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October 8, 1997

**BY HAND DELIVERY**

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Petition of Florida Power & Light Company to Resolve a Territorial  
Dispute with Clay Electric Cooperative in Baker County; Docket No.  
**970512-EU**

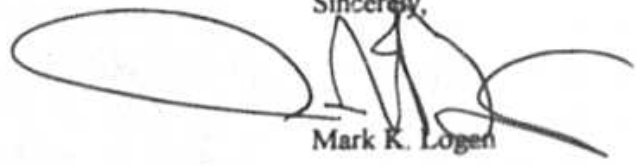
Dear Ms. Bayo:

Enclosed for filing are the original and fifteen (15) copies of Florida Power & Light  
Company's Prehearing Statement in the above-referenced docket.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this  
letter and returning the same to this writer.

Thank you for your assistance in this matter.

Sincerely,

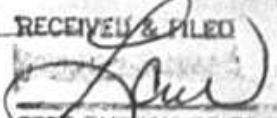


Mark K. Logan

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
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- LEG 2
- LIN 2
- OPC MKL/th
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- SEC \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

Enclosures

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RECEIVED & FILED  
  
EPSC BUREAU OF RECORDS

DOCUMENT NUMBER - DATE  
**10362 OCT-86**  
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

|  |   |                        |
|--|---|------------------------|
| In Re: Petition of Florida Power & Light Company to Resolve a Territorial Dispute with Clay Electric Cooperative in Baker County | ) | Docket No. 970512-EU   |
|  | ) | Filed: October 8, 1997 |
|  | ) |                        |
|  | ) |                        |

Pursuant to Order No. PSC- 97-0711-PCO-EU, issued on June 16, 1997, and Rule 25-22.038, Fla. Admin. Code, Florida Power & Light Company ("FPL") files its prehearing statement and states:

(A) Appearances:

Mark K. Logan  
Bryant, Miller & Olive, P.A.  
201 South Monroe Street, Suite 500  
Tallahassee, FL 32301

Patrick M. Bryan, Esq.  
Law Department  
Florida Power & Light Company  
700 Universe Blvd.  
Juno Beach, Florida 33408

(B) Witnesses:

Direct:  
Robert A. Hood

Rebuttal:  
Robert A. Hood  
Rex Noble  
Ed Brill

(C) Exhibits:

Robert A. Hood

| <b>Exhibit #</b> | <b>Document Description</b>                                    |
|------------------|--|
| RAH-1            | Comprehensive Plan for Baker County, Future Land Use           |
| RAH-2            | FPL Drawing 2Y524401, Wiremill Substation Area                 |
| RAH-3            | FPL Drawing B-0000-03, Baker County territorial map with OREMC |

| <b>Exhibit #</b> | <b>Document Description</b>  |
|------------------|--|
| RAH-4            | NED Transmission Patrol Map I-19   |
| RAH-5            | Five Year Plan - North Florida Area - Wiremill Substation                      |
| RAH-6            | Overhead Job Sketch - \$39,985   |
| RAH-7            | Paragraph 2.2, FPL's Rules and Regulations                                     |
| RAH-8            | Dual Service Sketch - Overhead with overhead backup - \$39,985 and \$20,550    |
| RAH-9            | Dual Service Sketch - Underground with overhead backup - \$80,281 and \$20,550 |
| RAH-10           | GSLD-2 Rate Schedule - General Service Large Demand                            |
| RAH-11           | GSLDT-2 Rate Schedule - General Service Large Demand Time of Use               |
| RAH-12           | CS-2 Rate Schedule - Curtailable Service                                       |
| RAH-13           | CST-2 Rate Schedule - Curtailable Service Time of Use                          |

(D) Basic Position:

The Commission should award the disputed area, including the River City Plastics facility to FPL as only FPL can provide for the current and reasonably foreseeable demand for reliable electric service in the disputed area. Customer preference should have no bearing in the Commission's determination of this dispute as FPL's capability to meet current and future needs of the area in dispute at a reasonable cost is superior to Clay's ability to meet the same current and future needs. Even if customer preference is considered by the Commission, the Commission should determine that such preference must be based upon a realistic evaluation of each utility's ability to provide service in a cost-effective, reliable and prudent manner. Customer preference should not be considered as it is not in accordance with FPSC Rule 25-6.0441 Territorial Disputes for Electric Utilities, rule d: "if all factors are substantially equal." Customer preference based upon a mistaken evaluation of these factors should not be considered as it will effectively thwart the rational and reasonable establishment of territorial service areas via the dispute process.

(E) Statement of Issues and Positions:

**Issue No. 1:**

**What is the geographic description of the disputed area?**

FPL: The area in dispute is an industrial park in central Baker County, south of US Highway 90 (SR 10), north of Interstate 10 (SR 8) and immediately to the east of FPL's Wiremill substation. The area includes River City Plastics, Inc., a PVC pipe manufacturing facility scheduled to be operational in late 1997, which is located within the industrial park next to FPL's industrial customer, Florida Wire and Cable, and approximately 1/4 mile east of the FPL Wiremill substation.

**Issue No. 2:**

**What is the nature of the disputed area, including population, the type of utilities seeking to serve it, degree of urbanization of the area, the area's proximity to other urban areas, and the area's present and reasonably foreseeable future requirements for other utilities?**

FPL: Baker County is primarily an agricultural and conservation area, having the Okefenokee national Wildlife Refuge, the Nature Conservancy and Osceola National Forest comprising over half its land area. The 1997 projected population of Baker County is 20,787 with the incorporated areas of Macclenny and Glen St. Mary populations being 4,201 and 467 respectively. The next largest area would be the area of Sanderson with some 1200-1500 in population.

FPL, an investor-owned utility, has primarily served the central corridor of Baker County, including Sanderson, Glen St. Mary and Macclenny. The Sanderson community, which includes the area surrounding FPL's Wiremill substation is approximately 5 miles from the city of Glen St. Mary and approximately 7 miles from the city of Macclenny.

FPL serves approximately 330 accounts in Sanderson, 300 accounts in Glen St. Mary, 2600 accounts in Macclenny and 3000 accounts in the surrounding rural area.

The nature of the disputed area is an industrial park located 1/4 mile from FPL's existing Wiremill substation. Due to the amounts of undeveloped

land, there is a likely addition of significant, large load customers locating to this area. FPL has the capability and capacity to serve the entire community of Sanderson and in particular, the industrial park as well as future development.

**Issue No. 3:**

**Which utility has historically served the disputed area?**

**FPL:** FPL has traditionally served the area in dispute for eight decades. FPL has provided service to the Sanderson area since 1938 and the Macclenny area since 1926. The Wiremill substation was constructed in 1976. . served Florida Wire & Cable, the customer immediately adjacent to the River City Plastics facility since 1976.

**Issue No. 4:**

**What is the expected customer load and energy growth in the disputed area?**

**FPL:** Based on historical load growth and information from estimates of future construction plans, the expected load and energy growth in the disputed area is projected to be 1.2% or 8.6 mva through the year 2001. However, this forecast does not take into account the likely addition of any significant, large load customers who may locate in the area, such as River City Plastics. With River City Plastics included in the estimate, the expected load and energy growth would be 24.7% or 10.6 mva through the year 2001.

**Issue No. 5:**

**Has unnecessary and uneconomic duplication of electric facilities taken place in the vicinity of the disputed area or in other areas of potential dispute between the utilities?**

**FPL:** Unnecessary and uneconomic duplication of electric facilities has not taken place in the industrial park as FPL is serving all current operational facilities within this area. However, allowing Clay to serve the River City Plastics will result in unnecessary and uneconomic duplication of electrical facilities as such service will result in Clay having to install and maintain facilities within the immediate area of FPL's existing Wiremill substation



and associated distribution lines. In addition, Clay will need to upgrade their substation in order to provide service to this disputed area, duplicating a portion of FPL's existing Wiremill substation capacity of 44 mva.

**Issue No. 6:**

**Is each utility capable of providing adequate and reliable electric service to the disputed area?**

**FPL:** While both utilities are capable of providing electric service to the area in dispute, given the immediate proximity and nature of FPL's Wiremill substation, FPL's service to the area will be predictably more reliable than that proposed to be provided by Clay.

**Issue No. 7:**

**What is the location, purpose, type, and capacity of each utility's facilities existing as of the filing of the petition to resolve the territorial dispute?**

FPL's existing facilities in Baker County include a transmission line, the Baldwin-Columbia 115kv line; two distribution substations, Macclenny Substation and Wiremill Substation and a distribution system which serves customers in Baker County. The Baldwin-Columbia 115kv line connects Baldwin Substation, in Duval County, to Columbia Substation, in Columbia County. Wiremill and Macclenny Substations are fed from transmission line taps from this transmission line. There are coop facilities that are also fed off the Baldwin-Columbia 115kv line, namely, Macedonia Sub near Macclenny (Okefenoke Rural Electric Cooperative), Tustenegee in Lake City (Clay Electric Cooperative) and Sanderson Substation in Baker County (Clay Electric Cooperative). FPL's Wiremill Substation is located at the intersection of Rhoden Road and Wiremill Road, approximately 1/4 mile from the disputed area, in Sanderson, Florida. Wiremill Substation provides service to the community of Sanderson and surrounding areas and to an FPL industrial customer, Florida Wire and Cable, adjacent to the industrial area in dispute. Wiremill Substation was constructed in 1976 and presently has a capacity rating of 44 mva.

**Issue No. 8:**

**What additional facilities would each party have to construct in order to provide service to the disputed area?**

Three substation regulators and associated bus work. A three-phase service 1000 mcm underground feeder as River City Plastics primary service (approximately 2945 ft. in length). In addition, FPL would install a three-phase service 3/0 aluminum overhead feeder as a backup to the underground feed (approximately 2825 ft. in length). FPL would install an automatic throwover switch for transfer from the primary service to the backup service.

**Issue No. 9:**

**What would be the cost to each utility to provide service to the disputed area?**

- (a) FPL would add three single-phase voltages regulators at a cost of \$64,600.
- (b) FPL's cost for the dual feed service would be:
  - Underground feeder service costs \$ 80,281;
  - Backup overhead service costs \$ 20,550;
  - Throwover switch costs of \$40,000.

**Issue No. 10:**

**How long would it take for each utility to provide service to the disputed area?**

This service could be provided within four (4) weeks.

**Issue No. 11:**

**What would be the cost to each utility if it were not permitted to serve the area in dispute?**

FPL: The cost to FPL, if it were not permitted to serve the disputed area would be:

- loss of revenues from customers in the immediate vicinity of its existing substation
- additional costs for longer alternate routes around the disputed area
- longer time to recover its investment
- cost of private rights-of-way or easements instead of public routes-of-way.

**Issue No. 12:**

**What would be the effect on each utility's ratepayer if it were not permitted to serve the disputed area?**

**FPL:** The impact of FPL's ratepayers would be the inability to seek maximum utilization of FPL's existing facilities which helps keep the rates charged to FPL customers as low as possible. The impact on Clay's members, if FPL was permitted to serve, should also be beneficial as they would not have to subsidize the cost of Clay's provision of backup generators and associated credits to River City Plastics

**Issue No. 13:**

**If all other factors are equal, what is the customer preference in the disputed area?**

**FPL:** All other factors are not substantially equal so customer preference should not be considered by the Commission in this dispute. FPL's cost to provide dual service to River City Plastics would be \$140,831 or \$205,431 if we included the substation improvements. Clay's cost to provide dual service to River City Plastics would be \$1,198,000. These costs represent a distinct substantial difference in costs to serve. Even if customer preference is considered, the only reason the customer (River City Plastics) chose Clay is due to the provision of backup generation units, at no cost to the customer, which will not even address the particular needs of the customer's facilities. The Commission should not allow a customer decision based upon mistaken information to effectively determine the result of a territorial dispute including the establishment of a territorial boundary.



**Issue No. 14:**

**Are the utilities bound by a territorial agreement?**

No. The utilities are not bound by a territorial agreement in the disputed area. FPL does believe, notwithstanding the current dispute, it would be productive to establish territorial boundaries in Baker County as growth patterns appear to be predictable enough to avoid the establishment of a territorial boundary. Once this dispute is resolved by the Commission, a comprehensive boundary line throughout Baker County can be determined by FPL and Clay Electric.

**Issue No. 15:**

**Which utility should be awarded the service area in dispute?**

**FPL:** FPL should be awarded the service area in dispute. Furthermore, Clay should be required to remove those facilities built to provide three phase service to River City Plastics and the disputed area.

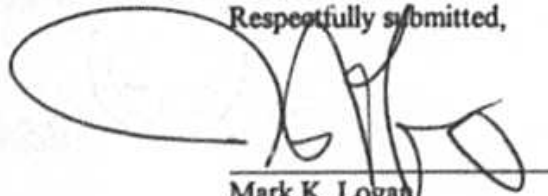
**(F) Stipulated Issues:**

None at this time.

**(G) Pending Motions:**

FPL knows of no pending motions at this time.

Respectfully submitted,

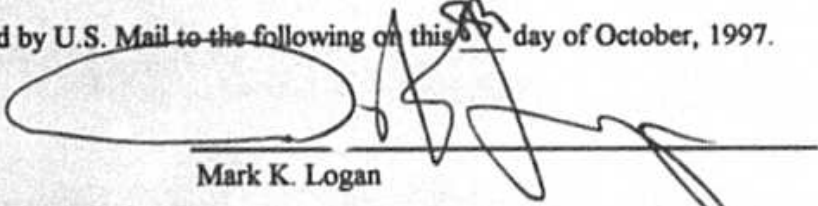


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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to the following on this 17 day of October, 1997.



A handwritten signature in black ink, appearing to read 'Mark K. Logan', is written over a horizontal line. The signature is somewhat stylized and includes a large circular flourish on the left side.

Mark K. Logan

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