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March 19, 1992

ORIGINAL  
FILE COPY

Mr. Steve C. Tribble, Director  
Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, FL 32399-0850

Re: Territorial Dispute Between Okefenoke Rural Electrical  
Membership Corporation, and the Jacksonville Electric  
Authority of the City of Jacksonville, in Duval  
County; FPSC Docket No. 911141-EU

Dear Mr. Tribble:

Enclosed for filing in the above docket on behalf of  
Jacksonville Electric Authority are the original and fifteen  
(15) copies of Sheldon R. Ferdman's Rebuttal Testimony and  
Exhibits.

Thank you for your assistance.

Yours truly,

BRUCE PAGE  
Assistant General Counsel

- ACK
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU BP:yi
- CTR Enclosure

CERTIFICATE OF SERVICE

EAG I HEREBY CERTIFY that true and correct copies of Sheldon  
R. Ferdman's Rebuttal Testimony and Exhibits have been  
furnished by U.S. Mail this 19th day of March, 1992, to

- OPC Martha Carter Brown, Esq.
- RCH Florida Public Service Commission
- SEC Division of Legal Services
- WAS 101 East Gaines Street
- OTH Tallahassee, FL 32301

James Harold Thompson, Esq.  
Ausley, McMullen, McGehee,  
Carothers & Proctor  
Washington Square Building  
227 S. Calhoun Street  
P. O. Box 391  
Tallahassee, FL 32302

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JACKSONVILLE ELECTRIC AUTHORITY  
DOCKET NO. 911141-EU  
MARCH 20, 1992

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
PREPARED REBUTTAL TESTIMONY OF  
SHELDON R. FERDMAN

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

**A:** My name is Sheldon Ferdman and my business address is 21 West Church Street, Jacksonville, Florida 32202.

**Q: Have you previously testified in this Docket?**

**A:** Yes, I have.

**Q: What is the purpose of your rebuttal testimony?**

**A:** The purpose of my rebuttal testimony is to address the direct testimony filed by Mr. Emory Middleton in this Docket.

**Q: Please address the points you would like to rebut in Mr. Middleton's testimony.**

**A:** I will address the Power Sales Agreement ("Agreement") between JEA and Seminole Electric Cooperative, Inc. ("Seminole"), Exhibit - (EM-5).

**Q: What role did you play in the negotiations of this Agreement?**

**A:** I was JEA's lead negotiator on this Agreement.

**Q: What was the purpose of this Agreement?**

1 A: As Mr. Middleton indicated on page 13 of direct  
2 testimony, OREMC needed a source of energy in the  
3 Cedar Point area to provide for system integrity  
4 and reliability.

5 Q: What are the circumstances that led to this  
6 Agreement?

7 A: Upon OREMC's determination that it needed to  
8 improve its service reliability in this area OREMC  
9 proposed two alternatives to JEA for achieving the  
10 necessary reliability improvement. The first  
11 option was for OREMC to build a 138,000 volt  
12 transmission line and a substation into the Cedar  
13 Point area and to have Seminole utilize JEA's  
14 transmission system to deliver power to OREMC at  
15 that point. The second option was for JEA to  
16 provide OREMC, through its supplier Seminole, with  
17 a wholesale delivery point in the same area and  
18 thereby purchase the power from JEA. JEA selected  
19 the second option. As I understand, this was  
20 OREMC's preferred option also since it had the  
21 lower capital cost and could be accomplished much  
22 quicker than the building of a transmission line  
23 and a substation.

24 Q: If JEA has had an ongoing interest in purchasing  
25 OREMC's customers and facilities in the City, why

1 would JEA find this option preferable and provide  
2 service to OREMC to improve its service  
3 reliability in the City?

4 A: There are several reasons. First, OREMC's  
5 customers deserve quality service. Second, the  
6 revenues from the sales contributed positively to  
7 JEA's overall revenue requirements. But third,  
8 and most importantly, by JEA selling to OREMC,  
9 OREMC avoided the need to build transmission and a  
10 substation within the City and thereby eliminating  
11 unnecessary duplication of facilities in the area  
12 and further, minimizing OREMC's investment in the  
13 City when JEA finally purchased their system.

14 Q: Would the purchase of OREMC's customers and  
15 facilities in the City be inconsistent with the  
16 terms of the Agreement?

17 A: No. There are two significant provisions of the  
18 Agreement that are consistent with JEA's ongoing  
19 interest in providing electric service to all of  
20 the City.

21 The first provision is the term of the Agreement.  
22 JEA's obligation is to provide service for a  
23 period of ten years "...unless terminated by the  
24 Cooperative [Seminole] by giving the Authority not  
25 less than one (1) year advance notice...". In the

1 event JEA and OREMC agree upon a sale to JEA,  
2 transfer would be scheduled to comply with the one  
3 year notice provision.

4 The second provision is the Retention of Rights,  
5 Section 18. This provision states:

6 "By entering into this contract, Authority  
7 does not waive, and expressly reserves, any  
8 rights which it may have, under any and all  
9 applicable laws, including but not limited to  
10 the Charter and Ordinance Code of the City of  
11 Jacksonville, to the exclusive right to  
12 provide wholesale and/or retail service in  
13 Duval County.

14 By entering into this contract, Cooperative  
15 does not waive, and expressly reserves, any  
16 rights which it may have, under any and all  
17 applicable laws, to provide wholesale and/or  
18 retail service in Duval County."

19 This provision was included in the Agreement upon  
20 JEA's request in order to make it clear that  
21 providing OREMC with an option for cost effective  
22 and reliable service in Duval County was not  
23 intended to be a waiver by JEA of its rights to  
24 serve in Duval County.

25 **Q:** Please summarize your rebuttal testimony.

1 A: JEA has cooperated with OREMC in assisting it in  
2 providing reliable service to their customers in  
3 Duval County. By providing OREMC with a wholesale  
4 service point in Jacksonville, uneconomic  
5 duplication of facilities was avoided. By  
6 providing this service, JEA retained all rights to  
7 pursue service to all areas within the City and  
8 provided for early cancellation by OREMC's  
9 wholesale provider, Seminole, in that event.  
10 Q: Does that conclude your rebuttal testimony?  
11 A: Yes.



1 JACKSONVILLE ELECTRIC AUTHORITY

2 DOCKET NO. 911141-EU

3 MARCH 20, 1992

4 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

5 PREPARED REBUTTAL TESTIMONY OF

6 SHELDON R. FERDMAN

7 Q: Please state your name and business address.

8 A: My name is Sheldon Ferdman and my business address  
9 is 21 West Church Street, Jacksonville, Florida  
10 32202.

11 Q: Have you previously testified in this Docket?

12 A: Yes, I have.

13 Q: What is the purpose of your rebuttal testimony?

14 A: I will address one point in the direct testimony  
15 of Mr. Pete Gibson

16 Q: Please address that point.

17 A: In Mr. Gibson's testimony he was asked if OREMC  
18 was serving the Holiday Inn on October 1, 1968.  
19 Mr. Gibson's answer was that OREMC had entered  
20 into a contract on July 3, 1968. This statement  
21 did not answer the question posed to Mr. Gibson.  
22 Paragraph 5 of the Contract, Exhibit \_\_\_\_, (RJG-  
23 1), entitled Term states "This agreement shall  
24 become effective on the date service is first  
25 delivered hereunder by the Seller to the

1           Consumer." According to their records, Holiday  
2           Inn did not open for business until February 9,  
3           1969. Therefore assuming a normal construction  
4           period, it does not appear reasonable that OREMC  
5           provided service to the Holiday Inn prior to  
6           October 1, 1968.

7    **Q:** Does that conclude your rebuttal testimony?

8    **A:** Yes.



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JACKSONVILLE ELECTRIC AUTHORITY  
DOCKET NO. 911141-EU  
MARCH 20, 1992  
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
PREPARED REBUTTAL TESTIMONY OF  
SHELDON R. FERDMAN

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

A: My name is Sheldon Ferdman and my business address is 21 West Church Street, Jacksonville, Florida 32202.

**Q: Have you previously testified in this Docket?**

A: Yes, I have.

**Q: What is the purpose of your rebuttal testimony?**

A: The purpose of my rebuttal testimony is to address the direct testimony filed by Mr. Robert C. Dew in this Docket.

**Q: Please address the points you would like to rebut in Mr. Dew's testimony.**

A: I will address two areas. First, I will correct certain misstatements made by Mr. Dew due to his limited knowledge about the JEA and its rules for electric service. Second, I will comment on Mr. Dew's recommended resolution of this dispute.

**Q: Please address the areas of misstatements.**

A: The first misstated area relates to the

1 installation of facilities at the Holiday Inn.  
2 Mr. Dew states that JEA installed a 600 foot  
3 trench, primary conduit, and two manholes on the  
4 Holiday Inn property. This is incorrect. Pursuant  
5 to JEA's underground service rules (See paragraph  
6 4.07 to JEA's Response to Interrogatories,  
7 Attachment 7), Holiday Inn and/or its contractors  
8 performed all construction work on the Holiday Inn  
9 property. Therefore, all construction shown on  
10 Mr. Dew's Exhibit\_\_\_\_, (RD-7) was performed by the  
11 Holiday Inn except the four span overhead  
12 extension (along public right of way and not  
13 parallel to OREMC's lines) and the setting of the  
14 service transformers on Holiday Inn installed  
15 concrete pads. Also for clarification, removal of  
16 OREMC transformers and the cutting of their cable  
17 was not performed by JEA or its contractors.  
18 The second misstated area relates to the process  
19 for deciding which utility can serve new loads.  
20 Here, and in the testimony of others, it is stated  
21 that it is JEA's policy to serve when it is  
22 "practical and economical." Further, Mr. Dew  
23 states that this decision is made by city  
24 electrical inspectors.  
25 As I stated in my direct testimony, JEA and OREMC

1 are bound by the City of Jacksonville Ordinance  
2 Code. Section 718.102 of the Code states that  
3 OREMC cannot serve any new customers or extend its  
4 lines in the City without approval of the City  
5 Council. In Section 718.103, the Council further  
6 delegates to JEA the authority to release  
7 customers to OREMC when JEA determines that it is  
8 neither practical nor economical for JEA to serve  
9 them. Therefore, it is not a policy of JEA to  
10 release such customers, it is a requirement of law  
11 and JEA is carrying out its responsibilities.  
12 Lastly, the recommendation for release is made by  
13 JEA engineers, not city electrical inspectors.

14 **Q: Please comment on Mr. Dew's recommendations for**  
15 **resolution.**

16 **A: Mr. Dew's recommendation that the FPSC return the**  
17 **Holiday Inn to OREMC and establish a territorial**  
18 **boundary within the City is inconsistent with law.**  
19 **In Mr. Dew's discussion of his interpretation of**  
20 **Chapter 366 of the Florida Statutes regarding**  
21 **resolution, he fails to point out that included in**  
22 **Section 366.04 is the statement:**

23 "No provision of this chapter shall be  
24 construed or applied to impede, prevent, or

1           prohibit any municipally owned electric  
2           utility system from distributing at retail  
3           electrical energy within its corporate  
4           limits, as such corporate limits exist on  
5           July 1, 1974; however, existing territorial  
6           agreements shall not be altered or abridged  
7           hereby."

8           Therefore, for a resolution to be consistent with  
9           law, the FPSC should allow JEA to continue serving  
10          the Holiday Inn and order JEA and OREMC to  
11          establish a territorial boundary agreement at, or  
12          outside of, the City of Jacksonville's city  
13          limits.

14   **Q:**   Please summarize your testimony.

15   **A:**   In Mr. Dew's direct testimony, he makes certain  
16          misstatements which I have corrected. He  
17          misstated work performed by the Holiday Inn on  
18          their property indicating that JEA had performed  
19          that work. He also misstates JEA's requirements  
20          to serve when practical and economical as a JEA  
21          policy when, in point of fact, it is a requirement  
22          of law.

23          Lastly, Mr. Dew's recommendations for resolution  
24          are inconsistent with Chapter 366 and recommends  
25          that the FPSC disregard the laws governing the

1 FPSC.

2 Q: Does that conclude your testimony?

3 A: Yes it does.

1 JACKSONVILLE ELECTRIC AUTHORITY

2 DOCKET NO. 911141-EU

3 MARCH 20, 1992

4 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

5 PREPARED REBUTTAL TESTIMONY OF

6 SHELDON R. FERDMAN

7 Q: Please state your name and business address.

8 A: My name is Sheldon Ferdman and my business address  
9 is 21 West Church Street, Jacksonville, Florida  
10 32202.

11 Q: Have you previously testified in this Docket?

12 A: Yes, I have

13 Q: What is the purpose of your rebuttal testimony?

14 A: The purpose of my rebuttal testimony is to address  
15 the direct testimony filed by Mr. Robert Page in  
16 this Docket.

17 Q: Please address the points you would like to rebut  
18 in Mr. Page's testimony.

19 A: I will clarify two points within Mr. Page's direct  
20 testimony. First, testimony related to OREMC's  
21 first knowledge of Holiday Inn's desire to  
22 disconnect and second, testimony related to  
23 discussion between JEA and OREMC prior to JEA  
24 serving the Holiday Inn.

25 First, Mr. Page states that it was not until June,



1 1991 that OREMC first learned of Holiday Inn's  
2 desire to be served by JEA. As indicated in my  
3 direct testimony, OREMC has received communication  
4 from the Holiday Inn since 1973 regarding their  
5 (Holiday Inn's) interest in transferring to JEA.  
6 It is only this most recent occurrence that was  
7 communicated to OREMC in June, 1991.

8 Second, Mr. Page states that there was no  
9 discussion between JEA and OREMC prior to JEA's  
10 service expansion to the Holiday Inn. This is  
11 clearly not the case. Mr. Page and I had numerous  
12 telephone conversations and one meeting in July,  
13 1991 in which JEA's service to the Holiday Inn was  
14 discussed. Further, JEA has continually pursued  
15 the purchase of OREMC's facilities within the City  
16 which would include OREMC's facilities serving the  
17 Holiday Inn. In fact, it was following a  
18 discussion in September, 1991 with Mr. Page about  
19 the Holiday Inn that he requested that JEA provide  
20 him with an offer to purchase OREMC's facilities  
21 and customers in Duval County, which includes the  
22 Holiday Inn.

23 Copies of the correspondence on this matter are  
24 attached as Exhibit \_\_\_\_ (SRF-1R).

25 Q: Please summarize your testimony.

1 A: In Mr. Page's testimony he indicates that June 17,  
2 1991 was OREMC's first knowledge of Holiday Inn's  
3 desire to be served by JEA. In point of fact,  
4 Holiday Inn has continually discussed with OREMC  
5 transferring to JEA since 1973.  
6 Mr. Page also states that he had no prior  
7 discussions with JEA prior to JEA's service  
8 extension to the Holiday Inn. This statement is  
9 incorrect. Mr. Page and I had numerous  
10 conversations on this service prior to any  
11 construction by JEA.  
12 Q: Does this conclude your testimony?  
13 A: Yes.

1 JACKSONVILLE ELECTRIC AUTHORITY  
2 DOCKET NO. 911141-EU  
3 MARCH 20, 1992  
4 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
5 PREPARED REBUTTAL TESTIMONY OF  
6 SHELDON R. FERDMAN

- 7 **Q: Please state your name and business address.**
- 8 **A:** My name is Sheldon Ferdman and my business address  
9 is 21 West Church Street, Jacksonville, Florida  
10 32202.
- 11 **Q: Have you previously testified in this Docket?**
- 12 **A:** Yes, I have.
- 13 **Q: What is the purpose of your rebuttal testimony?**
- 14 **A:** The purpose of my rebuttal testimony is to address  
15 the direct testimony filed by Mr. Glenn Wrightson  
16 in this Docket.
- 17 **Q: Please address the points you would like to rebut**  
18 **in Mr. Wrightson's testimony.**
- 19 **A:** I will address the issue raised by Mr. Wrightson  
20 that OREMC and its members will be economically  
21 harmed by JEA serving the Holiday Inn and all  
22 other persons in the City, specifically in  
23 northern Duval County and his inference that this  
24 situation was caused by JEA.
- 25 **Q: Do you agree with the dollar amounts indicated by**

1           **Mr. Wrightson.**

2    **A:**    It is impossible for JEA to determine the amount  
3           of any impact to OREMC and their members without  
4           having substantially more information about OREMC.  
5           At a minimum, this includes their organizational  
6           structure, all wholesale power arrangements, an  
7           inventory of OREMC's facilities in the City,  
8           demand and energy data on each OREMC member in the  
9           City, demand and energy data and growth rate for  
10          all of OREMC's members, and all other obligations  
11          and commitments OREMC has which relate to their  
12          service in the City.

13   **Q:**    **Did JEA pursue the Holiday Inn as a customer?**

14   **A:**    No. Holiday Inn contacted JEA in 1991 as they  
15          have since 1973 about being served by JEA. The  
16          difference between the 1991 request and past  
17          requests is that, this time, Holiday Inn followed  
18          through with effecting a disconnection of service  
19          from OREMC. As I pointed out in my direct  
20          testimony, OREMC provided Holiday Inn with the  
21          cost associated with transfer in 1979 but at that  
22          time, Holiday Inn chose not to transfer.

23   **Q:**    **Assuming OREMC did sustain a loss due to the loss**  
24          **of the Holiday Inn, could this loss be**  
25          **attributable to actions taken by JEA?**

1 A: No.

2 Q: Is it JEA's intent that OREMC's members sustain an  
3 economic loss due to JEA's rights to serve in the  
4 City.

5 A: No. JEA has pursued negotiations with OREMC for  
6 the purchase of their facilities and customers in  
7 the City. However, OREMC has refused to negotiate  
8 as shown in Exhibit\_\_\_\_(SRF-1R). On August 15,  
9 1991, OREMC said they refused to sell and, on  
10 November 26, 1991, OREMC rejected JEA's offer and  
11 did not provide JEA with a proposal or even any  
12 data so that JEA could assess a value for such as  
13 a transfer.

14 Q: Please summarize your testimony.

15 A: Mr. Wrightson has illustrated that the loss of  
16 electric customers by a utility without  
17 compensation will normally result in a sunk cost  
18 being absorbed by the remaining customers. OREMC  
19 has rejected all attempts by JEA to sell their  
20 facilities and customers in order to protect their  
21 remaining customers. The economic hardship that  
22 OREMC may have sustained due to the loss of the  
23 Holiday Inn was not due to the actions of JEA.  
24 JEA was complying with the Charter of the City of  
25 Jacksonville.

1 Q: Does this conclude your testimony?

2 A: Yes.



# Jacksonville Electric Authority

233 WEST DUVAL STREET • P. O. BOX 53015 • JACKSONVILLE, FLORIDA 32201



March 2, 1990

Mr. Emory Middleton  
General Manager  
Okefenokee Rural Electric  
P. O. Box 602  
Nahunta, Georgia 31553

Dear Mr. Middleton:

I have received letters from State Representative Betty Holzendorf and Jacksonville Councilman Joe Foreshee requesting that JEA study the feasibility of providing electrical service to those residents in their respective districts that are not currently being serviced by JEA. Preliminary studies indicate that it would be economic and feasible for JEA to acquire Okefenokee Rural Electric Cooperative, Inc.'s electric system facilities and properties located in the City of Jacksonville.

At your earliest convenience, we would like to discuss JEA's purchase of your facilities and the transfer of customers to JEA. We believe such a purchase and transfer will be of significant economic benefit to the customers involved. We further believe JEA's Charter and obligations to the citizens of Jacksonville mandate such a transfer/purchase. We certainly intend to conduct all negotiations in the spirit of good will which has long existed between our two organizations, and with this in mind, I have asked Shel Ferdman, Director, Utility System Contracts Department, to contact your office next week so as to arrange the initial meeting.

Sincerely,

Royce Lyles  
Managing Director

RL/yi

# Jacksonville Electric Authority

233 WEST DUVAL STREET • P. O. BOX 53015 • JACKSONVILLE, FLORIDA 32201  
July 19, 1990



Mr. Emory Middleton  
General Manager  
Okefenokee Rural Electric  
P. O. Box 602  
Nahunta, GA 31553

Dear Mr. Middleton:

This letter will reaffirm the JEA's desire to purchase your electric system facilities and property in Jacksonville which you use to serve the citizens of Jacksonville. This acquisition will satisfy the wishes of those City residents expressed to us by their elected representatives. We believe that it will also provide a more efficient use of existing equipment and will avoid the duplication of facilities.

The JEA is charged with the responsibility, and is authorized by the Legislature, to furnish electricity to all public and private parties throughout the City. The Legislatively adopted Charter of the Consolidated Government of the City of Jacksonville and the applicable municipal ordinances mandate that the JEA provide service to all of Jacksonville's citizens so long as it is practical and economically feasible.

We believe that the time has come for the JEA to provide service to those customers in our City currently served by you. To that end we wish to enter into a purchase agreement which will satisfy and benefit both Okefenokee Rural Electric and JEA. We also believe that a mutually satisfactory transfer is preferable to alternative methods of acquiring those Northside Jacksonville customers. The primary benefit of an agreement to transfer is that we avoid placing the important decisions regarding the transfer in the hands of persons outside of our respective organizations.

The JEA is resolved to provide electric service to the citizens in Northern Duval County and we feel it is to both our benefits to acquire your system facilities and in a fair and equitable manner. Therefore, we urge you to define those conditions which will best serve your interests.

Sincerely,

Royce Lyles  
Managing Director

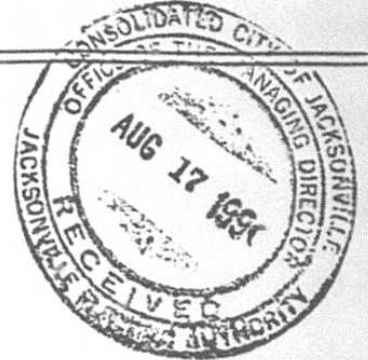


Okefenoke Rural E

POST OFFICE BOX 602  
NAHUNTA, GEORGIA 31553  
912-462-5131  
800-262-5131

"Owned By Those We Serve"

August 15, 1990



Mr. Royce Lyles  
Managing Director  
Jacksonville Electric Authority  
P. O. Box 53015  
Jacksonville, Florida 32201

Dear Mr. Lyles:

This letter is in response to your letter of July 19th to Mr. Middleton. Effective July 1st of this year Mr. Middleton became a consultant to Okefenoke pending his retirement in January and I became manager. Please direct all future correspondence regarding this matter to my attention.

I apologize for the delay in answering your letter to Mr. Middleton but being in a new position I wanted to study the situation and consult with our Board of Directors who met on August 14th before giving you an answer.

Even though this was not your first request to purchase our electrical system in Duval County we studied your proposal before replying.

We still do not believe that your proposal will be in the best interest of our members.

I look forward to personally meeting you in the future and our company looks forward to working with your company in serving the citizens of Duval County.

Sincerely,

Robert Page  
Manager

RP:dj

RP:dj



# Jacksonville Electric Authority



21 WEST CHURCH STREET • JACKSONVILLE, FLORIDA 32202

October 2, 1991

Mr. Robert Page, Manager  
Okefenoke Rural Electric Membership Corporation  
P. O. Box 602  
Nahunta, Georgia 31553

Dear Mr. Page:

Pursuant to your telephone conversation of September 18, 1991, with Mr. Sheldon Ferdman, JEA still desires to purchase from Okefenoke Rural Electric Membership Cooperative (OREMC) its electrical facilities within Duval County for transfer to JEA's electric system.

In August, 1989, JEA personnel performed a field survey of OREMC's facilities and, at that time, estimated the value of the facilities to be approximately \$850,000.

This amount is based upon a field survey in which we identified 2.85 miles of three-phase double circuit distribution, average age two years old, 54 miles of three-phase single circuit distribution, average age 22 years old, 52 miles of single and two-phase distribution, average age 22 years old, 391 underground served customers, average age 16.4 years, three (3) voltage regulators, average age two years and other related service facilities.

JEA was only able to appraise the value of the OREMC's physical property in Duval County. If you would please give us feedback on our basis for the value of the service facilities and input on your other costs and values in the north Duval County area, I am certain that we can reach an agreement on this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Royce Lyles', is written over the typed name.

Royce Lyles  
Managing Director

RL/yi

xc: R. A. Basford  
S. R. Ferdman  
Bruce Page, Office of General Counsel

OKEFENOKE

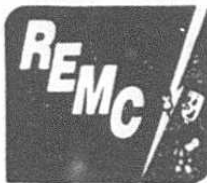


EXHIBIT No. \_\_\_\_\_ (SRF-1R)  
Docket No. 911141  
Jacksonville Electric Authority  
Correspondence  
Page 5 of 6

*Okefenoke Rural*

POST OFFICE BOX 602  
NAHUNTA, GEORGIA 31553  
912-462-5131  
800-262-5131

*"Owned By Those We Serve"*

November 26, 1991

Mr. Royce Lyles, Managing Director  
Jacksonville Electric Authority  
21 West Church Street  
Jacksonville, Florida 32202

Dear Mr. Lyles:

Thank you for your letter to me dated October 2, 1991. Upon receipt, your letter was promptly sent by United States Mail to the members of our Board of Directors. At its regular meeting on November 12, 1991, the Board of Directors of Okefenoke Rural Electric Membership Corporation (OREMC) carefully considered your letter and have directed me to respond to you as set forth below.

The OREMC has a long history of providing efficient and reliable electric service to our members/customers in North Duval County. As you may have gathered from our previous correspondence and communication, the OREMC wants to continue doing so in the future. The JEA's goal to purchase OREMC's facilities and right to serve in North Duval County is inconsistent with OREMC's desire to continue serving its customers. Thus, as a general principal, OREMC is opposed to selling its facilities and right to serve in North Duval County. As a practical matter, the OREMC Board of Directors believes that the \$850,000 value placed on our facilities in Duval County is substantially less than the fair market value of those facilities.

In light of the recent events involving the JEA, OREMC and the Holiday Inn-Jacksonville Airport, the OREMC has retained the services of an attorney, James Harold Thompson, and his firm, Ausly, McMullen, McGehee, Carothers & Proctor of Tallahassee, Florida. The Board of Directors of OREMC has authorized Mr. Thompson to file a Petition for Resolution of a Territorial Dispute before the Florida Public Service Commission. We believe that doing so will help resolve the territorial difference between JEA and OREMC.

*Serving - Brantley, Camden, Charlton, Glynn, Ware, Wayne, Baker, Duval and Nassau Counties*





*Okefenoke Rural Electric Members*

Exhibit No. \_\_\_\_\_ (SRF-1R)  
Docket No. 91141  
Jacksonville Electric Authority  
Correspondence  
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Mr. Royce Lyles, JEA

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November 26, 1991

As a courtesy to you, I have directed Mr. Thompson to send a copy of this Petition to you via United States Mail.

The OREMC has always valued and continues to value its working relationship with the JEA. Together, the JEA and OREMC have efficiently and economically provided electric service to the residents of Duval County for many years. While we have initiated an action before the Florida Public Service Commission, we continue to hope that we can resolve our differences in a mutually agreeable fashion. Please feel free to contact me at your convenience if you wish to discuss this matter further.

Sincerely,



Robert Page  
Manager

RP:dj