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July 31, 1995

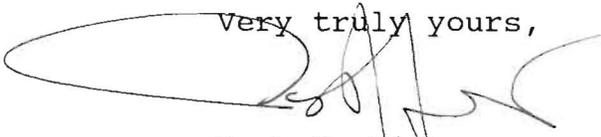
VIA HAND DELIVERY

Ms. Blanco S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
Betty Easley Conference Center  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

**RE: In Re: Petition of Jacksonville Electric Authority to  
Resolve a Territorial Dispute with Florida Power & Light  
Company in St. Johns County, Docket No.: 950307-EU**

Dear Ms. Bayo:

Enclosed please find an original and fifteen copies of Florida  
Power & Light Company's Direct Testimony and Exhibits of R.A. Hood  
for filing.

Very truly yours,  
  
Mark K. Logan

- MKL/skr
  - ACK
  - AFA
  - APP
  - CAF
  - CMU
  - CTR
  - EAG
  - LEG
  - LIN
  - OPC
  - RCH
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  - WAS
- cc: Bruce Page, Esquire  
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Edward Tancer, Esquire  
Beth Culpepper, Esquire

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
07221 JUL 31 1995  
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition of Jacksonville )  
Electric Authority to Resolve a )  
Territorial Dispute with Florida )  
Power & Light Company in St. )  
Johns County )

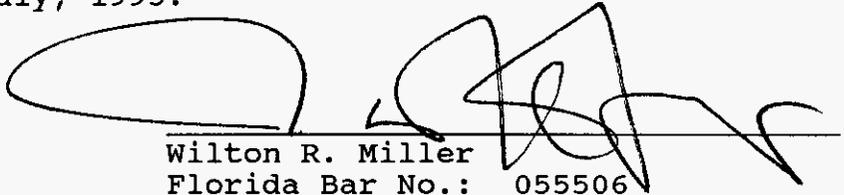
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DOCKET NO. 950307-EU

Filed: July 31, 1995

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Direct Testimony and Exhibits of R.A. Hood has been furnished by the method indicated to the parties listed below on this 31st day of July, 1995.



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**ORIGINAL  
FILE COPY**

**BEFORE THE FLORIDA  
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 950307-EU**

**TERRITORIAL DISPUTE BETWEEN  
FLORIDA POWER & LIGHT AND  
JACKSONVILLE ELECTRIC AUTHORITY  
IN ST. JOHNS COUNTY**

**FLORIDA POWER & LIGHT**

**JULY 31, 1995**

**DIRECT TESTIMONY AND EXHIBITS OF:**

**R. A. HOOD**

DOCUMENT NUMBER-DATE

07221 JUL 31 85

FPSC-RECORDS/REPORTING

**BEFORE THE PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**TESTIMONY OF ROBERT HOOD**

**DOCKET NO. 950307-EU**

**JULY 31, 1995**

1     **Q.     Please state your name and business address.**

2     A.     My name is Robert A. Hood and my business address is 135 Executive  
3            Circle, Daytona Beach, Florida 32114.

4

5     **Q.     By whom are you employed and in what position?**

6     A.     I am employed by the Florida Power & Light Company (FPL). I  
7            currently serve in the position of Area Distribution Manager - North.

8

9     **Q.     Please describe your educational background.**

10    A.     I have a Bachelor of Science Degree in Business Administration &  
11            Economics from Rollins College, 1976.

12

13    **Q.     Please describe your professional background.**

14    A.     I began my career with FPL in February 1964, serving for approximately  
15            18 years in various capacities in the Customer Service, Drafting,  
16            Engineering, Commercial Service and Distribution/Transmission  
17            Supervision Areas. From June 1982 to March 1986, I served as the  
18            District General Manager for Macclenny, Florida, which included all or

1 portions of Nassau, Duval, Clay, Achuala, Bradford, Baker, Union and  
2 Putnam Counties. My responsibilities included managing the work force  
3 responsible for customer service activities and for the design, construction,  
4 operations and maintenance of all distribution facilities, including  
5 budgeting activities. From March 1986 to September 1987, I served as  
6 District Operations Manager for the Daytona Beach Area. My  
7 responsibilities included managing the work force responsible for design,  
8 construction, operations and maintenance of the district's distribution  
9 facilities, including budgeting, line clearing and easement acquisition.  
10 From September 1987 to November 1990, I served as District General  
11 Manager of the Central Florida District, which included all or portions of  
12 Flagler, Volusia and Seminole Counties. My responsibilities included the  
13 managing of the work force responsible for customer service activities,  
14 and for the design, construction, operation and maintenance of all  
15 distribution facilities, including budgeting, line clearing and easement  
16 acquisition. From December 1990 to June 1991, I served as Division  
17 Construction Services Manager for the northeastern Division, which  
18 included all counties on the East Coast from Brevard County north, as  
19 well as some attached inland counties. My responsibilities included the  
20 managing of the staff group that provided support to the four District  
21 General Managers in the design, construction, operation and maintenance  
22 of distribution facilities. Direct responsibility for distribution system  
23 planning, drafting and for operation and maintenance of all transmission  
24 and substation facilities, including land management activities. From July

1           1991 to July 1993, I served as Distribution Construction Manager - East  
2           Region, which included all East Coast Counties north of West Palm  
3           Beach County, as well as attached inland counties. My responsibilities  
4           included managing the work force for the design and construction of new  
5           distribution facilities and major system improvement projects. From July  
6           1993 to present I have held my current position of Area Distribution  
7           Manager - North Area, which includes all East Coast Counties from  
8           Brevard County north, as well as attached inland counties. My  
9           responsibilities include the managing of the work force responsible for the  
10          design, construction, operation and maintenance of the electrical  
11          distribution system.

12  
13       **Q.     What is the purpose of your testimony?**

14       **A.     The purpose of my testimony is to establish the factual basis for the**  
15       **commission to make a determination that it is in the public interest to**  
16       **modify the existing territorial agreement between FPL and JEA. My**  
17       **testimony will cover these areas:**

18  
19       First, I will describe the history of the territorial agreements concerning  
20       the provision of service and boundary line in north St. Johns County.

21       Second, I will describe the FPL distribution facilities in place at the time  
22       of the 1963 and 1979 Territorial Agreements. Third, I will explain the  
23       history of development of FPL's distribution facilities, the customer  
24       growth and FPL's process for handling new customer requests in the area.

1 Fourth, I will provide a description of the projected growth in the area.  
2 Fifth, I will explain why JEA's Petition is not in the best interests of  
3 either JEA or FPL's customers and why FPL's modified territorial  
4 boundary is in the best interests of those customers as well as the  
5 Commission and the utilities themselves.

6

7 **Q. Please describe the history of the territorial agreements between the**  
8 **parties.**

9 A. The two parties have engaged in numerous contractual relationships  
10 throughout their respective history of operations in Duval, St. Johns and  
11 surrounding counties. The first actual territorial agreement was part of an  
12 electric interchange agreement dated March 19, 1963 and approved by the  
13 Florida Public Utilities Commission on April 28, 1965.

14

15 **Q. How is the boundary set forth in the 1963 agreement?**

16 A. Article V of the 1963 Agreement defines the boundary as follows:

17 "Article V, Territorial Boundary, For the purposes of  
18 this agreement, the parties hereto agree that the boundary  
19 line between their respective territories shall be  
20 established as a line approximately midway between the  
21 extremes of their local distribution lines as of the date of  
22 this agreement, as more particularly described and shown  
23 on the map attached hereto and made a part hereof."

24

1     **Q.     Is there a map attached to the 1963 Agreement?**

2     A.     Yes. However, it is a general map that does not provide a great deal of  
3            detail. Generally, the map followed easily identifiable boundaries, such as  
4            roads and a county line. FPL's facilities existed both north and south of  
5            the road, west of the section line in north St. Johns County, and east of  
6            the county line in Duval County. Thus, the map did not follow  
7            "extremes" of facilities nor "midway between extremes" of facilities, but  
8            provided a general description of the boundary along easily identifiable  
9            boundaries.

10

11           A copy of the 1963 Territorial Agreement, including map is attached as  
12           Exhibit \_\_\_\_, Document No. 1.

13

14     **Q.     What other Agreements describe the Territorial Boundary?**

15     A.     On October 31, 1973, the parties entered into an additional contract for  
16            interchange service. Section 1.3 of that contract reaffirmed the boundary  
17            first described in the 1963 Agreement. On April 13, 1979 the parties  
18            entered into the territorial agreement currently governing the parties in  
19            this dispute. That agreement was approved by the Commission on May 9,  
20            1980. The current agreement again incorporates the original boundary  
21            definition that existed between the parties beginning in 1963.

22

23           A copy of the 1979 Territorial Agreement, including map and Order No.  
24           9363 are attached as Exhibit No.\_\_\_\_\_, Document No. 2.

1     **Q.     How is the boundary set forth in the 1979 Agreement?**

2     A.     The boundary is defined pursuant to section 2.1 of the 1979 Agreement,  
3             which incorporates the same boundary as that used in the previous  
4             agreement between the parties dated March 19, 1963. Section 2.1  
5             Provides:

6                     "for purposes of this agreement the parties hereto agree  
7                     that the boundary line between their respective territories  
8                     shall be established as a line approximately midway  
9                     between the extremes of their local distribution lines as of  
10                    the date of this Agreement, as more particularly described  
11                    and shown on the map attached hereto and made a part  
12                    hereof."

13

14    **Q.     Is there a map attached to the 1979 Agreement?**

15    A.     Yes. It is the same map that was attached to the original 1963  
16             Agreement.

17

18    **Q.     Based upon the boundary definition contained in Article V of the**  
19             **1963 Agreement, the boundary definition contained in Section 2.1 of**  
20             **the 1979 Agreement and the map attached to these Agreements,**  
21             **describe the boundary as you understand it to exist today.**

22    A.     The territorial boundary line between FPL and JEA established in the  
23             1963 Agreement, reaffirmed in the 1973 contract, and again reaffirmed in  
24             the 1979 Agreement, is a line approximately midway between the

1 extremes of the distribution lines of the two utilities. Although the  
2 Agreement describes the boundary line as "midway between the extremes  
3 of their local distribution lines", the map reflects the south boundary line  
4 as along CR 210, which is up to 3 miles south of FPL's existing facilities  
5 in 1963, as opposed to the "extreme edge" or "midway between the  
6 extremes" of their local distribution lines. FPL's facilities existed north of  
7 CR 210 on Twenty Mile Road, Russell Sampson Road, C E Wilson Road,  
8 E W Pappy Rd, I-95 and west of Section lines 33, 4, and 9 in north St.  
9 Johns County. Along the north boundary line in Duval County, FPL's  
10 facilities existed east of the county line on Lem Turner Boulevard and  
11 Old Plank Road. The map included in the 1963 and 1979 agreements  
12 followed easily identifiable boundaries such as roads or county lines,  
13 instead of extremes and midway and therefore represents the boundary in  
14 general.

15  
16 Accordingly, the territorial boundary between the parties in St. Johns  
17 County was never specifically the centerline of CR 210. FPL has  
18 maintained facilities on both sides of CR 210 since 1952. Furthermore,  
19 JEA had no facilities in the area at the time of either the 1963 or 1979  
20 agreement. Therefore, FPL's territory would have included those lines  
21 regardless of which side of CR 210 they were positioned.

22  
23 **Q. How did the 1979 Territorial agreement address exceptions to the**  
24 **general boundary line existing at that time?**

1 A. Section 3.2 expressly provided FPL the right to serve all the customers it  
2 was serving at the time. These customers are generally referred to as  
3 grandfathered customers.

4

5 **Q. Can you describe the facilities maintained by both FPL and JEA in**  
6 **the disputed area at the time of the 1963 Agreement?**

7 A. Yes. When the March 19, 1963 Territorial Agreement was signed FPL  
8 owned and operated electric distribution facilities in the following areas in  
9 north St. Johns County, which were located on the north side of the  
10 territorial boundary line described on the map:

11 Clatter Bridge Road (1963 - Transformer #2)

12 Twenty Mile Road (1952 - Transformers #17, 21, 23, 26 & 27)

13 Palm Valley Road (1952- Facilities to serve Clatter Bridge area,

14 Twenty Mile Rd, N Us Highway 1, C E Wilson Rd, I-95 area and

15 Russell Sampson Rd)

16 North US Highway 1 (1963 - Transformer #41)

17 C E Wilson Road (1953 - Transformer #47, 55 and 56)

18 I-95 and CR 210 (1958 - Transformer #52)

19 Russell Sampson Road (1955 - Transformer #90)

20 CR 16A (1962 - Transformer # 105 and 110)

21 SR 13 (1956 - Transformer # 107, 117, 121, and 148)

22 Attached is an FPL Primary distribution map identifying FPL facilities

23 located north of CR 210 and west of Section lines 33, 4, and 9 in north

24 St. Johns County. FPL facilities which were in existence on or before

1 March 19, 1963 are highlighted in blue. JEA had no facilities in this area  
2 in 1963. See Exhibit No.\_\_\_\_\_, Document No. 3.

3

4 **Q. Can you also describe the facilities maintained by both FPL and JEA**  
5 **at the time of the 1979 Agreement?**

6 A. Yes. This area of St. Johns county was rural in nature and sparsely  
7 populated. FPL's earliest distribution line was built from US 1 east to the  
8 Intracoastal Waterway in 1952. JEA did not have any electric distribution  
9 facilities in this area north of CR 210 and east of US 1. FPL's  
10 distribution facilities north of CR 210 in the area of C E Wilson, Russell  
11 Sampson and I-95 area were constructed between 1953 and 1958. JEA  
12 did not have any electric distribution facilities in this central area in 1963.

13

14 FPL's distribution facilities in the area of CR 16A and SR 13 were  
15 constructed between 1956 and 1962. JEA did not have any electric  
16 distribution facilities in the immediate area of CR 16A and SR 13.

17

18 While this area of north St. Johns County continued to be sparsely  
19 populated, the number of customers FPL was serving grew from 18 on  
20 March 19, 1963 to 168 customers by April 13, 1979, and increase of only  
21 9 per year. There continued to be no JEA distribution facilities in any of  
22 these areas except for one 1978 JEA service to a customer south of CR  
23 210.

24

1 Attached are FPL Primary Distribution maps which describe the FPL  
2 distribution facilities in north St. Johns County. Those FPL facilities  
3 existing on or before April 13, 1979 are highlighted in blue; and, those  
4 FPL facilities initiated after April 13, 1979 are highlighted in yellow. See  
5 Exhibit No. \_\_\_\_, Document No. 4.

6  
7 **Q. After 1979 how were new customers in these sparsely populated areas**  
8 **served?**

9 A. Section 3.4 of the 1979 Agreement allows either utility, upon  
10 determination of good engineering practices or economic constraints to  
11 request the other utility to serve customers located in the requesting  
12 utility's territory.

13  
14 **Q. Is there any mention of "Interim" or "Temporary" service in Section**  
15 **3.4 or elsewhere in the Agreement?**

16 A. No. There is no mention of any interim or temporary service in the  
17 agreement. The agreement states only that the parties mutually concur to  
18 the service provision. JEA has never, until recently, requested that FPL's  
19 service be interim or temporary.

20  
21 **Q. How many customers does FPL serve in the area pursuant to Section**  
22 **3.4 of the Agreement?**

23 A. Since April 13, 1979, FPL has responded to JEA's requests and provided  
24 service to an additional 222 accounts in this north St. Johns County area.

1           The transformers and distribution facilities installed to provide service to  
2           these 222 accounts are shown on FPL's primary distribution maps  
3           attached, and are highlighted in yellow. See Document No. 4. FPL  
4           provided service to these customers utilizing the type and quality of  
5           facilities which are consistent with permanent service. If we had believed  
6           that these were temporary services, the quality and type of facilities  
7           installed may have been different or FPL may not have been willing to  
8           provide service at all.

9

10   **Q.    To the best of your knowledge, has any of these requests contained a**  
11   **condition or restriction that the service be temporary or interim?**

12   A.    For 30-plus years, none of the requests contained a condition of  
13   temporary service. The requests were simply to serve. However,  
14   beginning in 1994, just before JEA filed the territorial dispute,  
15   authorization letters to FPL contained reference to temporary service.

16

17   **Q.    Why does FPL dispute JEA's contention that it now has the absolute**  
18   **right to serve customers within the disputed area?**

19   A.    If JEA were to attempt to actually provide service in the area, the result  
20   would be the construction of unsafe and uneconomical duplication of  
21   facilities in the area. That is why FPL seeks to modify the agreement to  
22   establish a territorial boundary that avoids future conflict between the  
23   parties, is easily administrable, eliminates grandfathered customers, and is  
24   in the public interest.

1    **Q.    Prior to the filing of the dispute by JEA, has JEA ever requested FPL**  
2           **to cease serving a customer in this area?**

3    A.    No.

4  
5    **Q.    Please describe how FPL has come to serve these approximately 222**  
6           **customers in the North St. Johns County area, pursuant to Section**  
7           **3.4?**

8    A.    The best way to describe how FPL has come to serve these 222 accounts  
9           is by citing examples.

10

11           In 1952 FPL constructed a single-phase distribution line along Palm  
12           Valley Road from North US Highway 1, eastward across the Intracoastal  
13           Waterway to provide service to a customer on the south side of Palm  
14           Valley Road. In 1963 FPL extended its single-phase facilities north of  
15           CR 210 along Clatter Bridge Road and provided service to a residence at  
16           204 Clatter Bridge Road. (See Transformer #2 on Exhibit \_\_\_ Document  
17           4). In late 1990 FPL received a request to provide service to a residence  
18           at 207 Clatter Bridge Road. In order to provide service to this customer,  
19           FPL had to extend its single-phase lateral 1-2 spans, install a transformer  
20           and run a service cable. Since the customer initially contacted FPL for  
21           service, FPL referred the customer to JEA. JEA, not having any facilities  
22           in the area and electing not to build any such facilities, then authorized  
23           FPL to serve that customer.

24

1 Another example involves FPL's distribution facilities on Twenty Mile  
2 Road (renamed McCormick Road). In 1952 FPL constructed a single-  
3 phase distribution line for 3 miles along Twenty Mile Road, north of CR  
4 210, to provide service to B. B. McCormick's ranch (See Transformer  
5 #26, Exhibit\_\_\_ Document 4) and an additional service for Mr.  
6 McCormick's Barn (Transformer #23). In February, 1974, FPL installed  
7 Transformer #22 and provided service to a mobile home for Mr.  
8 McCormick from the existing single-phase lateral along Twenty Mile  
9 Road. In early 1986, FPL received a request to provide service to an  
10 additional mobile home for Mr. McCormick. Service to this mobile home  
11 was available from existing Transformer #22. Again JEA elected not to  
12 build facilities to serve this new customer; instead relying on FPL to  
13 provide that service.

14  
15 A third example involves facilities in the river area of St. Johns County.  
16 In 1956, FPL constructed a distribution line along SR 13 to provide  
17 service to customers in this area. In 1958, FPL extended these facilities  
18 northwestward along SR 13, and southward along SR 16A to provide  
19 service to a residence at 4796 SR 13 and installed Transformer #107. In  
20 1987, FPL received a request to provide service to a residence at 4821 SR  
21 13, approximately 200' southeast of Transformer #107. FPL already had  
22 primary facilities in place and only needed to install a transformer and  
23 run a service to feed this customer. JEA had facilities northwest of our  
24 facilities along State Road 13, but nevertheless, elected not to serve this

1 customer. Again JEA authorized FPL to provide service to the customer.

2

3 On occasion these requests for FPL to serve a customer in JEA's territory  
4 were in written form, but, in the majority of circumstances, JEA  
5 authorized FPL to provide service verbally via telephone discussions  
6 between the utilities' engineering offices.

7

8 **Q. Since 1979, please characterize the growth along the disputed area of**  
9 **St. Johns County.**

10 A. From April 13, 1979 to May, 1995, FPL had initiated service to 80  
11 accounts north of CR 210 in the east and central areas of this dispute.  
12 The initiation of 80 new accounts represents an addition of 5 new  
13 accounts per year for each of the last 15 years. Thirteen of these accounts  
14 were served from existing FPL transformers and did not require any new  
15 distribution facilities, merely an overhead service from our existing  
16 transformer. Thirty-one accounts were added with the installation of 22  
17 new transformers in areas where FPL had existing primary facilities and  
18 did not have to build new distribution facilities. The 80 accounts added  
19 consist of 3 construction services, 6 outdoor lights, 1 pump service, 30  
20 mobile homes, 35 residences and 5 commercial accounts. This eastern  
21 and central region of the St. Johns boundary is sparsely populated but has  
22 a high growth potential.

23

24 During this same 15-year period, FPL has initiated service to 142 new

1 accounts in the river area of St. Johns County, west of the Section line.  
2 This represents an addition of only 9 new accounts per year for each of  
3 the last 15 years. Sixty of these accounts were served from existing FPL  
4 transformers and did not require any new distribution facilities, merely an  
5 overhead service from our existing transformer. Forty-one accounts were  
6 added with the installation of 17 new transformers in areas where FPL  
7 had existing primary facilities and did not have to build new distribution  
8 facilities. Of these 142 accounts added, services were comprised of 5  
9 outdoor lights, 4 construction services, 8 pumps, 63 mobile homes and  
10 service to the remaining 79 were primarily residential accounts.

11

12 Unlike the central and eastern regions previously described, this western,  
13 or river, region of the boundary has limited additional growth potential.

14

15 **Q. Please describe the facilities FPL has built to serve its customers in**  
16 **the area of dispute.**

17 A. When the 1979 Agreement was made, this area was served by over 50  
18 miles of primary line on Orangedale Substation Feeder 1831. This was a  
19 heavily wooded, sparsely populated area which experienced service  
20 reliability problems primarily because of the tree conditions, and long  
21 periods of outage due to its remote distance from St. Augustine and the  
22 time required by crews to respond to trouble calls.

23

24 In July of 1982, a petition was presented to the Public Service

1 Commission, during hearings on Docket 820097-EU for an FPL rate  
2 increase. The petition contained 232 signatures from citizens in the area  
3 who requested the Commission to lower FPL's rates to them due to the  
4 quality of service. Of the 232 signatures, 88 were identified as FPL  
5 customers of record. The Commission directed FPL to improve the  
6 service reliability to this rural area by improving the distribution facilities  
7 to a system comparable to the remaining FPL distribution system.  
8 Periodic reports were made to the Commission.

9  
10 A comprehensive plan was developed to include line clearing, installing  
11 line sectionalizing devices, reconductoring small wire, adding phases and  
12 basically, building a grid infrastructure to this rural area similar to FPL's  
13 grid infrastructure throughout its system. Today this area is served by  
14 four 23-kv feeders in a grid configuration.

15  
16 FPL has expended considerable resources to provide reliable service to all  
17 the customers in this area. If FPL had been under the understanding that  
18 the services in the disputed area were "temporary" , FPL would have built  
19 the grid configuration differently.

20  
21 **Q. Do you have an estimate as to the cost of these facilities and**  
22 **improvements?**

23 A. Yes. From 1981-1983 and from 1987-1994, FPL has spent  
24 approximately \$12,292,363 in the entire Orangedale area to improve

1 service reliability and build the grid infrastructure to provide the same  
2 level of service reliability to these customers as other FPL customers  
3 receive.

4

5 **Q. What portion of these costs were expended for the customers in the**  
6 **area of this dispute?**

7 A. While the \$12,292,363 was spent on the entire Orangedale load area, a  
8 portion of these resources were expended for the customers associated  
9 with this dispute. Currently there are 2,746 customers being served out of  
10 Orangedale Substation. There are 390 accounts located in the disputed  
11 area, north and west of CR 210 and the section line. 168 of these  
12 accounts were initiated prior to April 13, 1979, and 222 accounts were  
13 initiated after that date. These 390 accounts represent 14.2% of the total  
14 customers in the Orangedale area and, therefore, it is reasonable to  
15 assume they also represent 14.2% of the total costs incurred.

16

17 **Q. If JEA's Petition is granted, what will be the impact to FPL?**

18 A. I will divide my answer into two parts:

19 First, the river area and need for a feeder tie, and second, the cost to FPL  
20 involving relocation expenses.

21

22 FPL needs to maintain the integrity of its distribution grid system,  
23 especially in the vicinity of SR 16A and SR 13, the river area. If FPL  
24 was required to transfer all 236 customers located on the west side of

1 sections 33, 4 and 9 to JEA, we would lose the feeder tie around SR 16A  
2 to SR 13. This would destroy the grid infrastructure described above and  
3 basically place these customers back into the vulnerable position of being  
4 fed off of radials instead of a loop configuration. Loop or feeder ties  
5 provide the capability of switching customers around and feeding from  
6 another source, thereby reducing outage time.

7  
8 If any portion of FPL's existing customers in this river area were  
9 transferred to JEA, FPL would incur costs to make its distribution system  
10 whole again, such as costs to purchase rights-of-way, line clearing costs  
11 and costs to construct a feeder tie between SR 16A and SR 13.

12  
13 In regard to relocation expenses, if FPL were required to move facilities  
14 from one side of CR 210 to the other side, due to the transfer of  
15 customers and territory, FPL would incur costs to purchase rights-of-way,  
16 costs of line clearing and line construction costs and would expect  
17 reimbursement of its expenses.

18  
19 **Q. Please explain the territorial boundary that FPL proposes in its**  
20 **counterpetition to modify the territorial boundary between FPL and**  
21 **JEA.**

22 A. After further engineering review of FPL's proposed modified boundary,  
23 originally filed with the Commission on April 18, 1995, FPL has  
24 developed what it suggests is an eminently reasonable modified boundary

1 that will serve the best interests of both utilities and their customers for  
2 the foreseeable future. FPL proposes the following boundary line:

3 Beginning at the prolongation of the centerline of SR 16A and  
4 the mean water line of the St. Johns River, extending  
5 northeasterly to a point where SR 16A intersects with CR 210,  
6 thence northeasterly along CR 210 and ending at the Intracoastal  
7 Waterway.

8 This boundary would result in the following service in north St. Johns  
9 County:

- 10 1) FPL would continue to serve all accounts east of SR 16A  
11 and east of CR 210, just north of SR 16A, in the river  
12 area. (94 pre-1979 and 129 post-1979 accounts)
- 13 2) FPL would assume service to all JEA accounts south of  
14 CR 210. (4 post-1979 and 1 pre-1979 accounts)
- 15 3) JEA would assume service of FPL accounts west of SR  
16 16A and east of CR 210, just north of SR 16A, in the  
17 river area. (13 post-1979 accounts)
- 18 4) JEA would assume service of FPL accounts north of CR  
19 210 with the exception of G&M Truck Stop  
20 (73 pre-1979 and 80 post-1979 accounts)

21

22 I will discuss the remaining details of FPL's proposed modification later in  
23 my testimony.

24

1     **Q.     What would be the cost to FPL if the territorial boundary was not**  
2     **redrawn in this area as proposed above and FPL was not permitted**  
3     **to continue to serve in this disputed area and the boundaries were set**  
4     **as proposed by JEA?**

5     A.     If the territorial boundary was not redrawn to represent this area as FPL's  
6     area, west of section lines 33, 4 and 9, FPL would be forced to find  
7     another route for an express feeder tie between SR 16A and SR 13. We  
8     would be obligated to maintain the integrity of service to the remaining  
9     2356 customers being served out of Orangedale Substation.

10

11           In recent weeks we have looked at potential sites in the area. The only  
12           viable route for an express feeder tie would be to connect SR 16A and SR  
13           13. An overhead feeder tie would duplicate existing overhead facilities  
14           and create a dangerous and hazardous situation, endangering the public  
15           health, safety and welfare and increase the possibility of and therefore the  
16           liability for accidental injuries and deaths. The only other alternative is to  
17           construct an underground feeder tie between SR 16A and SR 13. The  
18           construction costs alone are estimated to be in excess of \$500,000 and  
19           this does not include the purchase of private rights-of-way and line  
20           clearing before constructing the underground feeder. The total cost of this  
21           feeder tie is anticipated to be in excess of a million dollars. This would  
22           represent a needless and wasteful expenditure of time and money to be  
23           borne by FPL and its customers.

24

1     **Q.     What would be the effect on FPL's customers if the boundary is not**  
2           **redrawn in this are and FPL is not allowed to continue to serve this**  
3           **disputed area?**

4     A.     FPL would be obligated to spend money to construct an express feeder to  
5           maintain reliable service to the remaining customers, which would be in  
6           effect duplicate facilities. Duplicate facilities result in neither utility being  
7           able to receive a full return on its investment, to the detriment of other  
8           customer, who, in effect, also subsidize such uneconomical operations. In  
9           addition, the inability to serve these customers west of sections 33, 4 and  
10          9 reduces FPL's opportunity to cost effectively utilize the investment it  
11          made between 1981 and 1994 in distribution, substation and transmission  
12          facilities built to support existing and future customers in this disputed  
13          area.

14  
15    **Q.     What is the expected customer growth in the disputed area?**

16    A.     The growth potential in the disputed area falls into two categories: 1) the  
17          north area and, 2) the river area. The area of north St. Johns County is  
18          slated for tremendous growth over the next 15 years. PGA Tour officials  
19          have outlined the scope of the planned World Golf Village project to be  
20          constructed five miles south of CR 210. Construction of the I-95  
21          interchange into the project is just about complete. The project consists  
22          of developing 6,300 acres with completion around 2008. Plans include a  
23          PGA Tour Golf Hall of Fame, golf Museum, 800-room hotel, 175  
24          condominiums, 7,200 residential units, 6 million sq. ft. of office space,

1 commercial and industrial facilities, Golf Research Library, Mayo Clinic  
2 sports medicine facility, LPGA Hall of Fame, movie theater and three 18-  
3 hole golf courses. The project planners expect the project to attract over a  
4 million tourists each year and add 13,000 permanent jobs. This project is  
5 located south of the territorial boundary, well into FPL's territory;  
6 however, increased development is expected in all of the area around CR  
7 210 and I-95 as a result of this project.

8  
9 In the river area, in which FPL is proposing to modify the boundary,  
10 however, the potential for growth is very limited and is not expected to be  
11 any greater than the 9 customers per year which has been experienced  
12 over the past 30+ years.

13  
14 **Q. Which utility has historically served in the vicinity of the disputed**  
15 **area?**

16 **A.** FPL has historically served in the disputed area since 1952. When the  
17 1963 Agreement was made, FPL had primary facilities in existence and  
18 was serving approximately 18 customers north of CR 210 and west of  
19 sections 33, 4 & 9. JEA had no facilities along CR 210 or in any area  
20 contiguous with the disputed area. When the 1979 Agreement was made,  
21 FPL had primary facilities in existence and was serving 168 accounts  
22 north of CR 210 and west of sections 33, 4 & 9. JEA was providing  
23 service to one residential customer south of CR 210. FPL is currently  
24 providing service to 390 accounts north of CR 210 and west of section

1 33, 4 and 9, (168 pre April '79 and 222 post April '79).

2

3 **Q. Has unnecessary and uneconomic duplication of electric facilities**  
4 **taken place in the vicinity of the disputed area?**

5 A. Yes. There is one area on the south side of CR 210, east of Greenbriar  
6 road, where JEA has constructed facilities to provide service to four  
7 residential customers. Duplication of facilities occurred when JEA  
8 constructed facilities crossing under FPL's distribution facilities running  
9 east to west along CR 210. There are no other areas in north St. Johns  
10 County where duplicate facilities exist.

11

12 **Q. Is FPL capable of providing adequate and reliable electric service to**  
13 **the disputed area?**

14 A. Yes. The improvements FPL made to its electric distribution system  
15 between 1981 and 1994 to construct a grid infrastructure to provide  
16 reliable service to customers in the disputed area is adequate for this area,  
17 both now and in the future.

18

19 **Q. What additional facilities would FPL have to construct to provide**  
20 **service to the disputed area?**

21 A. None. FPL is providing service now to the disputed area and has  
22 adequate facilities to continue to serve this area.

23

24 **Q. JEA, in its petition, has proposed to have FPL continue to serve FPL**

1           **customers in existence prior to the 1979 agreement, provided**  
2           **however, that FPL should serve such customers through JEA**  
3           **facilities. Is this a viable option?**

4       A.    No. FPL adheres to specific tariff limitations approved by the  
5           Commission, which allows submetering in the specific situations such as  
6           food courts in malls, and primary metering to a specific distribution  
7           lateral. JEA's proposal to install their submetering facilities is not  
8           proposed on an entire lateral, but instead on individual meters. This is  
9           not a viable option. JEA's proposal would create tremendous  
10          administrative problems and only cause confusion to the customers and  
11          employees of both utility companies. The 168 accounts FPL has  
12          continued to serve since prior to April 1979 are not in one neat clean  
13          area, or served from one lateral. These accounts are located in  
14          subdivisions and mobile home parks, intermingled with accounts being  
15          served since April 1979. Customers would be confused as to which  
16          utility company to contact, the utility who bills them or the utility who  
17          serves his neighbor. There would be confusion on the part of engineers,  
18          designers, trouble crews as to which utility serves this customer. Rather  
19          than create an environment of confusion for our customers or create large  
20          amounts of administrative detail to determine how much JEA will  
21          reimburse FPL, FPL proposes instead to modify the agreement to establish  
22          a territorial boundary that avoids this intermingling of customers in the  
23          same area, and in some cases, customers served from the same  
24          transformer. FPL proposes a territorial boundary that is easily

1            administrable and eliminates grandfathered customers. This would avoid  
2            the need for submetering and is in the public interest.

3

4    **Q.    Are there other areas of potential dispute between FPL and JEA in**  
5            **connection with the territorial boundary line?**

6    A.    Yes. In Duval County, there are three similar areas of grandfathered  
7            customers which FPL proposes to address with the new agreement as part  
8            of this dispute.

9

10           First, on Old Plank Road, FPL has continued to serve 14 accounts FPL  
11           was serving prior to April 1979 and has initiated service to 32 additional  
12           accounts since that time.

13

14           Second, on Lem Turner Rd., FPL has continued to serve 5 accounts FPL  
15           was serving prior to April 1979 and has initiated service to six additional  
16           accounts since April 1979.

17

18           Third, on US 90 (Beaver Street) JEA has continued to serve  
19           approximately five accounts JEA was serving prior to April 1979 and has  
20           initiated service to six additional accounts since April 1979.

21

22           There are no duplicate facilities involved in these three areas of Duval  
23           County, but they do represent variances from the territorial boundary in  
24           the northern part of Duval County.

1           The new boundary proposed by FPL would result in the following service  
2           in Duval County:

- 3           1)       FPL would assume service to JEA accounts east of the boundary  
4                   line on Beaver Street. (6 pre-1979 and 6 post-1979 accounts)
- 5           2)       JEA would assume service to FPL accounts east of the boundary  
6                   line on Lem Turner Blvd. (5 pre-1979 and 6 post-1979 accounts)
- 7           3)       JEA would assume service to FPL accounts east of the boundary  
8                   line on Old Plank Road. (14 pre-1979 and 32 post-1979  
9                   accounts)

10

11   **Q.    In addition to modifying the boundary line in the river area and**  
12           **transferring customers in north St. Johns County and in Duval**  
13           **County, what are the other details of FPL's proposal?**

14   A.    FPL and JEA will equalize any difference in KWH between pre-1979  
15           accounts transferred from FPL to JEA and post-1979 accounts retained by  
16           FPL together with all pre-1979 JEA accounts transferred to FPL via a  
17           payment of one times the annual revenues, based upon FPL's average  
18           residential rate. FPL proposes to relocate all its facilities presently on the  
19           north side of CR 210 to the east and south sides of CR 210 with JEA  
20           reimbursing FPL for the costs of relocation, including the cost to purchase  
21           rights-of-ways.

22

23           JEA and FPL will pay each other the net book value of distribution  
24           facilities in each utility's territory, exclusive of meters and oil-filled

1 equipment.

2

3 **Q. If FPL's proposal is implemented, will FPL or JEA be serving**  
4 **customers in the others territory?**

5 A. FPL will continue to serve the G&M Truck Stop at I-95 and CR 210.

6 This would be the 1 FPL customer in JEA's territory.

7 FPL proposes to retain this customer for the following reasons. FPL has  
8 been providing service to this customer since 1965, more than 30 years.  
9 FPL is processing a commercial/industrial lighting incentive for G&M  
10 based on lighting initiatives completed by G&M. FPL has placed this  
11 customer on a Time-of-Use rate. FPL has worked with this customer to  
12 install load and voltage equipment to monitor and analyze his load and  
13 provided them with direction toward energy management companies who  
14 would be willing to investigate the benefits of installing energy  
15 management systems for them. FPL should be entitled to the long term  
16 conservation benefits provided by this customer, resulting from the  
17 investments made at the customers site. In addition, FPL has recently  
18 invested in upgrading the distribution facilities to serve G&M. This  
19 customer represents present and potential commercial load to FPL which  
20 will diversify FPL's primarily residential system in the area.

21

22 **Q. Do you have any concluding remarks?**

23 A. Yes. FPL has proposed a cost effective and easily administrable resolution  
24 of the territorial discrepancies with JEA. Our proposal will a) shift the

1 territorial boundary in the river area to avoid the need to construct a new  
2 express feeder at a cost estimated to be in excess of a million dollars, b)  
3 shift the boundary line to the center of CR 210, with JEA reimbursing  
4 FPL for the cost of any relocations, so that the boundary will be clearly  
5 defined and easily administrable, c) transfer customers so that there will  
6 only be one pre-existing customer served outside of the territorial  
7 boundary and d) equalize any revenue differential and reimburse each  
8 utility for any facilities transferred.

9

10 **Q. Does this conclude your testimony?**

11 **A. Yes.**

AGREEMENT made this 19<sup>th</sup> day of March, 1963, by and between the City of Jacksonville, Florida, a Florida municipal corporation, hereinafter called "City," party of the first part, and Florida Power & Light Company, a Florida corporation, hereinafter called "Company," party of the second part,

W I T N E S S E T H:

WHEREAS, the City and the Company entered into an agreement dated January 20, 1959, for the interchange of electric energy and

WHEREAS, the City and Company desire to increase the capacity for the interchange of such energy,

NOW, THEREFORE, in consideration of mutual promises herein contained, the parties represent and agree as follows:

ARTICLE I. CONSTRUCTION AND MODIFICATION OF FACILITIES

- A. The City shall supply at its cost and expense and thereafter own terminal equipment at Robinwood Acres Substation including an interconnecting auto-transformer. The auto-transformer shall be designed for and have a capacity of (1) 200,000 kva when the interconnection is operated at 230,000 volts, and (2) 100,000 kva when the interconnection is operated at 115,000 volts. The auto-transformer will be furnished and installed with load tap changing equipment.

FOR THE CITY OF JACKSONVILLE  
CITY SOLICITOR  
*Robert A. Hood*

- B. The City shall purchase and install at its cost and expense and thereafter own additions to its frequency and tie line control equipment. The said additions, together with equipment now installed, will serve to control the net interchange of power between the City and Company over the existing and new interconnections.
- C. The City shall purchase and install at its cost and expense and thereafter own metering equipment that will record the kilowatt and reactive power flow over the interconnection line at Robinwood Acres Substation. The new metering equipment, plus that now installed shall record net interchange over the two interconnections between the Company and the City. Details of the installation shall be determined by mutual agreement.
- D. The City shall construct at its cost and expense and thereafter own a 600 MCM copper equivalent 230 kv line from Robinwood Acres to the territorial boundary.
- E. The Company shall construct at its cost and expense and thereafter own a 600 MCM copper equivalent 230 kv line from the territorial boundary to the terminal facilities at the Palatka Generating Station.

- F. The Company shall purchase and install at its cost and expense and thereafter own terminal equipment at the Palatka Generating Station.
- G. The location where the 230 kv line crosses the territorial boundary shall be determined by mutual agreement.
- H. The construction work described above shall be scheduled for completion on or before July 15, 1964. Initial operation shall be at 115,000 volts. The schedule for future conversion to 230,000 volt operation shall be subject to mutual agreement.
- I. The City will make available to the Company space for tele-metering and associated equipment as may be desirable or necessary for proper operation of the interconnections.
- J. In order to strengthen the interconnections, the City will construct and place in operation two 138 kv lines between its proposed new generating station and Robinwood Acres Substation. It will also construct and place in operation one 138 kv line between its proposed new generating station and Lane Avenue Substation. All three lines will have a conductor size equivalent to 600 MCM copper, minimum. The plant and new lines are scheduled for service during the latter part of 1965.

- K. The City shall incorporate in its planning provision for future extension of the 230,000 volt interconnection from Robinwood Acres Substation to its proposed new generating station. Present expenditures will be limited to the acquisition of right-of-way for the line. Actual construction of the line is contemplated (but cannot be guaranteed until funds are available therefor) when capacity of the new generating station is increased to a capability that will justify the greater transmission capacity. (After January 1967.)
- L. The City shall incorporate in its planning provision for a 230,000 volt line out of its new generating station to connect to that part of the Florida Power & Light Company system west of the City. Present expenditures will be limited to the acquisition of right-of-way paralleling the original lines serving the new generating station. Actual construction of the line will be subject to future agreement. (After January 1967.)
- M. Studies will be made by the Company and City regarding the possibilities and attractiveness of increasing the capacity of the present interconnection at Lane Avenue Substation up to the thermal limit of the overhead line. Actual changes will be the subject of future agreement.

N. The Company, at its option, shall supply at its cost and expense and thereafter own, operate and maintain such facilities as are necessary to connect the Company's system to the City's Fernandina 69 kv line, at a location to be determined by mutual agreement in the area where the City's line crosses the territorial boundary at the Nassau River. The location, ownership and control of the necessary metering, telemetering, protective relaying, frequency and tie line control equipment shall be determined by mutual agreement. If this interconnection is constructed, this agreement and its provisions shall be applicable thereto and power to be supplied over this interconnection shall be subject to the provisions of Article IV of this agreement and metering and billing with respect to this interconnection shall be subject to the provisions of Article III of this agreement.

## ARTICLE II. OWNERSHIP OF FACILITIES

Upon completion of the construction, reconstruction and relocation work outlined in the preceding article, the ownership of facilities will be as follows:

### A. Existing Interconnection to Starke

1. The City will own all facilities east of the east line of Section 27, Township 2 South, Range 24 East, except

- the telemetering equipment and associated carrier transmitter set, wave trap and coupling capacitor used for telemetering at Lane Avenue Substation.
2. The Company will own all facilities west of the east line of Section 27, Township 2 South, Range 24 East, and will also own the telemetering and its associated equipment at Lane Avenue Substation as outlined in Paragraph A1, above.

B. Interconnection from Robinwood Acres to Palatka

1. The City will own all facilities north of the territorial boundary, except such facilities as may be installed by the Company at Robinwood Acres for telemetering.
2. The Company will own all facilities south of the territorial boundary, and will also own any telemetering facilities installed by the Company at Robinwood Acres Substation.

ARTICLE III. METERING AND BILLING

Power delivered by either party to the other shall be metered at interconnection voltage at the City's Lane Avenue and Robinwood Acres Substations. The metered quantities shall be totaled to obtain net interchange for the period. The detailed design of the metering equipment and accessories shall be approved by the City and Company.

The City shall read the meters at such intervals of time as shall be mutually agreed upon and the Company shall have the right of access to said substation at any reasonable time for the purpose of reading the said meters for check purposes. The testing of all interconnection meters shall be done by the City at regular stated intervals and the Company shall have the right of witnessing and verifying the accuracy of such tests.

Meters shall be read at midnight on the last day of each month, and the recording kw demand and reactive kva demand records shall be assembled for billing purposes. Immediately thereafter the City shall advise the Company in writing as to the said readings and records. Invoices for electricity transferred over said interconnection during the month ending with the said reading shall be presented to the parties receiving said electricity on or before the tenth day of the following month. Said invoices shall be paid within ten (10) days after presentation.

ARTICLE IV. POWER TO BE SUPPLIED

Notwithstanding that the interconnections herein provided for are being made primarily for the purpose of transferring emergency power from one party to the other, the parties

recognize that either party may for reasons of its own, desire to furnish and transmit power to the other party even though no emergency or breakdown has occurred on the other party's system. The power flow between the parties therefore shall be divided into three classes as follows:

A. Emergency or Temporary Power

In the event of failure of equipment on the system of either party or due to temporary loads either party shall desire power from the other party, said other party shall furnish the same within the limitations of its existing facilities, if the furnishing of such power shall not jeopardize the service and reliability of its own loads. The party requiring such power shall notify the other party of its requirements, stating the amount of power required, and the period during which such power will be needed. The party receiving such request for power shall determine if such power can be made available without jeopardizing the service of its own system and, if such power can be made available, shall advise the party making such request that the said power will be made available during the period specified in the request.

Such power flow between the parties shall be considered emergency or temporary power, and shall be paid for on the following basis:

1. Daily Capacity Charge: For each calendar day during which the said power is used, there shall be paid to the party furnishing such power a daily capacity charge of five cents (\$0.05) per kilowatt of the greatest average demand for any even clock hour period of said day, which unit of measurement is hereby designated as a kilowatt day. For the purpose of determining the said charge, however, the average demand for any even clock hour period shall be taken and considered to be the average draft of power in that period, measured in kilowatts, provided, however, that any demand caused by inadvertent interchange shall not be considered in determining the said average demand.

Whenever the power factor during the hour of greatest average demand is less than 80% lagging, the greatest average demand shall be determined by multiplying the average kilovolt amperes during such demand period by 0.8.

2. Energy Charge: For energy associated with emergency or temporary power, the party receiving such power shall pay at the rate of five and one-quarter mills (\$0.00525) per kilowatt hour.

The foregoing energy charge is based on a fuel cost of two dollars (\$2.00) per barrel of forty-two (42) gallons of fuel oil (having an average heat value of approximately 150,000 Btu per gallon) delivered at the Jacksonville and Palatka plants of the parties respectively. When natural gas is used for fuel, 6,600 cubic feet of gas as measured and billed at the power plants shall be considered the equivalent of one barrel of fuel oil. In the event that either party shall pay more or less for such delivered fuel than the aforesaid base price, then an adjustment shall be made in the said energy charge of a quarter mill (\$0.00025) per kilowatt hour for each full ten cent (\$0.10) increase or decrease from the said price of fuel oil, said adjustment being added to the cost per kilowatt hour in the case of an increase and subtracted from the cost per kilowatt hour in the event of a decrease in said delivered fuel cost from the said base price. The average cost of the fuel for the next preceding month of

the party furnishing such power shall be used in determining the amount of the above adjustment for billing purposes.

B. Inadvertent Interchange Power

During periods when no arrangements are in effect for the supply of emergency or temporary power or economy flow power by one party or the other, all power flowing shall be considered inadvertent interchange power. Such inadvertent interchange power resulting from operation of the two systems electrically interconnected shall, insofar as practicable, be kept in balance from hour to hour, and any unbalanced at the end of billing period shall be carried forward for balancing during the next billing period.

C. Economy Flow of Power

In the event that the parties hereto shall determine that savings may be effected by interchange power between the respective systems during periods when no emergency exists or when no requirements exist for the interchange of temporary power, the parties may mutually agree upon an interchange of economy power, such economy power being hereby defined as power available to one system from the other within the

capacities of the operating equipment or within the capacities of equipment which necessarily must be operated for the use of the party supplying the power. Such interchange of economy power shall be furnished on the following basis:

The party having the lower incremental cost per kilowatt hour shall transmit power to the party having the higher incremental cost per kilowatt hour at such hours and at such times and in such quantities as shall be mutually agreed upon, and such supplying party shall receive for the power so furnished its incremental cost per kilowatt hour, plus one-half (1/2) the difference between its incremental cost and incremental cost of the other party. The parties shall during the existence of said economy flow communicate daily with each other, each party advising the other party daily of the incremental cost per kilowatt hour of the station or stations supplying such economy flow power. Incremental cost per kilowatt hour is hereby defined as that additional cost which shall be required to produce the additional defined amount of kilowatt hours, divided by the additional defined kilowatt hours required.

It is understood that neither party hereto is under any fixed or definite obligation hereunder to supply such

economy power to the other party. The party desiring such economy power at any time and from time to time during the continuance of this agreement shall in each instance specifically request such power from the other party, and such other party may grant or refuse any such specific request. If granted, such power shall be transferred in the amounts, at the times and during the hours agreed upon by the parties in each instance. The supply of such economy power at any time or from time to time shall not obligate either party to supply such power at a later date when a request therefor shall be made; provided, however, that payment for such power, if and when supplied, shall be on the terms and conditions herein contained.

#### REVISION OF CHARGES

In case either party hereto shall become dissatisfied with the charges hereinbefore specified for power, whether emergency power, temporary power or economy flow power, said charges shall be subject to reconsideration after written notice by the dissatisfied party to the other party. If the parties shall be unable to agree on a mutually satisfactory revision, then the matter shall be referred to an arbitrator or a board

of arbitration, as hereinafter in this agreement provided, for decision. No revision of the said charges shall, however, be effective until six months from the date of the aforesaid written notice.

ARTICLE V. TERRITORIAL BOUNDARY

~~For the purposes of this agreement, the parties hereto agree that the boundary line between their respective territories shall be established as a line approximately midway between the extremes of their local distribution lines as of the date of this agreement, as more particularly described and shown on the map attached hereto and made a part hereof.~~

ARTICLE VI. LIABILITY FOR ACCIDENTS

Each party hereto shall be liable for, and shall hold the other party hereto harmless of and from, all loss or damage by reason of any bodily injury, accident, death or damage to property caused by or occurring on that part of the interconnected facilities separately owned and/or operated by such party, provided, however, that each party shall be liable for, and shall hold the other party harmless of and from, all such loss or damage for injuries or death suffered or sustained by employees

of such party, regardless of the place where such injuries or death shall have occurred, or the cause thereof.

ARTICLE VII. MAINTENANCE AND OPERATION OF FACILITIES

The Company shall maintain and operate that part of the interconnected facilities separately owned by it, and the City shall maintain and operate that part of the interconnected facilities separately owned by the City. The cost of painting, repairing, maintaining and replacing jointly owned facilities, if any, shall be borne in equal parts by the parties hereto.

ARTICLE VIII. ARBITRATION

In case any dispute or disagreement shall arise hereunder which the parties hereto shall be unable to resolve between themselves, ~~the matter in dispute shall be referred to an arbitrator to be selected by the parties and his decisions shall be final and binding upon the parties. In case the parties shall fail to agree upon a single arbitrator, then the matter shall be referred to a board of arbitrators consisting of three members, one to be selected by each of the parties hereto and the third member to be selected by the two members appointed by the parties.~~ If the said two members shall be unable to agree upon the selection of the third member of the board within a period of

seven (7) days, then the third member of the board of arbitration shall be selected by the Senior Judge of the District Court of the United States for the Southern District of Florida. The decision of a majority of such board of arbitration shall be final and binding upon the parties. The expense of such arbitration, whether by a single arbitrator or by the said board of arbitrators, shall be borne by the parties in the proportions determined by the arbitrator or the board of arbitrators.

ARTICLE IX. DURATION OF AGREEMENT

This agreement shall be effective as of the date first above written and ~~shall remain in effect until one year's written notice shall be received by either party from the other of~~ termination. Equipment installed under this agreement and jointly owned by the parties hereto, if any, shall, upon the termination of the interconnections and of this agreement, be sold or otherwise disposed of as the parties shall determine, and the proceeds derived from such sale or disposition shall be divided equally between the parties.

ARTICLE X. TERMINATION OF JANUARY 20, 1959, AGREEMENT

The Agreement dated January 20, 1959, between the parties is hereby canceled and terminated as of the date of this agreement.

ARTICLE XI. ASSIGNMENT

This agreement shall be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed by their duly authorized officers, and their respective corporate seals, duly attested, to be hereunto affixed on the day and year first above written.

CITY OF JACKSONVILLE, FLORIDA, a  
Municipal Corporation, acting by  
and through its City Commission

Attest:

*J. M. Ingraham*  
Secretary (21-3-19)

By *Haydon Burns*  
Chairman

In the Presence of:

*Carrie B. Coker*  
*Bessie I. Johns*  
As to City

FLORIDA POWER & LIGHT COMPANY

Attest:

*A. J. Kaylock*  
Secretary

By

*Robert H. Galt*  
President

In the Presence of:

*Sarah M. Bilton*  
*Betty O. Steele*  
As to Company



Exhibit A

TERRITORIAL BOUNDARY AGREEMENT

BETWEEN

FLORIDA POWER & LIGHT COMPANY  
AND  
JACKSONVILLE ELECTRIC AUTHORITY

Florida Power & Light Co.  
FPLC Docket No. 950307-EU  
Exhibit No. \_\_\_\_\_  
Testimony of Robert A. Hood  
July 31, 1995  
Document No. 2  
Page 1 of 7

Section 0.1 THIS AGREEMENT, made and entered into this 13th day of April, 1979, by and between FLORIDA POWER & LIGHT COMPANY, a corporation organized and existing under the laws of the State of Florida, herein referred to as the "COMPANY", party of the first part, and JACKSONVILLE ELECTRIC AUTHORITY, a body politic and corporate of the State of Florida, herein referred to as the "AUTHORITY", party of the second part;

W I T N E S S E T H

Section 0.2 WHEREAS, the parties hereto deem it desirable that the existing territorial boundaries approved by the Florida Public Service Commission be reaffirmed; and

Section 0.3 WHEREAS, the parties hereto deem it desirable to reaffirm that the existence of said territorial boundaries have been and will continue to be beneficial in the elimination of undesirable duplication of facilities thereby providing economical benefits to the customers of each party, and

Section 0.4 WHEREAS, each party desires to more clearly describe the intent of the parties with respect to the administration of the existing Agreement, and

Section 0.5 - WHEREAS, the execution of this Agreement by the parties hereto is not conditioned upon the acceptance of or agreement to any other contractual arrangements pending or contemplated by or between the parties.

Section 0.6 NOW, THEREFORE, in consideration of the foregoing premises and of the mutual benefits to be obtained from the covenants herein set forth, the parties hereto do hereby agree as follows:

ARTICLE I

TERM OF AGREEMENT

Section 1.1 - TERM: After this AGREEMENT becomes effective pursuant to the activities defined in Section 4.4 hereof, it shall continue in effect until termination or modification shall be mutually agreed, or until termination or modification shall be mandated by entities with appropriate jurisdiction. However, after fifteen (15) years from the date above first written, but not before, either of the parties hereto shall have the right to initiate unilateral action before any entity with appropriate jurisdiction, seeking modification or cancellation of this AGREEMENT.

Section 1.2 The provisions of this AGREEMENT shall supersede any territorial boundary-related provisions of existing or prior contracts and/or agreements between the COMPANY and AUTHORITY.

ARTICLE II

BACKGROUND

Section 2.1 The parties stipulate that they have observed a territorial boundary which was described in a contract for interchange service between the Company and the City of Jacksonville, (the predecessor to the AUTHORITY), dated March 19, 1963. Said description was as follows:

"ARTICLE V. TERRITORIAL BOUNDARY

For the purposes of this Agreement the parties hereto agree that the boundary line between their respective territories

shall be established as a line approximately midway between the extremes of their local distribution lines as of the date of this Agreement, as more particularly described and shown on the map attached hereto and made a part hereof."

Section 2.2 Pursuant to the agreements and understandings of said Article V, the COMPANY petitioned the then Florida Public Utilities Commission for approval and recognition of a territorial boundary more particularly described upon a map labelled Exhibit A to the Agreement. (A copy of said map is appended hereto as Exhibit A and made a part hereof.) The petition of COMPANY was approved by the Commission by Order Number 3799 entered in Docket 7421-EU on April 28, 1965.

Section 2.3 On October 31, 1973, the parties hereto entered into a contract for interchange service. Included within said contract was a reference to and re-affirmation of the boundary described in Section 2.2. The exact wording was:

"Section 1.3 Nothing in this contract shall be construed to negate or displace Article V, Territorial Boundary in the inter-connection agreement of March 19, 1963, between the City of Jacksonville and Florida Power & Light Company, which geographical division was approved by the Florida Public Service Commission (then called the Florida Public Utilities Commission) in Docket Number 7421-EU. The parties expressly ratify that agreement and, in consideration of mutual execution of this Contract agree to be bound by that earlier geographical division which is on file in the office of the Florida Public Service Commission and incorporated herein by reference."

ARTICLE III

ESSENCE OF AGREEMENT

Section 3.1 The area inside the boundary line shown on the map attached hereto and labelled Exhibit A is reserved to the AUTHORITY (as relates to COMPANY), with respect to retail customers. (For the purpose of this AGREEMENT, the term "retail" shall connote all those existing or potential customers other than an entity purchasing or desiring to purchase electricity under published and/or filed tariffs, rate schedules or contracts which empower such entity to resell said electricity to the ultimate consumer thereof).

Section 3.2 The COMPANY agrees it will not serve nor offer to serve new customers of electric service at retail within the territory reserved to the AUTHORITY, provided however, that the COMPANY may continue to provide retail electric service to service locations which are within the territory reserved to the AUTHORITY as of the date of this AGREEMENT.

Section 3.3 AUTHORITY agrees it will not serve nor offer to serve new customers of electric service at retail without the territory reserved to AUTHORITY provided however, that the AUTHORITY may continue to provide retail electric service to service locations which are without the territory reserved to AUTHORITY as of the date of this AGREEMENT.

Section 3.4 The parties recognize that in specific instances, good engineering practices or economic constraints may indicate that individual retail customers not be served by the party in whose territory they are located. In such instances, either COMPANY or AUTHORITY may request the other party to provide service, however the parties agree that it is not nor should it be construed to be their intent

to cause any violation or any breach of any contract or covenant that either party may currently have with any third party or parties. Such departures from the constraints of this Agreement shall be subject to the mutual concurrence of the parties on a specific case basis.

#### ARTICLE IV

##### MISCELLANEOUS PROVISIONS

Section 4.1 The failure of either party to enforce any provision of this AGREEMENT in any instance shall not be construed as a waiver or relinquishment on its part of any such provision but the same shall nevertheless be and remain in full force and effect.

Section 4.2 Neither party shall assign, transfer or sublet any privilege granted to it hereunder without the prior consent in writing of the other party, but otherwise this AGREEMENT shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

Section 4.3 This AGREEMENT shall be governed by the laws of the State of Florida.

Section 4.4 The parties recognize that under the laws of the State of Florida, the Florida Public Service Commission has jurisdiction to approve retail territorial agreements and agree to cooperate in petitioning that Commission for its required approval and authorization to implement the terms and conditions of this TERRITORIAL BOUNDARY AGREEMENT. Until the issuance of an Order approving this AGREEMENT and requiring the parties to comply with its terms and conditions, the parties will continue to observe the boundary approved as indicated in Section 2.2 hereof.

Section 4.5 This AGREEMENT shall be effective on the date it is approved by the Florida Public Service Commission in accordance with Section 4.4 hereof. ,

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed by their duly authorized officers, and copies delivered to each party, as of the day and year first above stated.

ATTEST:

FLORIDA POWER & LIGHT COMPANY

BY *Robert D. Puffer*  
Secretary

BY *R. G. [Signature]*  
Vice President

ATTEST:

JACKSONVILLE ELECTRIC AUTHORITY

BY *Marlene M. Higgins*  
Administrative Assistant

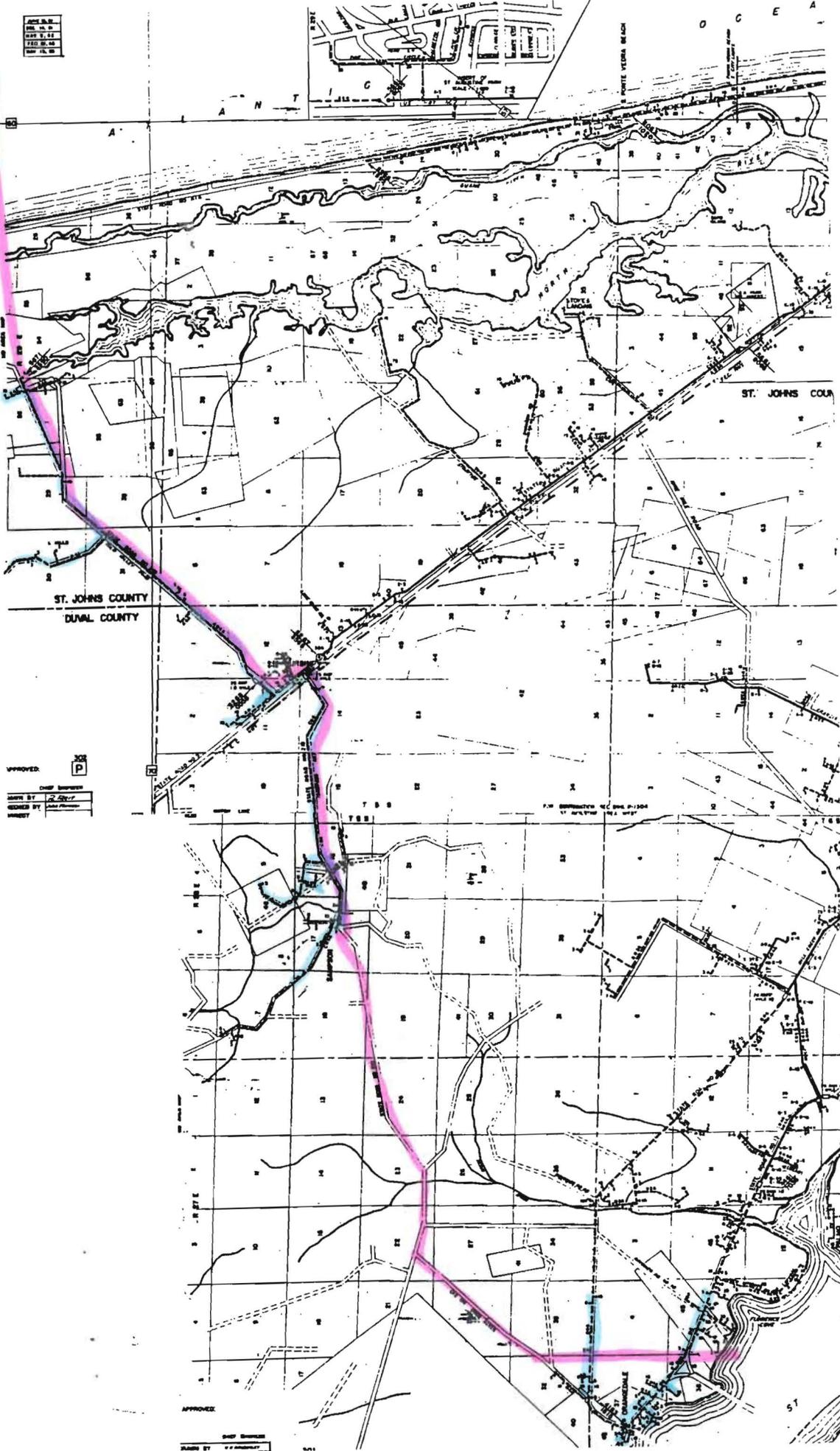
BY *W. M. [Signature]*  
Managing Director

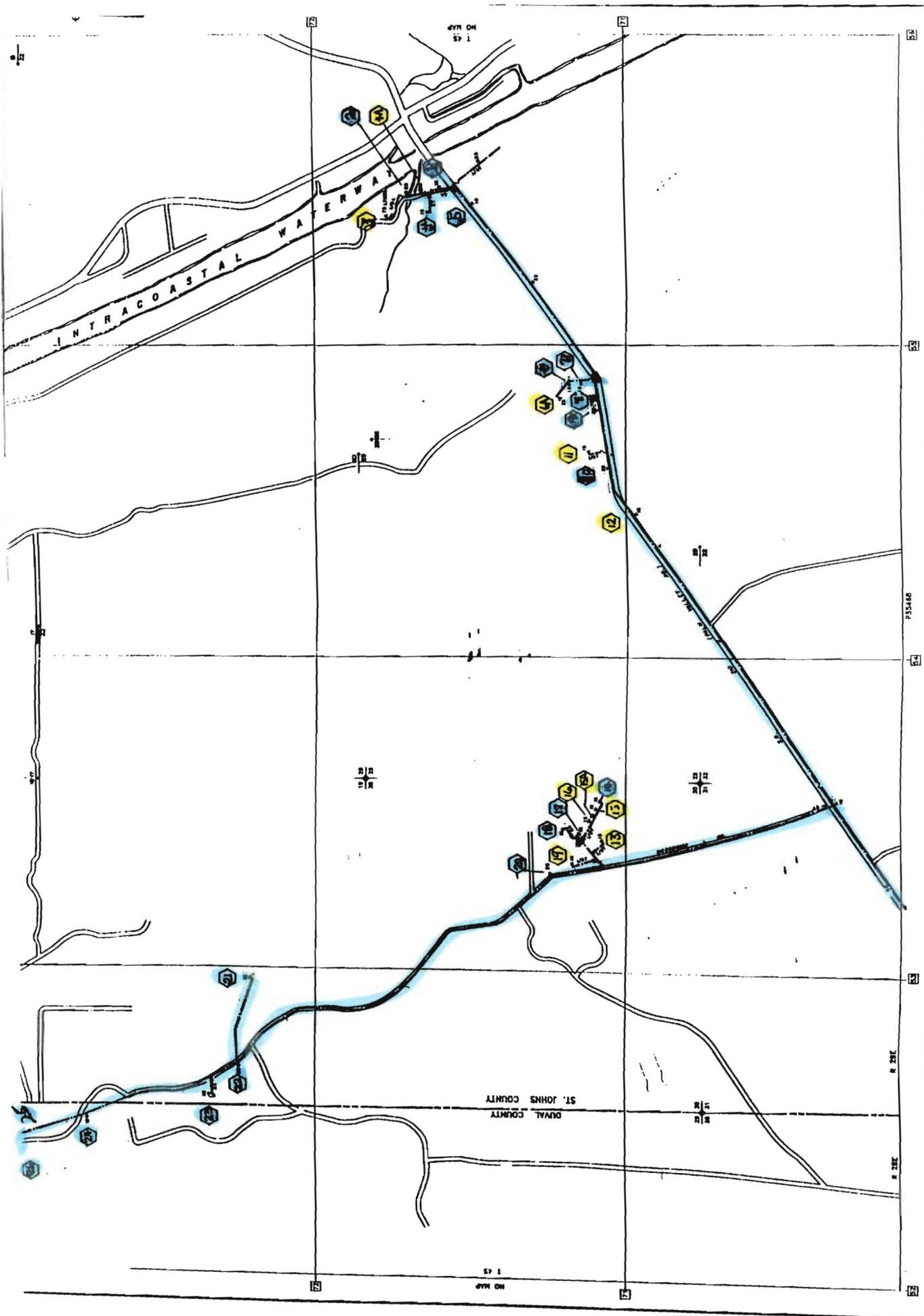
FORM APPROVED

*Thomas R. Wells*  
For Authority  
Assistant Counsel



Exhibit A

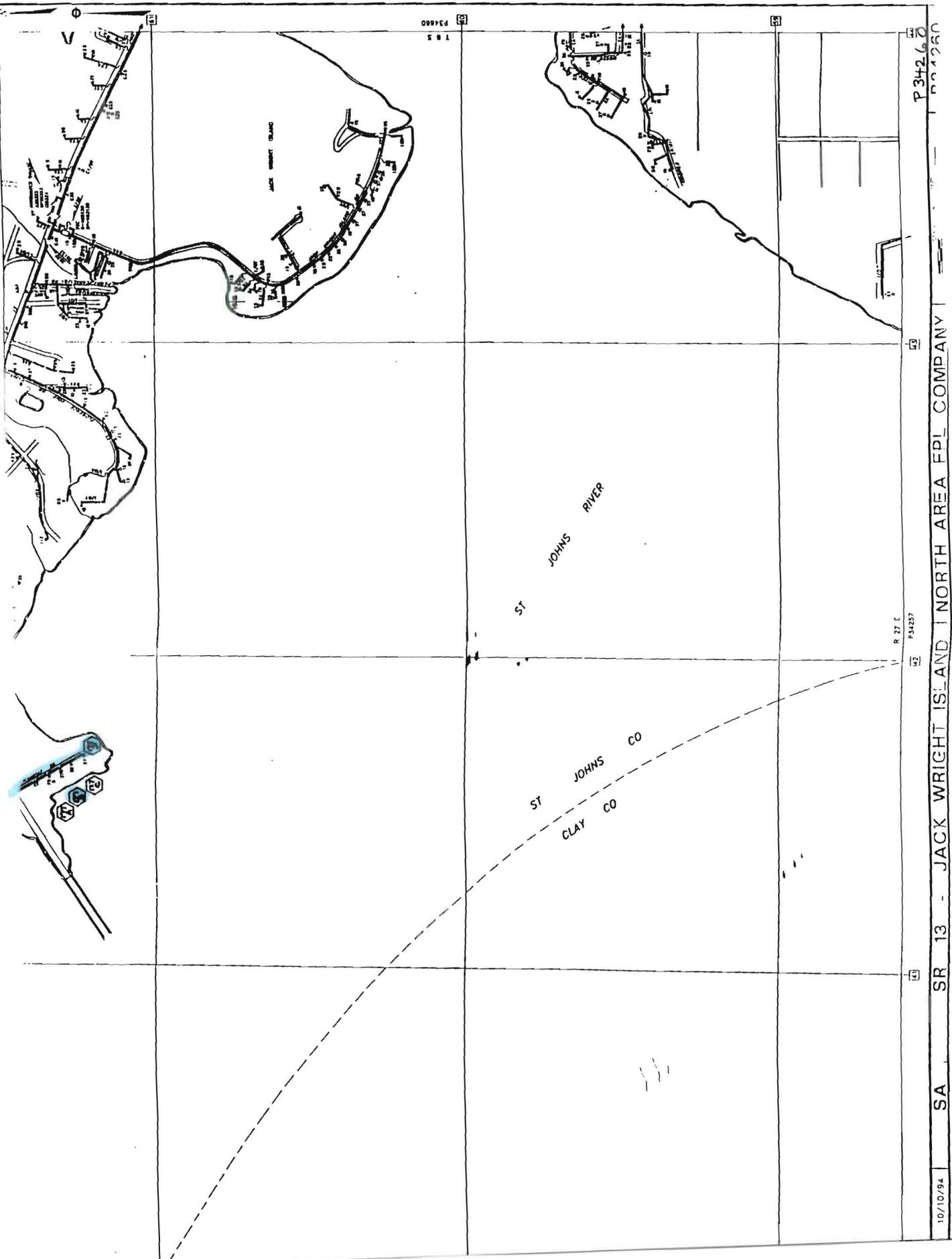




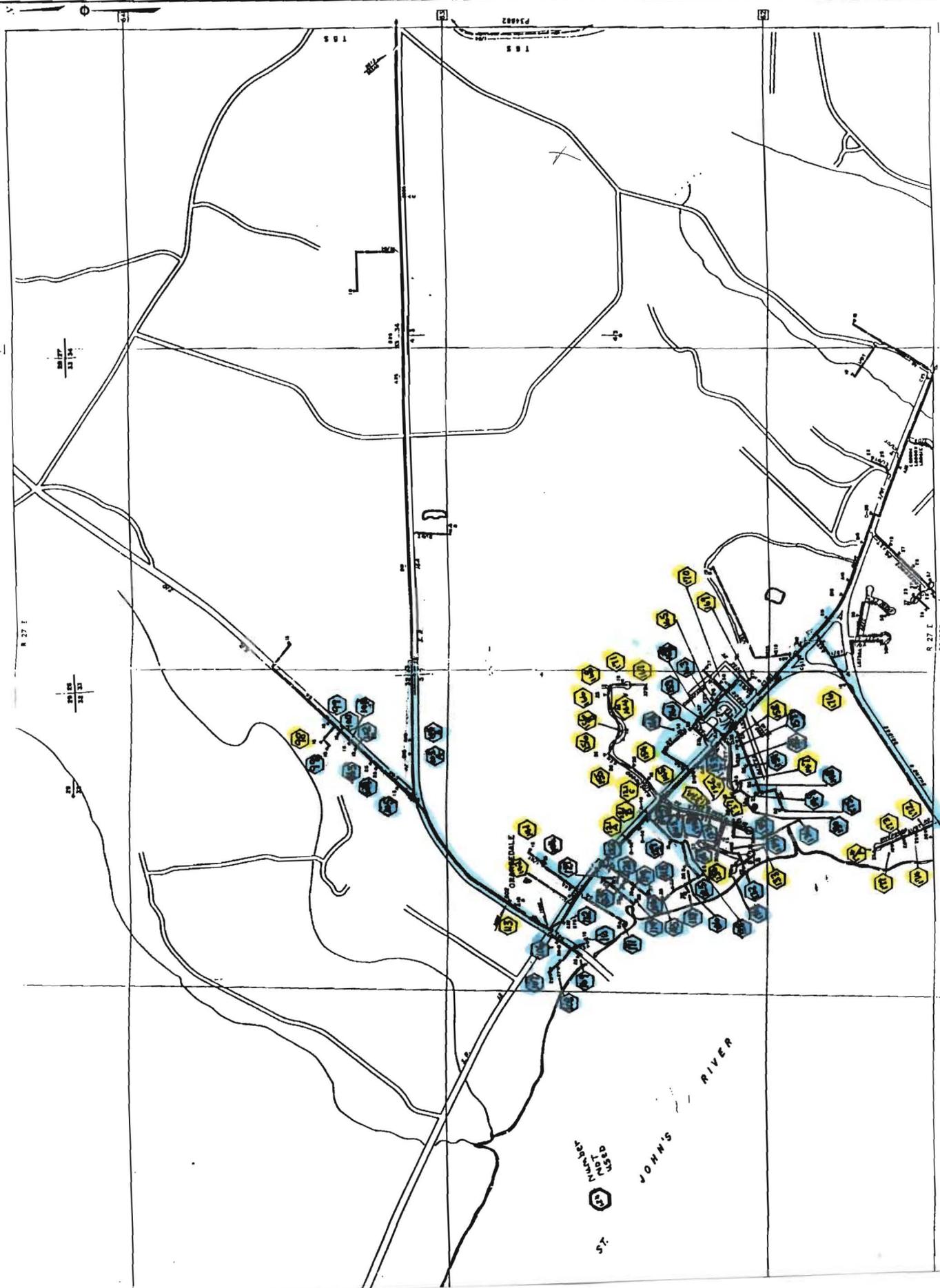
SA PALM VALLEY RD & MCCORMICK RD NORTH AREA FPL COMPANY

REVISION DATE: 4/7/95

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NORTH AREA FPL COMPANY

ORANGEDALE

SA

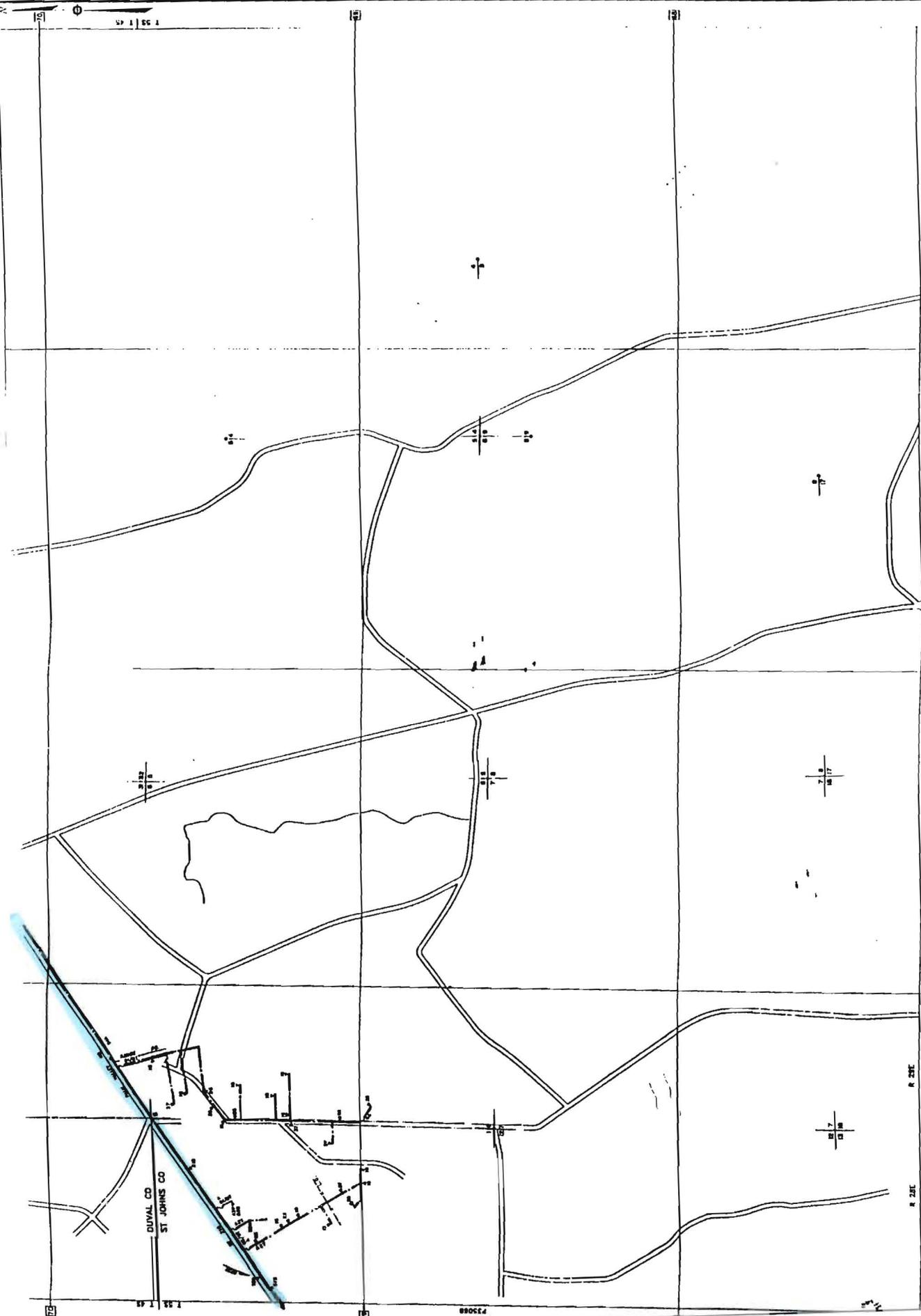
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St. Johns River



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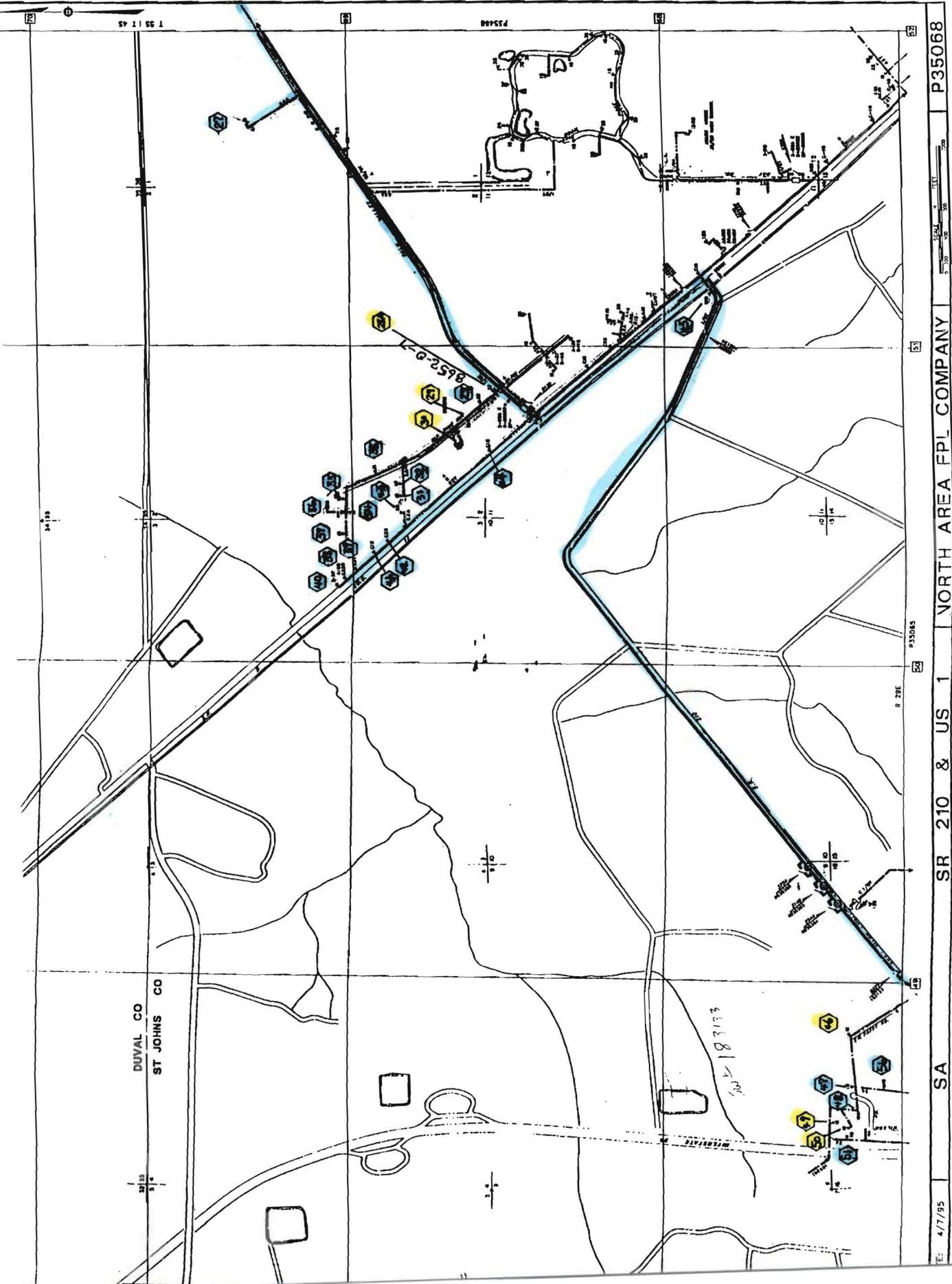
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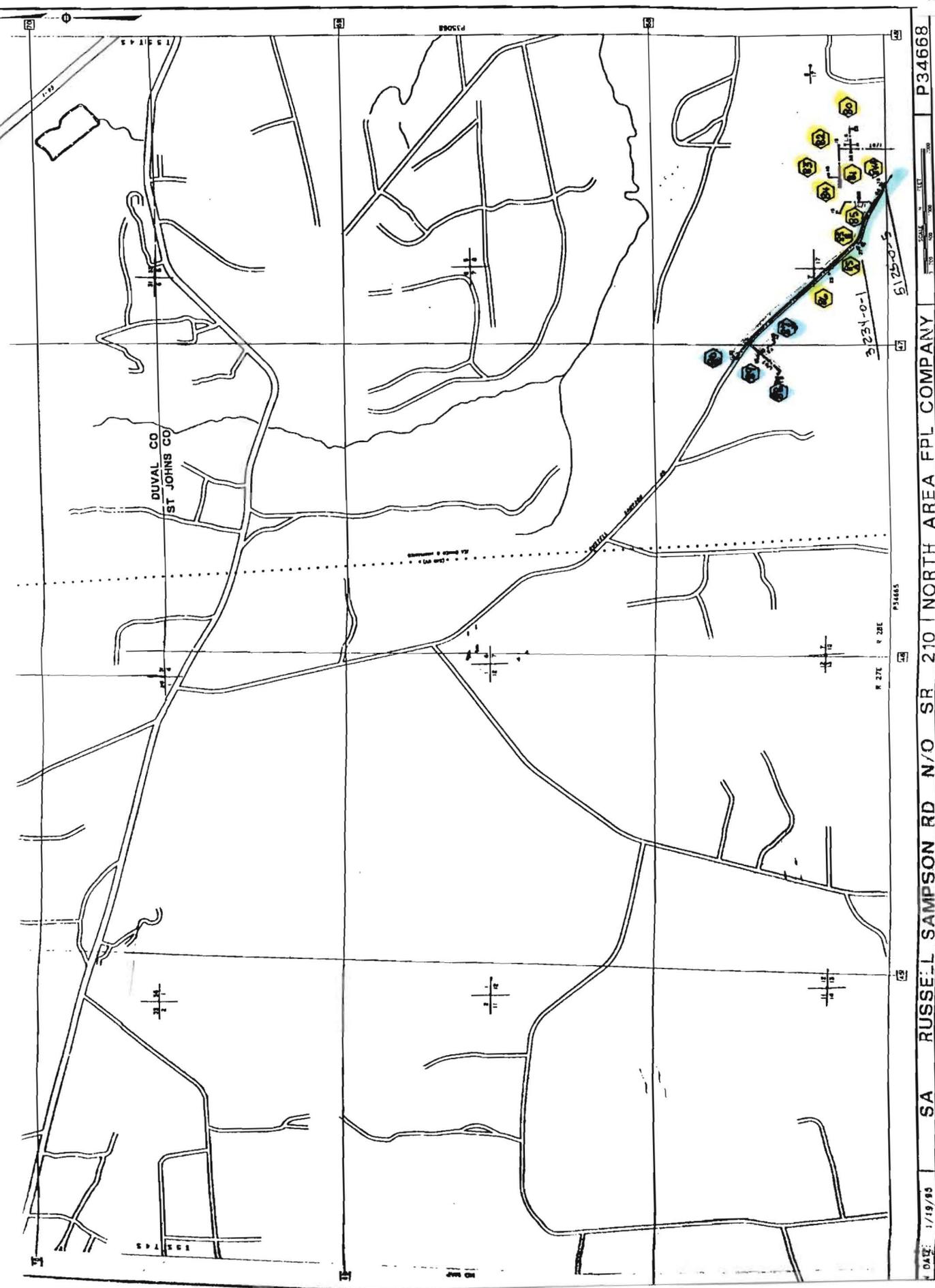
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SA PALM VALLEY RD E / O US NORTH AREA FPL COMPANY

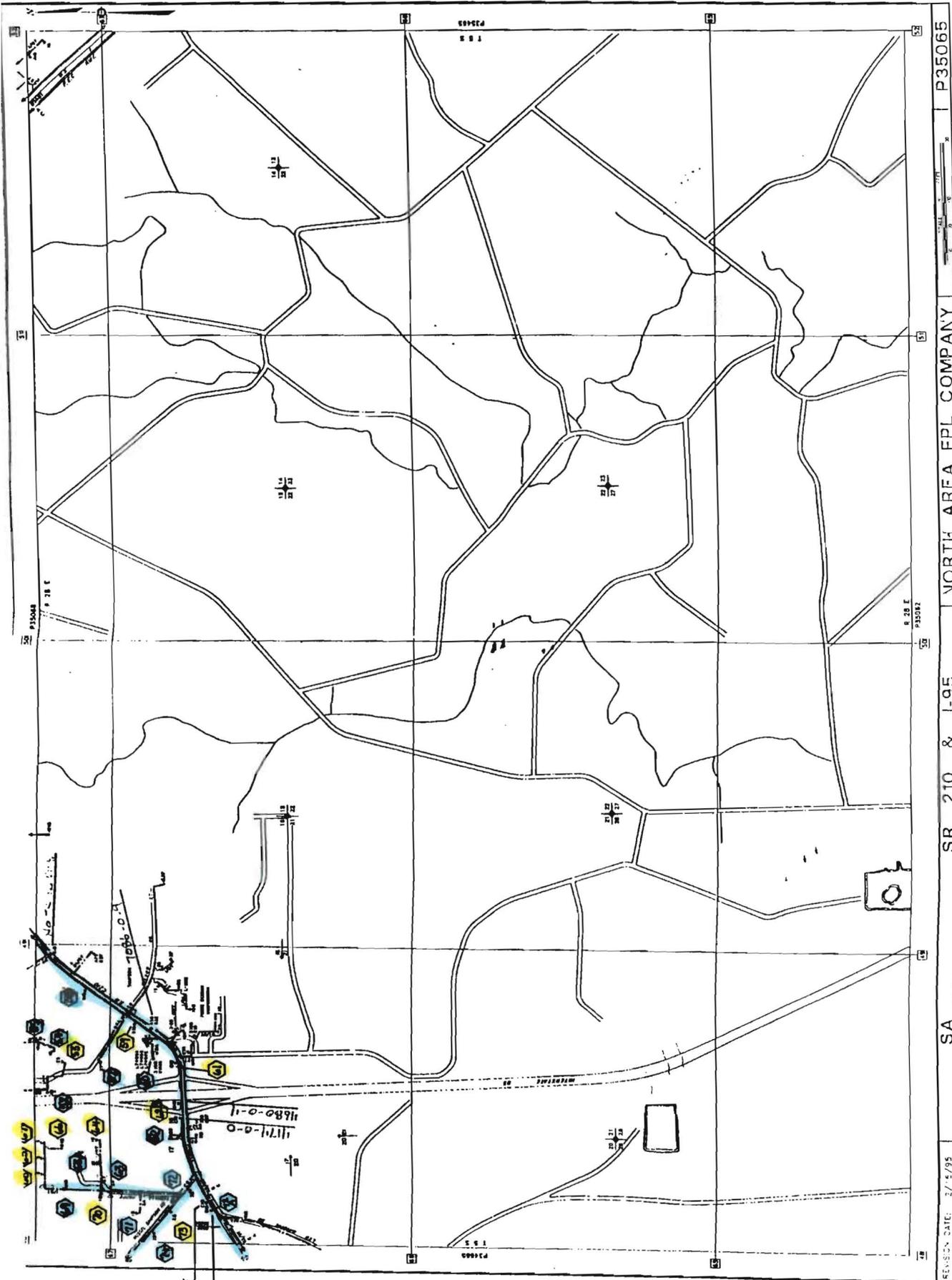
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SA 4/7/95 SR 210 & US 1 NORTH AREA FPL COMPANY P35068



DATE: 1/19/89 | SA RUSSELL SAMPSON RD N/O SR 210 NORTH AREA FPL COMPANY | P34668



SA SR 210 & I-95 NORTH AREA FPL COMPANY P35065

REVISION DATE: 2/4/95