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**ORIGINAL  
FILE COPY**

December 4, 1995

Ms. Blanca Bayo  
 Florida Public Service Commission  
 Division of Records & Recording  
 2540 Shumard Oak Blvd. - Room 110  
 Tallahassee, FL 32399

VIA FEDEX & FACSIMILE

Re: Docket No. 950307-EU

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

Dear Ms. Bayo:

Being telecopied herewith is Florida Steel Corporation's Motion to Intervene and Objection to Preliminary Agency Action in the above-reference matter. There is a hearing in the above docket scheduled for 9:30 tomorrow morning, Tuesday, December 5, 1995. Attorney Richard Salem of our office will be attending that hearing on behalf of Florida Steel Corporation. The original and 15 copies of Florida Steel Corporation's Motion to Intervene and Objection to Preliminary Administrative Action are being sent to your office via overnight mail for morning delivery.

Thank you for your assistance in filing the telecopy along with the original which will be delivered to your office in the morning. Should you have any questions, please do not hesitate to contact me.

Very truly yours,

SALEM, SAXON & NIELSEN, P.A.

*Marian B. Rush*

Marian B. Rush

RECEIVED & FILED

MBR/np  
Enclosures

cc: Peter J.P. Brickfield, Esq.  
 James W. Brew, Esq.  
 Service List

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**SERVICE LIST FOR DOCKET 950307-EU**

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL  
FILE COPY

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

**Motion to Intervene and  
Objection to Preliminary Agency Action**

Florida Steel Corporation ("Florida Steel") hereby moves for leave to intervene in the above-captioned proceeding, and objects to the entry of a Preliminary Agency Action ("PAA") by the Commission with respect to the Joint Settlement Proposal submitted by Florida Power & Light ("FP&L") and Jacksonville Electric Authority ("JEA"), and in support of the position states as follows:

1. The name and address of petitioner is as follows:

Florida Steel Corporation  
5100 West Lemon Street  
Suite 312  
Tampa, Florida 33609

Documents relating to this proceeding may be served on Florida Steel by serving them on the following individuals:

Richard J. Salem  
Florida Bar No. 152524  
Marian B. Rush  
Florida Bar No. 373583  
Salem, Saxon & Nielsen, P.A.  
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DOCUMENT NUMBER-DATE

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2. Florida Steel has a substantial interest that would be directly affected by the Commission's determination in this proceeding. Florida Steel operates a steel recycling and manufacturing plant at Highway 217, Yellow Water Road, in Jacksonville, Florida. The Jacksonville plant is a steel mill that uses an electric arc furnace to melt scrap steel and cast the resulting molten steel into long strands (billets) in a continuous casting process. The plant produces rebar and rods that are used in a variety of highway, building construction and other construction applications. Rebar and rods are sold by Florida Steel in highly competitive commodity markets. The cost of energy is a significant factor in the operating economics of the steel mill.

3. In addition to the Jacksonville mill, Florida Steel operates steel mills in Tennessee and North Carolina. In July 1995, Florida Steel was forced to close a steel mill in Tampa because the mill could no longer be operated economically compared to other steel manufacturing resources. The high cost of energy to the Tampa mill was a major contributing factor in the closure of that plant.

4. JEA is responsible for providing electric service to all consumers in Duval County, but Florida Steel has never been a customer of JEA. In 1963, FP&L and JEA agreed that the boundary line between their respective service territories would be the mid-point between the extreme ends of their then-existing distribution networks in Duval County. In 1968, subsequent to that agreement, the City of Jacksonville annexed substantial portions of Duval County. Following

consolidation, FP&L continued to serve its pocket of Duval County, which includes the site Florida Steel selected for the Jacksonville mill in 1974.

5. In 1979, JEA and FP&L submitted a revised territorial agreement in which the utilities agreed that the boundary lines would not be redrawn for a period of 15 years unless they mutually agreed to do so. The Commission approved the agreement in 1980 (Order Number PSC-9363, issued May 9, 1980). On March 20, 1995, shortly after the expiration of the agreed 15-year term, JEA initiated the pending docket by unilaterally petitioning the Commission to resolve a dispute concerning the service of customers in St. Johns County. Following a series of pleadings by the two utilities, the Commission issued an Order on August 21, 1995, delaying the filing of rebuttal testimony and hearings in the docket to allow the utilities an opportunity to negotiate a settlement. There was no notice, or even a suggestion, in any of the pleadings or the Commission's procedural orders, that any matters beyond service in St. Johns County would be addressed.

6. In late August 1995, JEA and FP&L reached a comprehensive settlement involving boundary lines and customers in Duval, Clay and Nassau Counties as well as St. Johns County. Under this proposed arrangement, 447 current FP&L customers (390 in St. Johns County and 57 in Duval County) will be transferred to JEA. Fourteen JEA customers (4 in St. Johns County and 10 in Duval County) will be transferred to FP&L. The parties gave no notice that the

proposed resolution of JEA's petition concerning St. Johns County would address customers and territorial lines elsewhere.

7. The summary of proposed action relating to this settlement on the Commission's Conference Agenda for November 21, 1995 provided the first public notice that the boundary line in Duval County and customers served in the City of Jacksonville would be affected by the proposed settlement. After receiving the agenda, Florida Steel requested that the agenda item be deferred in order to assess the impact of the utilities' proposal. The Commission deferred consideration of the item.

8. Florida Steel opposes preliminary Commission action on the proposed territorial agreement, at least insofar as it pertains to Duval County, until significant concerns surrounding FP&L's provision of electric service in the City of Jacksonville can be addressed.

9. JEA is responsible for providing electric service to all electric consumers in the City of Jacksonville. Following consolidation of the City and County governments in 1968, FP&L's continued presence in Duval County stems from JEA's ability to serve all areas of the County. The 1979 territorial agreement approved by the Commission reflected JEA's judgment that, at least for the next 15 years, FP&L should continue to provide that service.

10. Circumstances are very different in 1995. FP&L is now a very high cost utility. Florida Steel will pay roughly \$9.5 million to FP&L for electric service in 1995 and expects to pay more than \$10 million for utility services in 1996. The

energy rates paid by Florida Steel at the Jacksonville mill are substantially higher than those charged to its major competitors (many of which have obtained negotiated "contract" rates from their utility suppliers) as well as energy prices at Florida Steel's facilities in other states.

11. FP&L's sales to industrial customers have been lagging for several years. The company's most recent Ten Year Site Plan projects a continued decline, but FP&L seems indifferent to this trend and the contribution of its high rates to the erosion of manufacturing in the state.

12. As a result of the closure of its Tampa mill this summer, as well as other considerations, Florida Steel must decide which of its production facilities should be modified or expanded. It must also decide if continued operation of the Jacksonville mill can be justified in the long term. Florida Steel representatives sought to develop a competitive power rate with FP&L, but FP&L expressed little interest in working to retain Florida Steel as a customer.

13. Florida Steel has approximately 263 employees at the Jacksonville mill that earn an average annual compensation package exceeding \$50,000. While FP&L's revenue growth in the residential and commercial sectors may allow it to accept the loss of a customer that provides \$10 million in revenues per year, the City of Jacksonville can ill-afford the loss of nearly 300 highly skilled jobs. It is very likely that the public interest overall, and the economic well being of the City of Jacksonville and its environs in particular, would be better served if

the territorial boundary in Duval County was modified, or if JEA were simply to explore acquiring FP&L's assets in Duval County.

14. Based on the pleadings in this docket, which focus exclusively on St. Johns County, and the proposed comprehensive settlement agreement, none of the important issues noted above have been addressed. Florida Steel believes that FP&L, JEA, the Jacksonville City Council and all interested parties should meet to discuss these issues before the Commission approves the territorial boundary for Duval County.

WHEREFORE, Florida Steel requests that it be granted leave to intervene, that it be permitted to participate in this proceeding with full rights as a party, and that Commission action in this matter be deferred.

Respectfully submitted,

FLORIDA STEEL CORPORATION

By: Marian B. Rush

Richard J. Salem

Florida Bar No. 152524

Marian B. Rush

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**CERTIFICATE OF SERVICE  
DOCKET NO. 950307-EU**

I HEREBY CERTIFY that a true and correct copy of Florida Steel Corporation's Motion to Intervene and Objection to Preliminary Agency Action has been furnished via telecopier and U.S. Mail on the 4th day of December 1995, to the following:

Beth Culpepper, Esq.  
Florida Public Service Commission  
Gerald L. Gunter Building  
2540 Shumard Oak Blvd.  
Room 301  
Tallahassee, FL 32399-0850

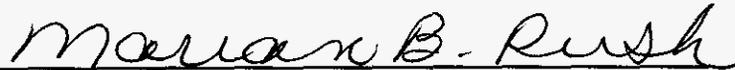
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