowatt-hour purchases by Company from other electric utilities; (c) the average cost per kilowatt-hour for each of Company's individual generating units; (d) the average cost per kilowatt-hour of each purchase from other electric utilities; (e) the kilowatt-hour energy sales by Company to other electric utilities; and (f) the average cost per kilowatt-hour of each sale by Company to other electric utilities.

3. Furnish copies of all testimony and exhibits in Company's most recent retail rate case before the Florida Public Service Commission. Furnish copies of retail rate design studies and related correspondence from January 1970 to present.

4. State the rates and charges at which Company is willing to provide transmission services to other utilities in Florida. State the different rates applicable to different types of service. If convenient, you may refer to applicable tariffs or rate schedules on file at FERC.

5. Furnish copies of all documents since 1950, including but not limited to Company's rate schedules, relating to any Company policy or position concerning resale by Company's cooperative wholesale customers of electric power and energy to municipalities, which policy or position is or was:

- a. currently effective;
- b. proposed to become effective in the future; or
- c. which has otherwise been effective since 1950,

6. Furnish copies of all documents since 1950 relating to Company's position concerning furnishing bulk power, firm or non-firm to municipal or cooperative systems, or potential systems, including documents relating to such systems' ability to resell to retail customers at rates equal or comparable to Company's retail rates. Include copies of any comparative studies of wholesale and retail rates from 1970 to the present.

7. Furnish copies of all rate design studies, documents relating to the decision to file, and all correspondence, memoranda and studies regarding Company's filings in Federal Energy Regulatory Commission Docket Nos. ER78-19 and ER 78-81, et al., ER78-282, ER78-342, ER78-395, and ER78-400. Furnish copies of any wholesale rate design studies conducted by or for Company since January 1, 1970.

8. State whether Company has conducted studies since 1960 of any plans or proposals of any electric utilities which are members of SERC to construct generation and/or transmission facilities. If so, provide copies of such studies.

9. Furnish copies of all documents in Company's files since 1955 relating to:

- a. proposed municipal power pools in the State of Florida;

b. the proposed Yankee-Dixie plan

c. consideration of the development of a power pool, centralized dispatch, or any other form of coordination in Florida.

10. Since 1955, has Company ever constructed transmission lines with the knowledge that such construction would or might preempt territory? If so list all instances of such construction, indentifying in each instance the other electric utility(ies) preempted.

11.a. Did Company prior to 1960 consider the development or installation of nuclear generating capacity on its own system and/or the capability or likelihood of other entities in Florida, including municipal and cooperative electric systems, of developing or installing such nuclear generating capacity?

If so, please provide copies of all documents relating to such consideration.

If not, please state the date at which Company did first consider such development or installation of nuclear generating capacity on its own system or by other entities in Florida. Please furnish copies of all cost and/or planning studies of nuclear versus fossil-fueled generation since that date, including any environmental and siting considerations that are addressed in such studies and copies of all studies relating to the aforementioned cost and/or planning, but excluding documents used to develop and/or identify any environmental or siting considerations addressed in such cost and/or planning studies;

b. Furnish a sample of a transmission load flow study made to support each of (1) the 1972 system, (2) the 1976 system, and (3) the 1985 system, which has been used in transmission planning and that accurately describes the system as it was constructed in the cases of (1) and (2) above;

c. Furnish copies of all documents since 1960 relating to discussions with other utilities regarding the allocation of responsibility for, the location of, and the timing of transmission and generation construction;

d. Furnish copies of all documents since 1960 relating to present and future planned interconnections with other utilities, and their proposed capacity and status (tentative or assured).

12. Furnish copies of documents since 1950 relating to policies or practices, understandings, or arrangements with other electric utilities as to allocation of wholesale or retail service areas, or that relate to the delineation, expansion or decrease of Company's geographic area of service. Furnish copies of documents since 1950 relating to Company's willingness or unwillingness to serve, or the desirability of serving, customers based on the geographic location of such customers.

13. Furnish copies of documents containing or pertaining to estimating factors utilized by Company for:

a. transmission facilities (by varying voltages and range of capacities for each voltage) per mile or per hundred miles;

b. ancillary substation facilities (by major cost components) and right of way;

c. generation (by types) and ancillary facilities (provide breakdown by major components for both generation and ancillary facilities where available);

d. escalation factors relating to a., b., and c., of this paragraph, and for other operating expenses, including but not limited to labor, administrative, or general expenses.

14. Furnish copies of documents since 1955 (including records of expenditures) relating to advertisements, public relations campaigns, or other means employed by Company to elicit support for its views or otherwise relating to any municipal or state election in Florida.

15. Furnish copies of documents since 1955 comprising Company's individual files pertaining to Florida Municipal Utilities Association, Florida Municipal Power Agency, or each member of FMUA or FMPA, including but not limited to copies of releases by Company's public relations office regarding those entities and any letters concerning or affecting them.

16. Furnish copies of documents relating to discussions, arrangements, or understandings which Company has had with other electric utilities since 1950 concerning the sale or exchange of electric power by such other utilities to Company's wholesale customers or the sale or exchange of power by Company to their wholesale customers or other electric utilities with which the company has engaged in power transactions.

17. Furnish copies of documents relating to the following subjects, which are located in the files of those individuals who by job or title are now, or have been since 1 January 1950, responsible for preparing analyses of, forecasting the effects of or who have otherwise been in positions of responsibility for such subjects:

a. competitive aspects of Company's relationship with other electric utilities serving, or able to serve, at wholesale or retail in areas overlapping, or in close proximity to, Company's service area;

b. interconnection arrangements with other electric utilities;

c. coordinated system operation, generation and transmission facilities expansion and pooling arrangements involving other electric utilities.

18. Describe in detail the present and/or past functions of R. G. Mulholland, Tracy Danese, and R. J. Gardner. If their functions have changed, describe each function separately and identify the time period during which each official was responsible for or engaged in such function. Identify specifically any responsibility or involvement each has had concerning: (1) any of the intervenors, individually or collectively; (2) the construction or operation of nuclear units; or (3) corporate policy relating to provision of power supply services, including rates, terms or conditions for the period January 1, 1970 to present.

19. For the period January 1, 1970 to the present, state the individual(s) with primary responsibility for determining Company policy relating to the following:

- a. transmission service for (1) municipal electric systems or (2) other systems;
- b. firm power exchanges with (1) municipal systems or (2) other systems;
- c. interconnection arrangements with (1) municipal systems or (2) other systems;
- d. relationships with (1) municipal systems or (2) other systems;
- e. litigation strategy relating to litigation with municipal systems.

Please provide copies of all documents relating to the delegation of authority for these matters, including documents describing the authority delegated.

20. Furnish copies of documents since 1950 pertaining to each wholesale electric customer of Company or municipality with which Company is interconnected (excluding billing data), including but not limited to:

- a. documents in files identified by specific customer name;
- b. documents concerning retail or wholesale competition relating to such customers;
- c. documents concerning the policy of Company with respect to (1) sale or purchase of electric power and energy, (2) purchase of facilities, (3) interconnection, (4) interchange, (5) coordination to, from or with each customer;

d. documents relating to any analysis or study of each customer's system operations, rates, finances, expansion proposals and programs, and any maps and diagrams of each customer's electric system;

e. documents relating to offers by Company to purchase any electric system owned by such customers or municipalities, including but not limited to all proposals of Company;

f. documents relating to any communications with persons who are or were (1) members of boards of directors of wholesale cooperative customers, members of city councils or commissions or other city officials or municipal utility boards or authorities, or (2) managers of staff personnel of such municipal or cooperative systems;

g. documents relating to communications to or from, or internal documents concerning any taxpayers' or citizens' committee or any similar group or newspaper, or concerning any action taken or proposed by such committee, group or newspaper with respect to matters affecting a wholesale customer or municipally owned utility with which Company is interconnected.

21. Furnish copies of all documents since 1955, including minutes of meetings of the Board of Directors and the executive committee of Company, documents prepared in advance of meetings (e.g. agenda, memoranda in summary or critique of plans, costs, proposals or status of negotiations), and letters and memoranda to or from Company officers relating to:

a. interconnection plans, proposals or agreements with other electric utilities;

b. recommendations, formulation of policy, development of alternative plans, seeking of opinions, and decisions concerning beginning, continuing, delaying, or abandoning expansions of or additions to generation capacity or transmission system, whether capacity or energy is owned, used, or shared on any basis by Company;

c. competition at wholesale or retail;

d. acquisitions by Company of electric utility properties and proposals for such acquisition or invitations to purchase electric utility properties;

e. legislation and constitutional revision and/or revisions in local ordinances affecting the ability of electric utilities to own, finance, or construct facilities or to sell electricity;

f. elections in any municipality operating an electric distribution system or proposing to do so;

g. consideration of the request of Florida Cities to participate, through ownership of an entitlement share or otherwise, in Company's present or planned generating units.

22. For the period January 1, 1960 to the present, please provide copies of all documents relating to (a) the potential or actual development of nuclear power by entities in Florida other than FP&L and (b) the potential or actual ability of Florida municipal electric systems to gain access to nuclear power.

23. In Florida Power & Light Co., FERC Docket No. ER78-19, et al., (a) FP&L's Mr. Orin Pearson testified (tr. page

1090) that Mr. Robert Gardner (FP&L Vice President, Strategic Planning), is "the corporate individual primarily concerned with the antitrust environment," and (b) Mr. Gardner acknowledged that "competition" is one of the "principal areas of the business environment" with which his department is concerned.

Please provide copies of (a) all documents describing or relating to the delegation of responsibility to Mr. Gardner for "competition" and/or the "antitrust environment," (b) all documents prepared by Mr. Gardner or by those under his supervision relating to "competition" or "antitrust," or (c) all documents relating to communications (written or oral) between Mr. Gardner (and/or individuals under his supervision) and any other FP&L official or agent relating to "antitrust" and/or "competition".

24. During the period January 1, 1955 to the present has FP&L received any grants or contracts from Federal or State agencies? If so, please (a) identify the sponsoring agency and the date the grant or contract was awarded; (b) state the sums received by FP&L, and; (c) summarize the nature of the grant or contract and identify the period during which work or other activities undertaken pursuant to such grant or contract occurred.

25. Please provide copies of all documents referred to and/or relied upon in the preparation of the April 26, 1976 Memorandum from E. L. Bivens to Tracy Danese, attached hereto as Appendix A.

26. Please identify contractors that have received (or shall receive) sums totalling more than \$5,000,000 for work on any of FP&L's planned or operating nuclear units.

27. Please provide copies of FP&L's contracts for uranium enrichment.

28. Please identify the amount of tax credits (including investment tax credit, job development credit, or other credit) associated with each of the Turkey Point and St. Lucie nuclear units.

29. Please supply copies of all documents relating to reports and/or other information provided to the Board of Directors (including documents relating to discussions with or among any Board members) concerning each of the following topics:

a. potential or actual competition with other utilities in Florida;

b. potential or actual antitrust review relating to any of FP&L's planned or actual nuclear units;

c. the potential costs and/or benefits to FP&L of the development of coordination among utilities, in Florida and/or in any other state;

d. FP&L's policy concerning firm power sales to other utilities;

e. FP&L's policy as to allowing other utilities access to FP&L's transmission system;

f. potential or actual acquisition of any municipal electric system(s);

g. requests by Florida municipal systems to participate in the development and/or ownership of FP&L's nuclear units;

h. legislation and/or constitutional revision affecting the ability, authority and/or obligation of electric utilities to own, finance or construct facilities or to sell electricity.

30. Furnish copies of all correspondence, memoranda, and other documents since 1965 relating to the development of any permanent interconnection now existing between Company and any other electric utility.

31. Furnish copies of all documents from January 1, 1955 to the present relating to Company's policy and position regarding restrictions on the geographical area in which a wholesale customer or municipal electric utility with which FP&L is or was proposing to interconnect, may sell power and energy at retail or to another wholesale municipal or cooperative customer.

32. Furnish copies of all documents which refer or relate to proposals, suggestions, or requests by a wholesale customer or municipal electric utility with which FP&L is interconnected to obtain from Company or other supplier partial requirements service, wheeling or other transmission service.

33. Furnish copies of all documents relating to financing, including documents relating to:

a. methods and mix of embedded debt, preferred stock and common stock and cost component of each for 1978 and projected for each year 1979 through 1988;

b. current cost of new capital;

c. terms and conditions associated with capital,

including but not necessarily limited to:

- (1) restricted funds and payments thereto,
- (2) interest and debt service coverage,
- (3) cumulative nature of preferred dividends;

d. schedule of projected payments on debt (principal and interest payments).

34. Furnish copies of documents relating to activities by Company to obtain for itself subsidies, exemptions, waivers, loans or construction funds, or other favorable actions by any agency, political subdivision, legislative body or other instrumentality of federal, state or local governments, benefitting Company, including but not limited to actions relating to:

- a. generating projects;
- b. transmission line construction or relocation;
- c. air or water pollution control;
- d. tax rulings, state or federal;
- e. federal or state tax legislation or regulations

thereunder;

f. fuel use, availability and/or price;

g. federal or state regulatory legislation pertaining to electric utilities, including but not limited to amendments to the Federal Power Act and/or Florida State statutes, including but not limited to:

(1) bills affecting the jurisdiction or organization of any governmental agency charged with licensing, supervising, or regulating Company's facilities, rates or services;

(2) bills affecting the ability of municipal or cooperative systems to acquire or own facilities or render electric service;

(3) federal energy legislation, including but not limited to the Department of Energy Organization Act and actual or proposed legislation relating to coal conversion, natural gas, utility regulation, and/or national energy policy.

35. Furnish copies of documents which provide the following data concerning each presently existing generating unit on Company's system and such estimated data with respect to each unit under construction or planned:

a. incremental costs at various levels of unit output including incremental fuel cost and variable operation and maintenance cost;

b. no-load running cost of each unit including fixed fuel cost;

c. start-up costs in dollars following (1) four-hour shutdown, (2) 12-hour shutdown, (3) 24-hour shutdown;

d. average annual fixed costs for each unit, including:

(1) fixed operation and maintenance;

(2) fixed charges, including a breakdown of fixed charge rate by all components;

(3) other fixed costs, including administrative and general expense allocable to each unit;

e. original investment cost and date of commercial operation;

f. incremental heat rate and total heat rate throughout normal net loading range;

g. average annual fuel cost in cents/MMBtu for each year 1977-1988;

- h. minimum and maximum net output in mw;
- i. normal amount of time (annually) for scheduled maintenance and refueling;
- j. for future nuclear units, documents describing how amortization of the initial fuel core is handled in the above costs and providing a breakdown of total capital cost and unit cost amounts for each unit;
- k. unit rating (nameplate and gross capacity), summer and winter;
- l. type of each generating unit (steam turbine, gas turbine, diesel, etc.), and whether used for base load, intermediate, peaking, or standby service;
- m. insurance rates and amounts, including types and coverage (coinsurance, fire, boiler, extended coverage, etc.);
- n. steam temperature, pressure, and flow conditions for each unit, existing and planned;
- o. unit operating personnel including number and classification of employees, hourly wage rates, fringe benefits and administrative overheads, etc.;
- p. copies of studies on nuclear fuel management strategies and studies on costs and method of financing nuclear fuel, including unit costs for ore, conversion, enrichment, fabrication, shipping spent fuel, recovery, plutonium credit, etc.;

q. copy of Company's agreement with International Mineral Chemical Corporation for uranium material produced as a by-product of phosphate processing, and copies of all documents relating to FP&L's decision to enter into such agreement.

36. Furnish copies of monthly accounting summaries, reconciliations, or billing statements made during 1976 and 1977 pursuant to or in accordance with interconnection agreements between Company and any other company which indicate the manner in which power, energy, or transmission service is exchanged or otherwise accounted for, and how compensation is determined as between the parties. Furnish copies of all statistical summaries and documents necessary for an accurate understanding of the accounting methods by which entries on log sheets containing power and energy data are ultimately converted into monetary settlements.

37. Furnish reliability data for each generating unit, including forced and planned outages, number of hours down-time, number of outages, reasons for down-time, mature forced outage rate and calculation thereof, and number of hours operated during the past year.

38. Furnish reliability data for transmission lines, including outages per 100 miles per year for each of the various voltage classifications of lines, reasons for outages, and maximum single-occurrence outage time, in hours, during the past year.

39. Furnish copies of documents reflecting changes in any rate schedule, tariff, contract, agreement, or terms or conditions of service. Furnish copies of all documents relating to the effect on Company revenues (in dollar or percentage terms) of any such change since 1960.

40. Supply all documents since 1955 relating to the sale or possible sale of wholesale power, including any alternatives thereto (including pricing, terms, conditions, and methodology of pricing, but excluding cost-of-service documents affecting specific rate levels) to the Fort Pierce Utilities Authority, or the Cities of Fort Pierce, Homestead, Vero Beach, Key West or Sebring.

41.a. During the period January 1, 1974 to January 1, 1977, did officials of the City of Vero Beach (including their consultants, attorneys, agents, etc.) discuss with any official(s) of FP&L: (1) the possible purchase of firm power from FP&L, including purchases under the Company's wholesale tariff? or (2) the possible availability of the Company's transmission facilities to Vero Beach for wheeling?

b. If so, (1) identify all participants in such discussions; (2) state the date and describe the circumstances of each such discussion; (3) provide copies of all documents relating to such discussions; and (4) summarize all such discussions which are not otherwise summarized in documents provided.

42. Since 1960 has Company intended to price its retail industrial power at average or fully distributed cost, less

than average cost, or above its average cost? If the Company's intended pricing has been based on other than average or fully distributed cost, state the reason(s) for doing so. If Company's policy in this regard has changed from time to time, state when and why.

43. Furnish copies of all cost of service studies relating to wheeling or transmission service on Company's system for the period 1970-1988.

44. Furnish copies of all documents from January 1, 1970 to the present, relating to Company's policy and position requiring demand price ratchets contained in its actual or proposed wholesale and retail rate schedules.

45. Furnish a set of all rate schedules for wholesale electric service (currently effective or otherwise) filed with the Florida Public Service Commission or the Federal Power Commission from the dates of those Commissions' jurisdiction over such rates. Describe generally the manner in which wholesale rates were fixed prior to Federal Power Commission and Public Service Commission jurisdiction. In lieu of providing schedules filed with the FPC, Company may provide information sufficiently detailed to locate schedules at the Federal Energy Regulatory Commission.

46. Furnish a set of all retail rate schedules for large commercial and industrial customers for the period 1970 to the present including applicable fuel and other adjustment clauses and showing the effective date of each change in such rates.

47. For the calendar year 1977, furnish the annual customers' summation of monthly kw demand, kwh and revenues derived from large commercial and industrial customers grouped approximately in the following categories for each retail rate schedule GS-D, CG, or CI, or predecessor rate or schedule if a change was made in 1977:

- 100-500 average monthly kw demand,
- 500-1,000 average monthly kw demand,
- 1,000-5,000 average monthly kw demand,
- 5,000-10,000 average monthly kw demand,
- 10,000-25,000 average monthly kw demand,
- 25,000 and over average monthly kw demand.

48. Do any of the Company's retail customers possess any degree of self-generation capability? If so, please identify the customers and the capability.

49. Have any industrial customers, actual or potential, discussed with Company the possibility of supplementing (or replacing) power purchased from FP&L with power from other sources? If so, please identify the customers and provide all documents relating to such discussion(s).

50. Please provide copies of all documents relating to the potential production of electricity in Florida (by FP&L or others) from (a) the sun; (b) solid waste; (c) biomass; (d) the wind; (e) the ocean.

51. Furnish the following information for five customers from each of the categories mentioned in item 47 above and for all industrial customers served under special contracts other than Company's standard retail industrial rate tariff, for each of the months in calendar year 1977:

- a. the monthly actual kw demand,
- b. billing demand,
- c. kwh,
- d. revenues,
- e. annual total revenues for calendar year 1977.

52. Furnish copies of documents describing the economic condition of the area served by Company, projections of future economic conditions, the prospect for attracting commercial and industrial customers to Company's service area, or other potential stimuli of economic growth in such area.

53. Please provide copies of (a) all documents describing Company's Department of Economic Development and (b) any documents provided by that Department to potential customers.

54. Please identify all new industrial customers added to the FP&L system in each of the years 1974-1978.

55. With regard to the new customer whose addition is described in Appendix B hereto, please provide all documents relating to the Company's efforts to attract this customer.

56. As stated in FP&L's 1977 annual report to stockholders, at page 5, "Efforts by the State, by local governments and by business such as FP&L appear to be attracting new industry and encouraging existing firms to expand their operations through our service territory." Please (a) provide all documents relating to the "efforts" referred to; and (b) identify any additional load in Company's service territory resulting from the "efforts" referred to.

57.a. Please list all exchanges (including meetings, telephone contacts or other communications) relating to the making, negotiation, agreement, approval or modification (proposed, actual or potential) of Company's T-3 contract with Florida Gas Transmission Company ("FGT") or FGT's warranty contract with Amoco production Company (or related, predecessor or successor companies thereto). State the date and location of all such exchanges; identify all those present and describe their purpose and all matters discussed during them.

b. Furnish copies of all documents relating to such exchanges (excluding invoices and billing data). If the documents provided fully reveal the substance of such exchanges, further description thereof need not be supplied. If the substance of such an exchange is not fully revealed in the documents, please describe it and identify the source of the information provided.

c. With regard to each of the individuals identified below, please (1) state the date at which he obtained initial knowledge of any facet of the agreement between FGT and Amoco Production Company reflected in the document attached hereto as Appendix C; (2) describe the circumstances in which such knowledge was obtained; and (3) provide copies of all related documents and identify any nondocumentary source for Company's response:

Mr. Robert H. Fite	Mr. E. L. Bivens
Mr. Marshall McDonald	Mr. R. J. Gardner
Mr. A. C. Fullerton	Mr. Tracey Danese
Mr. William Preston	Mr. Ben H. Fuqua
Mr. Joseph P. Taravella	Mr. R. Mulholland
Mr. E. A. Adamat	Mr. J. J. Hudiburg
Mr. H. L. Allen	Mr. F. E. Autrey

d. Did any official or employee of FP&L (other than those identified above) have knowledge of any facet of the agreement attached as Appendix C? If so, please (1) identify the individual(s), (2) state the date and circumstances of initial knowledge, and (3) provide copies of all related documents and identify any nondocumentary sources for Company's response.

58. Please furnish copies of all documents since 1965 relating to the scheduling or use of natural gas under Company's "T-3" contract or pursuant to any other gas supply agreement between FP&L and Amoco Production Company (or related, successor or predecessor companies), including the amounts, rates and fluctuations of takes.

59. Please provide copies of all documents relating to the March 22, 1967 letter attached hereto as Appendix C, or to any arrangements or matters referred to in that letter.

60. If any document referred to in requests 57-59 and 72 and 73 was on or after January 1, 1964, but is no longer in Company's possession or subject to Company's control, or in existence, state whether (a) it is missing or lost, (b) has been destroyed, (c) has been transferred voluntarily to others, or (d) has been otherwise disposed of. In each instance, explain the circumstances surrounding such disposition and identify the person(s) directing or authorizing same, and the date(s) of such direction or authorization. Identify each such document by listing its author and addressee, type (e.g., letter, memorandum, telegram, chart, photograph, etc.), date, subject matter, present location(s) and custodian(s), and if the document (or copies) are still in existence.

61. Please furnish copies of all documents relating to the availability or price of gas, oil, coal or nuclear power to (a) Florida Cities, individually or collectively; or (b) FP&L.

62. Has Company ever refused to make a general commitment to wheel or transmit power and energy to or from any other utility with which it is interconnected? If so, please state why and furnish all documents relating to requests from other utilities and Company's position in response thereto.

63. Is Company now willing to make a general commitment to transmit power and energy over its system to and from other electric utilities with which it is now or may become interconnected and to file appropriate tariffs with the appropriate agencies with respect to terms and conditions including rates or rate formulas? If not, furnish a complete statement of Company's proposed terms and conditions, including rates or rate formulas.

64. Provide detailed information and documentation concerning reported damages to Turkey Point Plant, Units No. 3 and No. 4 and major costs associated with repairs or additions to Turkey Point Units No. 3 and No. 4 and St. Lucie Unit No. 1, including waste storage. State when these units will be off-line for repairs and/or additions.

65. Provide all documents relating to the matters contained in the July 28, 1977 letter of Mr. Harry C. Luff, Jr., and Mr. Robert A. Jablon to Mr. Marshall McDonald, attached hereto as Appendix D.

66. Provide copies of all documents relating to Mr. James Phillips' January 27, 1978 letter to Company, attached hereto as Appendix E.

67. Have Company officials ever discussed or otherwise considered potential or actual antitrust review as a factor in Company's plans for the development of nuclear power, including potential or actual plans for particular units? If so, (a) please identify the time and location of discussions or considerations and those involved, (b) provide copies of

all related documents, and (c) summarize completely all discussions or considerations not otherwise summarized in the documents provided and identify the source of the information provided.

68. Has Company ever considered ownership of transmission facilities by other utilities on the interconnected transmission system in lieu of a transmission charge? If so, state Company's position and furnish all documents requesting consideration of such a proposal and Company's response and internal documents relating thereto.

69. Is Company willing to develop a joint transmission rate or arrangement with other utilities whereby power and energy could be transmitted over Company's transmission facilities and those of other utilities in the state to and from third utilities with which it is interconnected under filed tariffs or pursuant to some joint transmission arrangement calling for equalized investment in transmission proportionate to load served off such joint transmission system?

70. Is Company willing to enter into coordinated planning of new generation and transmission facilities with other utilities in the state, including municipal and cooperative systems where Company would offer ownership interests or make unit sales from generation it plans and would participate in the ownership or unit purchases from generation planned by others?

71. Is Company willing to operate its existing and future generation on an integrated pooled basis with generation of the other Florida utilities, including municipal and cooperative systems, whereby the most economical generation, regardless of ownership, is dispatched against the combined loads of all Florida utilities?

72. Please furnish copies of all documents since 1965 relating to:

(a) gas supply or availability of natural gas to or of Amoco Production Company ("Amoco"), Austral Oil Company ("Austral"), or Florida Gas Transmission Company ("FGT") (or related, successor or predecessor companies thereof);

(b) the willingness or desire of Amoco, Austral or FGT to sell gas;

(c) the amounts of gas available to Company from Amoco, Austral or FGT;

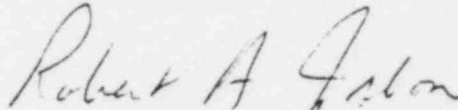
(d) the form of arrangement, terms or conditions under which Amoco, Austral or FGT was willing to sell to, transport, or otherwise provide gas for Company.

73. Please furnish copies of all documents relating to any sale of natural gas by Amoco Production Company, including but not limited to the warranty gas contract between Amoco and Austral and FGT. Include all documents relating to gas supply availability under such contract, and the price, terms, conditions, operations or scheduling of deliveries under such contract.

74. Please supply all documents relating to the actual or proposed development by any entity of (a) petroleum productions pipeline to serve the Florida market, and/or (b) a refinery (or refineries) in Florida.

75. Identify the persons who prepared or assisted in the preparation of Company's response to each of the foregoing requests.

Respectfully submitted,

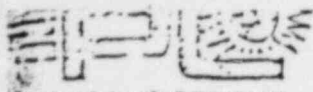


Robert A. Jablon *by gpw*
Attorney for the Florida Municipal
Utilities Association, the Fort
Pierce Utilities Authority of the
City of Fort Pierce, the
Gainesville-Alachua County Regional
Electric Water and Sewer Utilities,
the Lake Worth Utilities Authority,
the Utilities Commission of the City
of New Smyrna Beach, the Orlando
Utilities Commission, the Sebring
Utilities Commission, and the Cities
of Alachua, Bartow, Fort Meade, Key
West, Lake Helen, Mount Dora,
Newberry, St. Cloud, and Tallahassee,
Florida.

October 31, 1978

Law Offices of:

Spiegel & McDiarmid
2600 Virginia Avenue, N. W.
Washington, D. C. 20037
(202)333-4500



FLORIDA POWER & LIGHT COMPANY
OFFICE CORRESPONDENCE

NO

APPENDIX A

21

Mr. Tracy Danese

LOCATION: Miami, Florida
DATE: April 26, 1976

E. L. Bivans

COPIES TO

South Dade Nuclear Power Plant
NRC Docket No. P-636A & 50-339-A
Affidavit of Harry C. Luff, Jr.

I have very carefully read the affidavit by Harry C. Luff, Jr., have noted certain discrepancies, and offer the following comments to clarify certain statements or allegations by Mr. Luff.

Page 3, 3rd paragraph

To the best of my memory, I did not contact Mr. Reedy and Mr. Wiley in September 1972 at a meeting of the Florida Operating Committee.

Furthermore, I would have had no reason to contact them regarding participation in a proposed nuclear plant for the following reasons:

1. There was no meeting of the Florida Operating Committee in September 1972.
2. The August 1972 meeting of the Florida Operating Committee, while attended by Irving Reedy and myself, was not attended by J. K. Wiley.
3. The next meeting of the Florida Operating Committee was in October 1972. I did not attend that meeting as I was in Europe on vacation.
4. My area of responsibility in September 1972 was System Power Supply. Responsibility for system planning was under the General Engineering Department.

After Curt Stanton had contacted Marshall McDonald about the possibility of Orlando, Jacksonville and FPL jointly building a nuclear power plant, Marshall McDonald directed me to contact Harry Luff and Ken Wiley to see if something could be worked out to the mutual benefit of all three utilities. This I did, and we met in December 1972 to explore the possibilities of jointly building a power plant along or near the east coast, between Orlando and Jacksonville.

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Page 3, 2nd paragraph

"contacts with Florida Power & Light representatives in 1969 revealed no interest...", "Spokesmen for Florida Power & Light stated..."

Mr. Luff did not identify Florida Power & Light representatives or spokesmen for Florida Power & Light. To the best of my knowledge, I had no conversation along these lines with Mr. Luff or anyone else in OUC in 1969. However, I do remember one conversation with Harry Luff in which he stated that Orlando was planning to respond to a Justice Department questionnaire concerning possible anti-trust practices by FPL in connection with St. Lucie No. 2, that the Orlando Utilities Commission had no reason to believe that there were no "anti-trust" implications in FPL's dealings with Orlando.

Page 4, 2nd paragraph

Any statements that I made concerning FPL's willingness to enter into an agreement to jointly construct a power plant, fossil fuel and/or nuclear, were confined to generating units to be located in Northeast Florida, between Orlando and Jacksonville. At that time, Florida was still growing very rapidly -- there was no oil embargo or shortage. Florida Power & Light Company, Florida Power Corporation, Jacksonville Electric Authority and Orlando Utilities Commission, were all at that time, looking for power plant sites in the same general area of Northeast Florida. Based on FPL's projected load growth, FPL would need generation in its service area north of Orlando by the late 1970's.

Page 4, 3rd and 4th paragraphs

The reason that FPL did not respond to letters indicating interest in desired amounts of capacity from a joint generation plant, was that Mr. Luff called our attention to a Florida State Constitutional Prohibition against joint ownership. Because of this Constitutional Prohibition there was no point in pursuing joint ownership generation further until a Constitutional Amendment could be passed. FPL cooperated with Orlando and Jacksonville to secure passage of a Constitutional Amendment by the State Legislature. The Constitutional Amendment was passed in 1974.

By that time the "energy crisis" was on. Load growth on FPL's system dropped drastically. FPL in the Fall of 1973, committed to the installation of a combined cycle power plant of 460 mw adjacent to our Palatka Power plant. This installation was originally scheduled

for service for the Summer of 1975. However, because of the drop in load growth, the unit is now scheduled for the Fall of 1976.

Based on the latest determination of our future generating requirements, FPL will not need any more generation in North Florida until the late 1980's or early 1990's. Thus, for these reasons, FPL lost interest in participating in a jointly owned power plant in Northeast Florida.

Page 5, 3rd paragraph

The ownership of a 500 kv transmission system that would tie with Georgia, was based on long standing tradition and sound business principles, that utilities would, in general, own the transmission lines that are located in their territory. Therefore, Jacksonville Electric Authority would build and own that portion of the 500 kv line originating from their switching station and running to Georgia, FPL would build and own the 500 kv lines in its territory serving its facilities, and Florida Power Corporation would build and own the 500 kv lines in its territory serving its facilities.

Since the 500 kv tie to Georgia and associated 500 kv facilities were primarily to increase the reliability of electric service for all of the electric systems in Florida, it was proposed by FPL, JEA, and FPCorp., and agreed to in principle by Orlando Utilities Commission, Tampa Electric Company, and several other municipally owned electric systems, that the non-owning utilities should pay for some of the benefits in proportion to the benefits received. In so far as I know, Mr. Luff has never seriously proposed any other form of ownership or paying for the benefits received.

Page 5, last paragraph, and Page 6, 1st paragraph

FPL has taken a position that through our present interconnections with Orlando, Jacksonville, Tampa Electric, Florida Power Corp., Vero Beach, Ft. Pierce and Lake Worth, and through our membership and participation in the Florida Electric Power Coordinating Group, and its various committees and in particular, the Operating Committee, we are now, and have been operating as a pool for the past several years, and each and every member of this interconnected group is now and has been enjoying the benefits therefrom.

At the October 1975 meeting, it had become evident that the Pooling Task Force, chaired by Mr. Luff, was intent on pursuing a more formally structured pool, leading to centralized dispatch and operations, and centralized planning. While FPL could see that the other smaller

utilities could possibly benefit by such a more formal pool, we did not then, and do not now, envision any benefits that would accrue to FPL's customers. In fact, pool operation with centralized dispatch of power, while possibly benefiting the smaller, less efficient utilities, would probably result in higher costs for electric power to the customers of FPL. FPL is large enough to achieve all of the economy of scale on its own without becoming part of a larger more structured organization.

Therefore, at the October 1975 meeting, I stated that FPL was withdrawing from any further effort to form a "Statewide" pool for the reasons previously given. I further stated at this meeting that FPL would encourage the other utilities to form a second pool which would then be approximately equal in size to FPL, and that FPL would work out arrangements where feasibly possible, for those municipal systems in its territory that would be isolated from the proposed pool, to join and participate.

Page 6, 6th paragraph

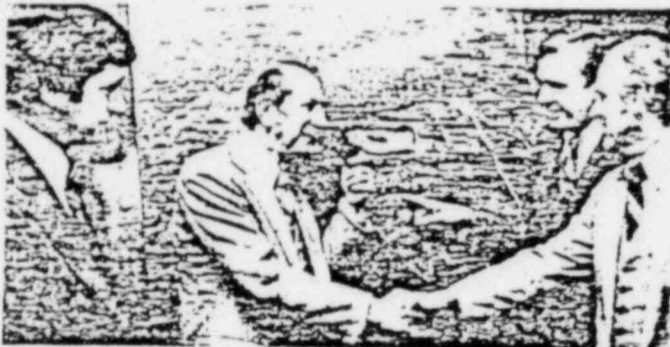
Sometime in the 1960-62 period, MacGregor Smith, E. W. Page, H. V. Street and I, met in Orlando with Curt Stanton and others. The purpose of the meeting was to discuss a 230 kv interconnection, and OUC's proposed Indian River No. 2 generator. At that time OUC was planning to install a 90 mw unit, duplicating their first unit. Mr. Smith proposed that OUC increase the size of OUC's proposed unit to 200 mw, and that FPL would buy the excess power from OUC at a rate based on their incremental costs. OUC refused FPL's offer -- however, OUC did go ahead and install the larger unit that Mr. Smith recommended, and sold their excess to Florida Power Corporation.

Page 6, last paragraph

This paragraph is totally incorrect. My conversations with Mr. Luff have been that the proposed FPL nuclear units were needed to serve our own customers, and until we reached the optimum amount of nuclear generation as related to our total generation, sharing any portion of our nuclear generation with any other electric system could only result in higher costs for electric power to FPL's customers, including its wholesale customers.


E. L. Bivans

esl



The Manatee Chamber of Commerce presented an award of appreciation to FPL Vice President Bill Klein for his efforts in attracting clean industry to Manatee County. Thanking Klein are (l-r): Chamber Executive Vice President Steve Albree, Klein, Assistant Secretary of Commerce for the State of Florida Joseph Hennessy, and Chamber President Richard Jones.

Thanks to FPL efforts

Giant industrial firm picks Manatee County

A two-year campaign by Florida governmental leaders and businessmen, including a number of FPL executives, has landed a highly sought, multi-million dollar manufacturing plant for Manatee County.

When operational in 1980, the steam turbine manufacturing plant will provide more than 1,000 jobs for local residents, boost the local economy and increase tax revenues.

The industry is a joint venture by Milwaukee-based Allis-Chalmers and West Germany's Siemens AG. Ultimately, more than \$100 million will be invested by these companies in the manufacturing facility, located on a 261-acre site along the Manatee River just east of the City of Palmetto.

Selected from 120 Sites

The location selection—after being narrowed down from a field of 120 American sites—was announced pub-

Break accident

licy Dec. 19 by Florida Governor Foy Kohler.

"This is probably the most significant industry to come to Florida since General Motors," said Bill Klein, FPL's vice president of Economic Development. "It places Florida on the map for clean industry."

It was Klein who wooed back representatives of the joint venture who initially discounted the Gulf Coast location in their national hunt.

Taps Tampa Work Force

"They first thought that Manatee retirement community, tourism and agriculture industries would be detrimental to its ability to support the work force required for so large an expansion," said Klein.

"But with the help of local leaders, we were able to show them these factors, instead, would be assets to their companies."

Employees share accolades

Manatee County civic and business leaders paid tribute Dec. 27 to FPL Vice President Bill Klein for the part he played in bringing a giant manufacturing plant to the community.

Klein shared the accolades: "Other FPL employees helped lure the prospects to Manatee, and once the prospects arrived, the community kept them there."

He cited Bradenton District Manager Al Putnam, Sarasota District Manager Dick Kerlikoski and several other FPL employees in the Western Division and the General Office who "played a very important role" alongside the Economic Development Committee of Chamber of Commerce, local manufacturers, and state, government and elected officials.

Accepting his award, Klein told Manatee officials, "You have competed with every best...and won. Your success would be a textbook classic in economic development." He was referring to the total community involvement in attracting the giant firm to its area.

The citizens of Manatee County went out on a limb with time, effort and money to provide the necessary data required to convince Allis-Chalmers and Siemens that their area was home for the manufacturing plant," said Klein. "It was a community effort and that's what I think tipped the scale favoring them over more than 120 areas studied."

"People in Sarasota County and even in Pinellas and Hillsborough became part of the action but it was the Manatee County Chamber working hand in glove with FPL employees that brought the industry here," he said.

"Everyone who worked on this project—and that's a lot of folks—can take great pride in their accomplishment. When they see that showcase facility on the Manatee River across from Bradenton they will be reminded of their personal involvement that resulted in many thousands of jobs—in a better chance for their children to become employed locally—and in a better life style for so many people. This economic development is all about."

He now projects that "80% of the plant's labor force will be comprised of Tampa Bay residents. Subsequently, primary growth will be in economic terms—increased employment and per capita income."

"This is good news, too, for FPL, since the Company's financial health has always been tied directly to the economic well-being of the communities it serves," explained Klein.

Maintaining "Balanced Growth" Allis-Chalmers such non-polluting industry has helped Florida maintain a "balanced growth," he added. It was the lack of such that hurt the state's economy in the past three years.

"When the economic recession hit in 1974, Florida had three primary industries—tourism, agriculture and construction," explained Klein. "The oil embargo hurt the first, cold weather the second, and home construction subsequently declined by 50%. The state suffered dramatically."

To help bolster Florida's future well-being, Klein said clean industry should comprise 20-25% of the economy, or double the present percentage.

Of FPL's 1.8 million customers this past year, nearly 5% were industrial, comprising 7.5% of the Company's energy sales.

FLORIDA GAS TRANSMISSION COMPANY

APPENDIX C

GENERAL OFFICE • ORLANDO AND ORANGE AVENUES • P.O. BOX 44 • WINTER PARK, FLORIDA • 32790 • TELEPHONE 544-2210

March 22, 1967

Mr. E. A. Benfro
Pan American Petroleum Corporation
Post Office Box 50879
New Orleans, Louisiana 70150

Dear Mr. Benfro:

This is in response to your inquiry regarding rates of take under which we are willing to accept gas under that certain contract with you and Austral dated November 20, 1964.

Our position is as follows:

- (1) Beginning on the date our facilities contemplated in WPC Docket No. CP65-393 are complete and we begin the transportation of gas to Florida Power & Light Company, as provided in said docket, we will be willing to accept volumes of gas at a maximum rate of 123,000 Mafd under the terms of the November 20, 1964 contract. We are willing to continue to accept gas at said rate for a period of time thereafter (estimated to be approximately twenty-eight months) until certain "under-production" in fields delivering gas to the fulfillment of said contract has been brought into balance. The term "under-production" shall mean the under-produced allowable assigned the producing property involved since July 1, 1966 and which may be legally produced at some future date. The term "balance" shall mean that time when the under-production has been reduced to zero.
- (2) We are agreeable that all volumes of gas taken under (1), above, in excess of 64,000 Mafd, computed on a monthly average basis, will be considered "banked." We are further agreeable that volumes of gas that have been taken since the

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March 22, 1967

beginning of deliveries under said contract, namely July 1, 1966, to the present and volumes that will be taken from the present until the beginning of the time period in (1) in excess of 64,000 Mcfd, also computed on a monthly average basis, will be considered "banked."

- (3) After the under-production has been brought into balance, we are willing to accept gas at a minimum rate of 64,000 Mcfd.
- (4) It is our understanding that you will maintain deliveries at or above 64,000 Mcfd for as long as prudent operation and deliverability of connected wells will permit, but that you may deliver less than 64,000 Mcfd under said contract. Delivery at rates less than 64,000 Mcfd is agreeable with us to the extent, but only to the extent, that the total accumulated volume of delivery under 64,000 Mcfd is not greater at any point in time than the volume banked in accordance with (2), above.
- (5) It is our further understanding that upon our request you will furnish us your most realistic estimate of the volumes that you will make available for our purchase for future annual periods by months to facilitate our long-range dispatching and will fully cooperate as may be reasonable in furnishing information as to your long-range plans relative to connection of additional sources of supply and other like matters having a bearing on the actual volumes of gas that you will make available on a daily basis.
- (6) Notwithstanding any of the above items, we are continuing to look to Pan American under its corporate warranty to furnish a total volume of 584,400,000 Mcf of gas under the terms of said contract of November 20, 1964.
- (7) Nothing in the foregoing shall be construed as in any way affecting your obligation to deliver the daily quantities established in the contract with Florida Power & Light dated March 12, 1965.

Yours very truly,

FLORIDA GAS TRANSMISSION COMPANY

H. L. Wilbitt
Senior Vice President

APPENDIX D

July 28, 1977

Mr. Marshall McDonald, President
Florida Power & Light Company
P. O. Box 013100
Miami, Florida 33101

Re: Settlement of NRC
Dockets Nos. P-636-A
and 50-389A et al.

Dear Mr. McDonald:

The Intervenors have long felt that the litigation between our systems is unfortunate. Ultimately, all Florida electric utilities must be dedicated to serve Florida Ratepayers with reliable service at the lowest reasonable cost. These ends can be best achieved through cessation of litigation and through cooperative effort to finance and build necessary generation and transmission facilities and the implementation of appropriate power pooling arrangements. The Intervenors, therefore, make the following proposal for settlement of the NRC cases in Dockets Nos. 50-335A, 50-389A, 50-250A, 50-251A and P-636A. They believe that the proposal is appropriate and economically beneficial to all parties on its own merits. The proposal is, of course, subject to the entering into of legal agreements resolving ancillary matters, and obtaining all necessary approvals, including those from city authorizing bodies. This proposal represents a combined effort of the Intervenor Group to provide a basis for agreement. We are prepared to consider any objections, modifications or counter proposals of FP&L.

I. Participation in FP&L Nuclear Units

1. Existing Plants - With respect to the existing Turkey Point 3 and 4 units and the St. Lucie 1 unit, the Intervenors propose to acquire a 13.7% undivided ownership interest in these units jointly or severally, assuming all of the costs, burdens, and responsibilities of ownership. In order to achieve this proposed purchase, the Intervenors would pay Florida Power & Light Company, on closing, 120% of the gross plant investment in the facilities plus a proportionate share of the nuclear fuel in the reactor at cost. The Intervenors estimate, based upon book plant investment figures shown in FP&L's Form 1 reports, that the acquisition of a 13.7% ownership share of Turkey Point 3 and 4 under the above described cost formula would provide the Company with \$42 million of capital plus the investment in nuclear fuel. On a dollars-per-kilowatt basis for this undivided ownership share of 13.7%, the Intervenors estimate that, as compared to the net plant investment in these two units after deducting accumulated deferred federal income taxes, this would provide the Company with approximately 172% of its

July 28, 1977

present net plant investment per kilowatt investment in these two units. Based upon published information, it is our understanding that repairs and modifications to these two units are estimated by the Company to require additional capital investment of some \$380 million. As joint owners, the participants would be responsible for a 13.7% share of these costs, or an additional \$52 million. If the final estimated cost of modifications is in excess of such amounts, we would have to reexamine the appropriateness of basing our purchase offer on the original book cost instead of the depreciated current book cost.

With respect to St. Lucie 1, the Intervenor's proposal is similar; that is, 13.7% ownership interest at 120% of the gross plant investment in the facilities plus nuclear fuel material at cost. We estimate, based on FP&L's per books figures, that the acquisition cost of the physical facilities at St. Lucie 1 under this proposal would provide the Company with in excess of \$77 million of additional capital, plus the proportionate investment in nuclear fuel material. As of the end of 1976, the Company reported the balance in Accounts 120.1 through 120.5 and 157 for nuclear fuel materials in excess of \$85 million. Our purchase of a 13.7% ownership share would give you in excess of \$11 million of additional capital, bringing the total to in excess of \$185 million. These amounts of new capital from outside sources could materially assist FP&L in meeting its construction requirements and the requirements to make the modifications and repairs at the Turkey Point 3 and 4 plants, thereby alleviating the burden of such financing to FP&L's ratepayers.

As an alternative to the above proposed ownership share in the units, if FP&L's position is to maintain an absolute ownership interest in the existing plants, the Intervenor would enter into a 13.7% unit purchase from these units, Turkey Point 3 and 4 and St. Lucie 1, based upon the Company's actual embedded cost and appropriate levelized cost of service basis over the balance of the life of these units. They believe that a unit sale would be less advantageous to you, as well as to the Cities, since it would not provide FP&L with outside capital to aid your construction program. Under both the ownership interest or unit power purchase alternatives, the Intervenor would be willing to commit to payments based upon principals that would go back to the original undepreciated cost of the plants.

2. St. Lucie No. 2 - With respect to the St. Lucie 2 plant, which is presently under construction, the Intervenor would acquire an ownership share of this unit of approximately 13.7%. With respect to the acquisition cost, the Intervenor would propose to pay their proportionate share of all of the costs of construction and ownership including, at the date of closing on St. Lucie 2, a proportionate share of the construction work in progress as of that

July 28, 1977

date and a proportionate share of any nuclear fuel material acquired for that unit. With respect to the proposed acquisition of St. Lucie 2, the 13.7% share of the construction work in progress as of December 31, 1976, would provide the Company with approximately \$16 million of additional capital; Intervenor's share of the estimated additional cost to complete St. Lucie 2, of \$732 million, would provide the Company in excess of \$100 million.

This would bring the total investment by the Intervenor's in the existing plants, Turkey Point 3 and 4 and St. Lucie 1, based upon book figures and the Company's estimates to complete St. Lucie 2, to something in excess of \$300 million.

3. Additional Units - We do not know the current status of the South Dade or other FP&L planned nuclear units. However, Intervenor's would be willing to consider purchase of a proportionate share of planned future FP&L units. They believe that true coordinated generation, both nuclear and non-nuclear, would be in the overall best interests of all systems.

4. Purchase of Additional Capacity and Sale Back to FP&L - The Intervenor's would desire to purchase an ownership share in the existing units, Turkey Point 3 and 4 and St. Lucie 1, or in St. Lucie 2, in excess of the 13.7% share proposed and to sell such excess capacity back to the Company on some basis that would be a reducing amount and would not jeopardize the tax exempt status of the municipal Intervenor's financing. The Intervenor's would make such sale-back of excess energy power and energy to the Company on a split-the-savings basis between the Company's cost of money and the Intervenor's cost of money.

5. Sales of Replacement Capacity from the Intervenor's to FP&L - With respect to the existing units, a 13.7% share of the net capability of the units amounts to approximately 292 MW of capacity. The municipal Intervenor's will commit to sell back to FP&L a like amount of capacity from generation on the Intervenor's systems at the Intervenor's actual embedded cost of such capacity. This would represent a considerably lower cost of capacity to FP&L than its continued ownership costs of the existing units, far lower than the cost of the capacity from these units that the Intervenor's have proposed herein above and far lower than the cost of new fossil fueled capacity to FP&L. The Intervenor's will commit to sell such system capacity back to FP&L in proportion to the capacity acquired directly, or with respect to any unit power purchases from the existing units.

6. The above stated proposal for acquiring an ownership interest in the FP&L nuclear plants and sales of capacity to FP&L is based upon and is dependent upon FP&L's support of legislation that will permit the formation of joint municipal agencies empowered to acquire, finance and own such undivided ownership share in the

July 28, 1977

Company's nuclear units, which will allow all municipal Intervenor to finance such ownership share. A sample draft of such proposed legislation is attached as Exhibit A.

II. Firm Partial Requirements Wholesale Service

With the sole exception of Key West, all of the Intervenor are presently electrically interconnected through the Florida Transmission Grid to the system of Florida Power & Light Company. The Intervenor propose that, pursuant to an appropriate filed tariff with the Federal Power Commission (either the existing SR-1 tariff or some other appropriate tariff for firm partial requirements service) the Intervenor individually, or acting jointly through a municipal power agency, would be entitled to purchase such service from the Company. The Intervenor would be willing to contract for such service, pursuant to a filed tariff, with respect to rates and terms and conditions including contracted quantities and appropriate notice provisions for the initiation or termination of such service. In addition, to the extent that such service would create a shortage of capacity on the FP&L system, the Intervenor are willing to sell to FP&L capacity installed on the Intervenor's combined systems.

III. Integrated Power Pool

In order to appropriately utilize their existing generating resources and those proposed herein to be acquired or purchased from FP&L, the Intervenor propose that FP&L cooperate with the Intervenor and all of the other electric utilities in Peninsular Florida in the establishment of a fully integrated power pool. The function of such pool would be to achieve benefits as follows:

- (a) Centralized economic dispatch of all generating units in Peninsular Florida and after-the-fact accounting with respect to automatic economy transactions and other pool transactions involving such units.
- (b) Equalized reserves and appropriate planning to avoid either excessive or deficient reserves for Peninsular Florida.
- (c) Economy energy transactions on an hour-by-hour centrally dispatched basis utilizing after-the-fact accounting. (Upon establishment of the pool, such benefits should be automatic.)
- (d) Short-term firm power exchanges so as to permit maintenance of facilities.

July 28, 1977

- (e) Long-term firm power exchanges so as to permit coordinated generation planning on a single-system basis.
- (f) Secondary (surplus) energy sales whereby direct exchanges between two systems in the pool could be made within the context of pool agreements on the basis of a posted price of energy from one system with lower cost to the other system having higher costs during given hours of the day or periods during the year.
- (g) Coordinated joint planning of future generating and transmission facilities in Peninsular Florida on an optimal, single-system planning basis.

IV. Transmission

The Intervenor propose that with respect to any and all of the above described transactions, i.e., ownership shares in nuclear units, unit power purchases, firm partial requirements service, and the transactions pursuant to an integrated power pool, that FP&L recognize that all systems in Peninsular Florida have rights of access to the state transmission grid under reasonable terms and conditions. Specifically, the Intervenor propose that FP&L agree to file a tariff for joint transmission rates in Peninsular Florida similar to that proposed by the Utilities Commission of New Smyrna Beach in FPC Docket No. ER77-177. In addition, FP&L should agree to recognize that systems having the option to make direct ownership investments in the Peninsular Florida transmission system proportionate to the loads placed thereon for any or all of the above transactions, thereby avoiding any charges to recover annual carrying charges on the investment in transmission facilities by others.

The above proposal is intended to provide a framework to allow for settlement of outstanding differences between Florida Power & Light Company and the Intervenor systems. Acceptance of these proposals should create a climate for future cooperation to the benefit of ratepayers of all systems. We hope that you will give this matter your serious attention so that discussion can commence to implement these proposals as stated or modified as may be desirable.

Very truly yours,

Harry C. Luff, Jr.
Harry C. Luff, Jr., Chairman
Intervenor Steering Committee

Robert A. Jablon
R. A. Jablon
Attorney for Intervenor

cc: J.A. Bouknight, Jr.
HCL:RAJ:vc
Attachment

Florida Legislative Reports

P. O. BOX 745

Tallahassee, Florida

32302

HO41 2228248

2228248

MRS. PEGGY CRIDLEY
Office Manager

JM HARDEE
President

HOUSE BILL 1400 BY Andrews

Companion Bill: Senate Bill 665 by Mackay.
A bill to be entitled

An act authorizing the creation of a joint power authority or authorities for the purpose of planning, financing, acquiring, constructing, owning, managing, operating, and utilizing electric energy generation and transmission facilities and purchasing or selling, at wholesale, the electric energy or capacity produced by electric power supply projects; providing for the structure of such authorities, their powers, membership, creation, and dissolution; authorizing such authorities and public electric utilities to participate in joint electric power supply projects with investor-owned electric utilities and rural electric cooperatives, by joint ownership, contract for the purchase or sale of electric energy or capacity, or otherwise; providing principles for construction of this act; and providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Definitions.--When used in this act:

(1) The term "electric power supply project" shall mean any and all facilities, including all equipment, structures, machinery, and all tangible and intangible property, real and personal, necessary or convenient for the genera-

tion or transmission of electrical energy or both, including any fuel supply or source useful for such a project.

(2) The term "public electric utility" shall mean any municipality, authority, commission, or other public body which owns, maintains, or operates an electrical energy generation, transmission, or distribution system within the state of Florida.

(3) The term "authority" shall mean a joint power authority created pursuant to this act.

Section 2. Creation of authorities.

(1) Any two or more municipalities which are served at retail in whole or in part by an electrical energy distribution system of a public electric utility may by joint or concurrent resolution or ordinance create a joint power authority, which shall be a public body corporate, to exercise the powers and perform the functions provided in this act.

(2) The governing body of an authority shall consist of a board of commissioners. Each member municipality shall appoint one (1) commissioner. Each commissioner shall have at least one vote and may have in addition thereto such additional votes as the member municipalities shall determine. Each commissioner shall serve at the pleasure of the appointing authority. The members may provide for public officials of the members to serve ex officio as commissioners in addition to their other public duties as officials of the members.

(3) Each authority shall have the following powers:

(a) To plan, finance, acquire, construct, purchase, operate, maintain, use, share costs of, own, lease, sell, dispose of, or otherwise participate in any electric power supply project or projects within the state of Florida.

(b) To purchase from or sell to any electric utility within the state of Florida, at wholesale, the electric energy or capacity or both produced by an electric power supply project or projects, or any portion thereof.

(c) To fix, establish, revise, maintain, charge, pay and collect rates or other charges for services provided or benefits derived or rendered under this act.

(d) To exercise all powers of eminent domain for the acquisition of property for the purposes provided in this act, under Chapters 73 and 74, Florida Statutes, or as may otherwise be provided by law.

(e) For the purpose of financing or refinancing the cost of an electric power supply project or projects, to exercise all the powers in connection with the authorization, issuance, and sale of bonds as the same are conferred upon municipalities by Chapter 159, Part I, Florida Statutes. For this purpose, all of the privileges, benefits, powers, and terms of Chapter 159, Part I shall be fully applicable to the authority; provided that nothing contained therein shall limit or restrict in any manner the right of the authority to effect an electric power supply project outside the boundaries or corporate limits of any public electric utility or member municipality. For the purposes of this act, an elec-

tric power supply project shall be a project within the definition of such term in subsection 159.02(4), Florida Statutes.

(f) To exercise all other powers necessary and incidental to the full and complete exercise of the general powers prescribed in this act; provided that the member municipalities may by joint or concurrent resolution or ordinance enumerate such other powers in general or specific terms and may impose such limitations upon the powers of the authority as they deem appropriate.

(g) To participate in any joint electric power supply project with an investor-owned electric utility or rural electric cooperative association, by joint ownership, contract for the purchase or sale of electric energy or capacity or both, or otherwise, to the same extent as any public electric utility or member municipality is authorized by this or any other law to participate.

(4) After the creation of an authority, any other municipality authorized hereunder to join in creation of an authority may become a member thereof upon the approval of the authority. Any member municipality may withdraw from an authority with the consent of the authority; provided, however, that all contractual rights acquired and obligations incurred while the municipality was a member shall remain in full force and effect.

(5) An authority may be dissolved by joint or concurrent resolution or ordinance of its members, and its funds and other property distributed to its members as pro-

vided therein, upon a finding by its members that the purposes of the authority have been substantially fulfilled; provided that all bonds and other obligations of the authority have been fully paid, or payment thereof has been duly provided for.

Section 3. Joint Public/Private Projects.--Every public electric utility is authorized to join with one or more investor-owned utilities or rural electric cooperative associations or other public electric utilities, by joint ownership, contract for the purchase or sale of electric energy or capacity or both, or otherwise, for the purposes of jointly financing, acquiring, constructing, managing, operating, utilizing, and owning any electric power supply project or projects or purchasing or selling at wholesale the electric energy or capacity, or both, produced by an electric power supply project or projects, in accordance with the provisions of this act and, in the implementation of this act, may create any organization, association, or legal entity for the accomplishment of the purposes of this act. For such purposes, a public electric utility shall have the same powers as are provided in this act for joint power authorities.

Section 4. Home Rule Powers.--It is expressly recognized that municipalities shall have the right to exercise the home rule powers authorized by the Florida Constitution in order to effectively carry out the purposes of Article VII, subsection 10(d), of the Florida Constitution and of this act.

No other act or parts thereof shall be construed or interpreted as inconsistent with or in derogation of the right of municipalities to exercise the home rule powers as above provided.

Section 5. Powers Supplemental.--The powers conferred by this act shall be in addition and supplementary to existing powers and statutes and this act shall not be construed as repealing or limiting any of the provisions of any other law, general, local, or special; provided, however, that whenever the full and complete exercise of any power conferred on an authority or public electric utility by this act would conflict with a limitation contained in its charter or otherwise expressed by special act, such charter or special act limitation shall be superseded by this act for the purposes of the exercise of such power pursuant to this act.

Section 6. Construction.--The provisions of this act, being necessary for the welfare and prosperity of the state and its inhabitants, and being enacted for the purpose of implementing the provisions of Article VII, Section 10(d) of the Florida Constitution, as amended, shall be liberally construed to effect the purposes thereof.

Section 7. This act shall take effect July 1, 1975.

Sebring Utilities Commission

CLORIDGE POLLARD
CHAIRMAN

J. A. BUTLER
VICE CHAIRMAN

ROBERT G. POLLARD
SECRETARY

368 South Commerce Avenue

P. O. Box 971

SEBRING, FLORIDA 33870

8-ONE 222-5191

REX E. BOND
ASSISTANT SECRETARY

JIM FULTON
COMMISSIONER

J. H. PHILLIPS
GENERAL MANAGER

January 27, 1978

Mr. Robert J. Gardner
Vice President
Florida Power & Light Company
P.O. Box 013100
Miami, Florida 33101

Dear Mr. Gardner:

The Sebring Utilities Commission has made a legal claim to participation rights in Turkey Point 3 & 4 and St. Lucie 1 & 2 nuclear units. We are among the utilities who have offered to settle this claim. Unfortunately, you have rejected our offer.

While I realize that the legal merits of our claim are in dispute, delays in resolution of this matter create grave difficulties for the Utilities Commission and citizens.

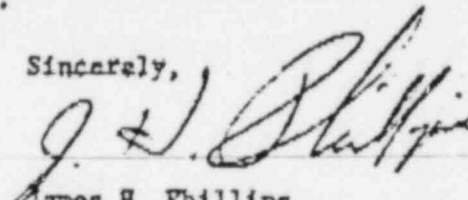
I enclose a copy of a report prepared by R. W. Beck & Associates dated November 16, 1977, entitled "Outline of Future Power Supply Alternatives." It shows that the Utilities Commission must immediately obtain additional capacity for the short and long range future. Your failure to recognize our present entitlements to nuclear capacity means that we must contract with either the Orlando Utilities Commission or Florida Power Corporation or both for our immediate and short range power supply requirements to supplement our installed capacity. Our consultants have advised us that the cost of power from these alternatives (or a combination thereof) would be hundreds of thousands of dollars higher than the cost of power from participation in the FP&L nuclear units over the next five years. We therefore have no choice but to make this renewed formal demand on FP&L for Sebring's entitlements in nuclear capacity which, in accordance with the settlement offer, would be 2.43 ~~mw~~ each from Turkey Point 3 & 4 and 2.93 ~~mw~~ from St. Lucie 1, all of which units are currently in commercial operation, totalling 7.79 ~~mw~~, with 2.93 ~~mw~~ from St. Lucie 2, when that unit is placed in commercial operation.

We are advised by our attorneys that it is inconsistent with the antitrust laws for FP&L to virtually monopolize nuclear generation in peninsular Florida and that we are therefore entitled to purchase (and have been entitled to purchase) an ownership share of nuclear capacity from you. In the event that you dispute our entitlements we are extremely anxious to discuss with you any reasonable bases

under which you would be willing to sell us nuclear capacity. In view of your negative position to date on this matter, we are in negotiations with the Orlando Utilities Commission and with Florida Power Corporation. This makes it imperative that we receive a response from you by February 15, 1978, whether you are willing to commit to a sale of nuclear capacity to us and under what terms and conditions.

If you have any questions concerning this matter, please do not hesitate to contact Mr. Robert E. Bathen of R. W. Beck & Associates, our consulting engineers, or Mr. Robert A. Jablon of Spiegel & McDiarmid, or myself.

Sincerely,



James H. Phillips
General Manager

Enclosure

cc: John Mathews, Esquire (w/out enc.)
J. A. Bouknight, Jr. (w/out enc.)
Robert A. Jablon (w/out enc.)
Robert E. Bathen (w/out enc.)
Commissioners - Sebring Utilities Commission

AFFIRMATION OF SERVICE

DISTRICT OF COLUMBIA, ss:

I, SUSAN G. WHITE, being first duly sworn, affirm that copies of the foregoing Florida Cities' Initial Interrogatories and Request for Production of Documents by Applicant have this 31st day of October, 1978 been served upon the following persons, either by deposit in the U. S. mail, first class postage prepaid, or by hand delivery as indicated by an asterisk:

A. S. Rosental, Esquire
Atomic Safety & Licensing
Appeal Board Panel
Nuclear Regulatory Commission
Washington, D. C. 20555

J. E. Sharfman, Esquire
Atomic Safety & Licensing
Appeal Board Panel
Nuclear Regulatory Commission
Washington, D. C. 20555

Melvin G. Berger, Esquire
Antitrust Division
Department of Justice
1101 Pennsylvania Avenue, N. W.
Washington, D. C. 20530

Tracy Danese, Esquire
Vice President, Public Affairs
Florida Power & Light Company
P. O. Box 529100
Miami, Florida 33152

John E. Mathews, Jr., Esquire
Mathews, Osborne, Ehrlich,
McNatt, Gobelman & Cobb
1500 American Heritage Life Bldg.
Jacksonville, Florida 32202

*J. A. Bouknight, Jr., Esquire
Lowenstein, Newman, Reis
& Axelrad
1025 Connecticut Avenue, N. W.
Washington, D. C. 20036

*E. Gregory Barnes, Esquire
Lowenstein, Newman, Reis
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Fredric D. Chanania, Esquire
Lee Scott Dewey, Esquire
Office of Executive
Legal Director
Nuclear Regulatory Commission
Washington, D. C. 20555

Jerome Saltzman, Chief
Antitrust & Indemnity Group
Nuclear Regulatory Commission
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*Daniel M. Gribbon, Esquire
Herbert Dym, Esquire
Covington & Burling
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Washington, D. C. 20006

Jack W. Shaw, Jr.
Mathews, Osborne, Ehrlich, McNatt
Gobelman & Cobb
1500 American Heritage
Life Building
11 East Forsyth Street
Jacksonville, Florida 32202

*Chief, Docketing & Service
Section
Office of the Secretary
Nuclear Regulatory Commission
Washington, D. C. 20555

*Ivan W. Smith, Esquire
Atomic Safety & Licensing
Board Panel
Nuclear Regulatory Commission
Washington, D. C. 20555

*Valentine B. Deale, Esquire
Atomic Safety & Licensing
Board Panel
Nuclear Regulatory Commission
Washington, D. C. 20555

*Robert M. Lazo, Esquire
Atomic Safety & Licensing
Board Panel
Nuclear Regulatory Commission
Washington, D. C. 20555

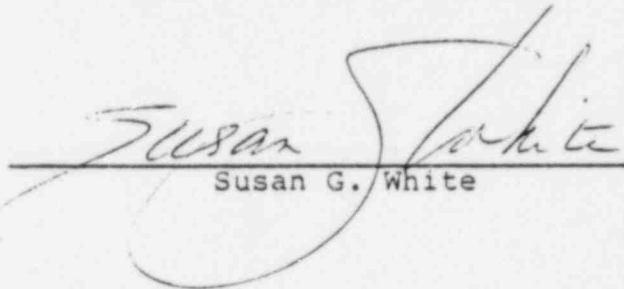
R. S. Saltzman, Esquire
Atomic Safety & Licensing
Appeal Board Panel
Nuclear Regulatory Commission
Washington, D. C. 20555

SUBSCRIBED AND SWORN TO before me, a Notary Public in
and for the City of Washington, District of Columbia, this
31st day of October, 1978.



Judith B. Sklar

My Commission Expires Jan. 31, 1982



Susan G. White