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October 8, 1997

Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2549 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

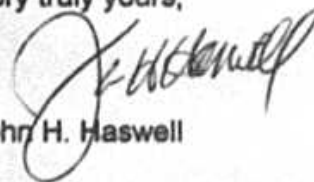
RE: Clay Electric Cooperative, Inc.
and Florida Power & Light Company
Docket No. 970512-EU

Dear Ms. Bayo:

I am enclosing herewith the original and fifteen (15) copies of the Prehearing Statement of Clay Electric Cooperative, Inc. for filing. Also enclosed is a 3.5 inch high density double sided computer diskette containing the document in WordPerfect 6.1 for Windows format.

If you have any questions regarding this matter, please do not hesitate to contact me.

Very truly yours,



John H. Haswell

ACK _____
AFA _____
APP _____
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JHH/lez
Enclosure
cc: Mark Logan, Esquire
Grace Jaye
Robert Elias

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

10351 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

PREHEARING STATEMENT OF
CLAY ELECTRIC COOPERATIVE, INC.

Clay Electric Cooperative, Inc. ("Clay") by and through its undersigned attorney files herewith its Prehearing Statement:

A. **WITNESSES:** The name of all known witnesses that may be called by the party and the subject matter of their testimony:

<i>Witness (Direct)</i>		<i>Subject Matter</i>	<i>Issues</i>
William Phillips	C.	General information on Clay, its service area, organization, wholesale power supplier, services in Baker County, request for service from River City Plastics, matters related to River City Plastics' choice of Clay as its electric service provider, service offered by Florida Power and Light Company ("FPL") and that offered by Clay, territorial issues with FPL	1, 2, 3, 5, 6, 10, 11, 12, 13, 14 and 15
Henry Barrow	D.	To review the history and documentation of Clay's dealings with River City Plastics from the first inquiry to the execution of the agreements with River City Plastics for its requested service	1, 2, 3, 4, 5, 6, 10, 11, 12, 13, 14 and 15
Herman Dyal		To describe Clay's historic facilities in Baker County, number of members, area around River City Plastic site, facilities needed to serve River City Plastics, costs, kind of service characteristics, service needs of River City Plastics, comparison of service offered by FPL	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15

Clay Electric Rebuttal Witnesses

Herman Dyal	To rebut the direct testimony of Robert Hood of FPL, to discuss the character and quality and difference in service offered by Clay, issues related to FPL's costs, future growth, uneconomic duplication and reliability	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 15
Stafford McCartney	To explain the unique needs of River City Plastics, its manufacturing process, reasons for the choice of Clay as its electric service provider, costs to River City Plastics for interruptions, character of service offered by Clay and FPL, benefits of use of load management generators	4, 6, 13, 14 and 15

B. EXHIBITS: Direct

<i>Exhibit Number</i>	<i>Witness</i>	<i>Description</i>
____(WCP-1)	Phillips	Typical large power loads
____(WCP-2)	Phillips	Letter of intent dated February 2, 1986
____(WCP-3)	Phillips	Letter to Broadhead dated July 24, 1993
____(HDB-1)	Barrow	Chamber of Commerce site information
____(HDB-2)	Barrow	Sample calculation of electric charges LGSD with a generator credit
____(HDB-3)	Barrow	Post Buckley report and documentation
____(HDB-4)	Barrow	Updated rate proposal
____(HDB-5)	Barrow	Fiore request of January 20, 1997
____(HDB-6)	Barrow	River City Plastics' request for electric service from Clay Electric
____(HDB-7)	Barrow	Letter from Barrow to McCartney with purchased power agreement and enclosures
____(HDB-8)	Barrow	Equipment lease and load management agreement sent to River City Plastics
____(HD-1)	Dyal	Service area of Clay Electric in Baker County
____(HD-2)	Dyal	Diagram of service to be provided to River City Plastics
____(SM-1)	McCartney	Summary of River City Plastics' costs of outages on JEA system

Clay Electric Rebuttal Witnesses

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C. *CLAY ELECTRIC'S BASIC POSITION*

The customer, River City Plastics, which has purchased the disputed site, evaluated service proposals from both Clay and FPL for its new plastic pipe manufacturing plant located in rural Baker County, where no territorial agreement exists between Clay and FPL, and in an area where Clay has historically served since the 1940's. Based on the customer's unique needs and desire to limit down time and restart costs and time of its plastic pipe manufacturing process, together with an evaluation of the rates to be charged by the two utilities, and the benefits of using load management generators to lower electric service costs and to provide back up generation capabilities, River City Plastics chose Clay as its electric service provider. The character and quality of the service offered by Clay is different than that offered by FPL. While both utilities are capable of providing approximately equal reliable primary service, the customer was not interested in just primary service. There is no real comparison of the service offered by FPL and that offered by Clay. The customer asked for primary service with on site load management generators which could be used by River City Plastics not only for the load management benefits but also for the ability to isolate itself from the electric grid. FPL was not willing to offer that service requested by the customer, and should not now be heard to complain that the customer chose Clay. The cost to provide primary service only favors Clay over FPL. If FPL were to offer the same service that Clay has agreed to provide, the costs again favor Clay. Even if the Commission were to determine that the increased cost for FPL to provide the same comparable service was "de minimis" then in that case the customer's choice should prevail. Since the customer chose Clay, Clay should be awarded the service to this site. Since neither utility served the site, and Clay's cost to provide the service are lower than FPL's,

there has been and will be no uneconomic duplication of facilities for service by Clay.

D. CLAY ELECTRIC'S POSITION OF EACH OF THE IDENTIFIED ISSUES

Issue 1: What is the geographic description of the disputed area?

Clay: The disputed area is located in a rural area of Baker County, Florida, in a parcel designated by Baker County as an industrial park, between US Highway 90 to the north and Interstate 10 to the south. The community of Sanderson lies to the west, and the town of Glenn St. Mary and Macclenny lie to the east.

Issue 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 areas proximity to other urban areas, and the areas present and reasonably foreseeable future requirements for other utilities?

Clay: Much of the surrounding area is designated as conservation, wild life or refuge management areas, and national forests. There are no unique outstanding or distinguishing geographic features. The area is rural. No one resides on the site that is in dispute. Clay serves approximately 1,900 customers in Baker County and some along Rhoden Road just east of the subject property. There are no other utility services seeking to serve the site. The area is not near any urban area and hence there is no reasonably foreseeable future requirements for other utilities.

Issue 3: Which utility has historically served the disputed area?

Clay: Clay has historically served the areas around the disputed site to the north, south, and east. FPL has historically served to the west including its Wiremill substation. Neither utility had service to the specific site of the River City Plastics manufacturing plant until Clay built service to the site at the request of the customer.

Issue 4: What is the expected customer load and energy growth in the disputed area?

Clay: In the foreseeable future, only River City Plastics is the expected customer load, at an expected demand of approximately 2,000kw, and energy growth of approximately 13.8 million kwh.

Issue 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?

Clay: No as to Clay Electric. However, the construction of the Wiremill substation

by FPL at a rated capacity of 44 megawatts when its existing load is only 8.5 megawatts could certainly be characterized as a duplication of the facilities of Clay Electric and an attempt by FPL to position itself to serve or attempt to serve customers located within Clay's historic service area.

Issue 6: Is each utility capable of providing adequate and reliable electric service to the disputed area?

Clay: Clay is capable of providing adequate and reliable service of the character and quality requested by the customer, and only Clay has offered to provide that service. FPL may be capable of providing the same comparable service if it resolves reliability issues related to the location of its proposed facilities along a traveled road, or across lands that it does not own.

Issue 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?

Clay: Within 1,800 feet of the disputed site, Clay had a single phase line along Rhoden Road with a capacity of approximately 2,000 kva, running east to Bill Davis Road to Clay's three phase feeder out of its Sanderson substation, 2.5 miles south. The line is operated at 24.94kv, conductor size #4 and #2 ACSR, rated at 5,600 kva. The substation is rated at 7,500 kva without fans, and 10,500 kva with fans.

Issue 8: What additional facilities would each party have to construct in order to provide service to the disputed area?

Clay: For Clay, add cooling fans to the Sanderson substation transformers and step up transformers for feeder #3, rebuild .6 miles of single phase on Rhoden Road to three phase, add .25 miles of three phase along Rhoden Road, add new three phase along Rhoden Road and up the plant site road approximately .65 miles (which would include rebuilding the existing single phase construction power to three phase).

Issue 9: What would be the cost to each utility to provide electric service to disputed area?

Clay:	<i>Primary Service</i>	Clay	FPL
		\$98,000.00	¹ \$135,000.00

¹Or \$294,881.00 if FPL provided primary service underground with dual feeder backup, assuming FPL can acquire the appropriate easements

Primary service with ²LMG

Clay

FPL

\$ 98,000.00

\$ 135,000.00

\$1,100,000.00

\$1,511,169.00

\$1,198,000.00

\$1,646,169.00

Issue 10: How long would it take for each utility to provide service to disputed area?

Clay: Clay is already providing service to the disputed area.

Issue 11: What would be the cost to each utility if it were not permitted to serve the area in dispute?

Clay: \$11,985,089.00, representing the gross power revenue over the fifteen year contract with River City Plastics without taxes. Clay's cumulative cash flow at the end of the fifteen year contract which includes line costs, customer site generation costs, wholesale power costs and retail power revenues would total \$2,431,756.00.

Issue 12: What would be the effect on each utility's ratepayers if it were not permitted to serve the disputed area?

Clay: Loss of the revenues identified in Issue 11, loss of the opportunities for Clay's members to reap the benefits of load management and therefore reducing the cooperative's overall demand costs and the likelihood of further territorial disputes with FPL in the area.

Issue 13: If all of the factors were equal, what is the customer preference in the disputed area?

Clay: The customer has chosen Clay Electric Cooperative, Inc. as its service provider.

Issue 14: Are the utilities bound by a territorial agreement?

Clay: There is no territorial agreement between Clay Electric and FPL governing the area in dispute.

Issue 15: Which utility should be awarded the service area in dispute?

Clay: Clay Electric Cooperative, Inc. based on the following factors: its lower cost to provide primary service, its lower cost to provide primary service with load

²This is the customer's requested service, that is primary service with load management generators for use for load management purposes and backup generation.

management generation, its provision of the only service the customer needs, historic service to the general area, and the logical and natural extension of Clay's facilities and their optimal utilization.

E. A STATEMENT OF EACH QUESTION OF LAW THE PARTY CONSIDERS AT ISSUE:

None known to Clay Electric at this time.

F. A STATEMENT OF EACH POLICY QUESTION THE PARTY CONSIDERS AT ISSUE:

None known to Clay Electric at this time.

G. A STATEMENT OF ISSUES THAT HAVE BEEN STIPULATED TO BY THE PARTIES:

None stipulated in writing at this time, however, it is apparent from the pleadings and testimony prefiled that both parties agree on Issues 1, 2 and 4.

H. A STATEMENT OF ALL PENDING MOTIONS OR OTHER MATTERS THE PARTY SEEKS ACTION UPON:

None at this time. The Commission has ruled on all pending motions.

I. A STATEMENT AS TO ANY REQUIREMENTS SET FORTH IN THE ORDER ON PROCEDURE THAT CANNOT BE COMPLIED WITH:

None known at this time.

Respectfully submitted this 8th day of October, 1997.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by regular U.S. mail to the following:

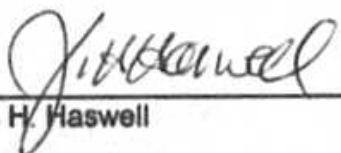
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W. G. Walker, III, Vice President
Florida Power and Light Company
Regulatory Affairs
Post Office Box 029100
Miami, Florida 33102-9100

on this 8th day of October, 1997.



John H. Haswell