



Public Service Commission

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RECORDS AND REPORTING

DATE: SEPTEMBER 10, 1998

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BA) *JRP*

FROM: DIVISION OF LEGAL SERVICES (PAUGH, JAYE) *RUE*
DIVISION OF ELECTRIC AND GAS (BASS, BOHRMANN, TEW) *T6 JDT KJ*

RE: DOCKET NO. 980755-EU - JOINT PETITION FOR APPROVAL OF NEW TERRITORIAL AGREEMENT BETWEEN FLORIDA POWER & LIGHT COMPANY AND JACKSONVILLE ELECTRIC AUTHORITY. *Feb*

AGENDA: 09/22/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\LEG\WP\980755.RCM

CASE BACKGROUND

On June 15, 1998, Jacksonville Electric Authority (JEA) and Florida Power and Light Company (FPL) filed a Joint Petition to Approve a New Territorial Agreement Between the Two Utilities. Attached to this recommendation as Attachment A is the new territorial agreement. On August 13, 1998, the utilities filed a Motion to Amend Joint Motion to Approve Territorial Agreement. This motion is included as Attachment B. Additionally, on August 21, 1998, the utilities filed a Motion to Amend Exhibit "E" to Attachment "A" to the Joint Motion to Approve Territorial Agreement. This motion is included as Attachment C. This agreement and its amendments are intended to replace the previous agreement between the two utilities in Clay, Duval, Nassau and St. Johns Counties, that was approved by Order No. PSC-96-0212-FOF-EU, issued February 14, 1996, in Docket No. 950307-EU.

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FPSC RECORDS/REPORTING

SUMMARY OF PROVISIONS

The territorial agreement provides for the transfer of 3,561 customers between FPL and JEA. FPL will transfer 1,755 customer accounts to JEA of which 1,490 will be residential, 246 commercial, 3 industrial, and 16 other. JEA will transfer 1,806 customer accounts to FPL of which 1,664 will be residential, and 142 will be commercial. In accordance with Section 3.7 of the agreement, each of the transferred customers will be refunded or credited on their final bill their deposit from their respective utility. The receiving utility will then bill the customer for a new deposit, if any, in an amount no greater than that required by the transferring utility. The customer will be allowed to make up to three equal payments over three months to meet the deposit requirements of the receiving utility.

The distribution facilities of either party and the identified customer accounts will be transferred to the appropriate party within three years of the Commission's final order approving the territorial agreement.

Section 3.10 of the agreement provides that, in the case of exceptional circumstances, economic constraints, or good engineering practices, it may be necessary, upon written request, to provide interim service to a new customer whose end use facilities are located within the other party's territory. If the temporary service lasts, or is expected to last for more than three years, the parties will seek formal approval of the service from the Commission.

The agreement provides that it shall remain in effect until the Commission modifies or withdraws its approval after proper notice and hearing.

On August 13, 1998, FPL and JEA filed a joint motion to amend the agreement. This amendment proposes a transitional rate for those customers being transferred from JEA to FPL. FPL proposes to amend its tariffs to include the St. Johns Transitional Rider - (SJT). The rider provides that JEA customers which are transferred to FPL will pay the lower of JEA's applicable rates or FPL's applicable rates for a period of three years from the date that the last customer is transferred to FPL.

On August 21, 1998, FPL and JEA filed a second amendment with respect to Exhibit "E" of the proposed territorial agreement. This

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amendment modifies language regarding the transfer or conveyance of the Steelbald Substation addressed in Section 3.5 of the territorial agreement.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve the Joint Petition for a Territorial Agreement between Florida Power and Light Company and Jacksonville Electric Authority, as amended, for Clay, Duval, Nassau and St. Johns County?

RECOMMENDATION: No. The Joint Petition for approval of the Territorial Agreement, as amended, between Florida Power and Light Company and Jacksonville Electric Authority should be denied because it is not in the public interest. (BASS)

STAFF ANALYSIS: Section 366.04(2)(d), Florida Statutes, grants the Commission authority to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities under its jurisdiction. Rule 25-6.0440(2), F.A.C., describes the standards for approval of territorial agreements as follows:

(2) Standards for Approval. In approving territorial agreements, the Commission may consider, but not be limited to consideration of:

(a) the reasonableness of the purchase price of any facilities being transferred;

(b) the reasonable likelihood that the agreement, in and of itself, will not cause a decrease in the reliability of electrical service to the existing or future ratepayers of any utility party to the agreement; and

(c) the reasonable likelihood that the agreement will eliminate existing or potential uneconomic duplication of facilities.

The above standards were adopted to ensure the general body of ratepayers is not harmed by the approval of territorial agreements. Each of these standards relative to this territorial agreement will be individually addressed.

REASONABLENESS OF THE PURCHASE PRICE OF TRANSFERRED FACILITIES

The distribution facilities and the identified customer accounts to be transferred under the agreement will be completed within three years of the Commission's final order approving the territorial agreement. All required distribution feeders or portion of feeders (including easements and rights-of-way) to accomplish the transfer of customers will be sold at net book

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value. Net book value is defined as original cost less depreciation, or in the case of real property, the original acquisition cost.

In addition to the distribution facilities, FPL will sell to JEA, at net book value, its Steelbald Substation. FPL also grants JEA the option to purchase the southernmost portion of its Duval to Steelbald Transmission right-of-way at net book value. This option must be exercised by JEA within one year of final approval of the territorial agreement.

Staff believes that establishing the purchase price of the facilities to be transferred at net book value may be reasonable. However, this method generally is not consistent with the provisions of other territorial agreements more recently approved by the Commission. In these agreements, the transfer price of facilities was based on replacement cost (new) less depreciation calculated on a 30-year straight line basis from the date the facilities were installed. In addition, most of the agreements provided for payment of lost revenues from transferred customers based on the preceding twelve month period. Staff is concerned that the value of facilities and customers estimated by both utilities may be understated and not accurately reflect their actual worth.

In addition, staff has concerns with the dollar amounts that will be expended by FPL versus the amount of revenues that will be received from transferred customers. The proposed territorial agreement provides for the transfer of 3,561 customers between FPL and JEA. FPL will transfer 1,755 customer accounts to JEA and JEA will transfer 1,806 customer accounts to FPL. FPL's total base revenues associated with the 1,755 customers to be transferred to JEA is approximately \$5.3 million. JEA's total base revenues associated with the 1,806 customer accounts to be transferred to FPL is approximately \$1.6 million.

JEA has indicated that the net book value of the distribution facilities that will be purchased by FPL to effect the transfer of customers in St. Johns County is approximately \$1.4 million. Additionally, FPL estimates it will need to spend approximately \$3.6 million (\$2.8 million in capital and \$.8 million in O & M expenses) to construct and operate the necessary facilities to serve the transferred customers in St. Johns County. To serve its new customers in St. Johns County, FPL will expend approximately \$5 million to receive base revenues of approximately \$1.6 million. On the other hand, FPL will be giving up potentially \$5.3 million in annual revenues and receiving an estimated \$4.2 million for its

Steelbald Substation and the distribution facilities in Duval County to be sold to JEA. It appears that FPL is foregoing substantial revenues and incurring substantial costs to acquire an area in St. Johns County that is being adequately served by JEA.

RELIABILITY OF ELECTRICAL SERVICE

Staff requested from FPL and JEA information regarding the total number of customers served, the total number of service interruptions, and the average length of service interruptions experienced for both Duval and St. Johns County. Following is a table depicting the information received:

County	Duval		St. Johns	
	FPL	JEA	FPL	JEA
Number of Current Customers	1,732	335,400	40,642	6,082
Number of Service Interruptions	107	6,054	1,440	163
Average Length of Service Interruptions (Minutes)	120	171	132	142
Number of Interruptions Per Customer	.06	.02	.04	.03

Based on the above data, it appears that the frequency and duration of service interruptions relative to the number of customers served by each company in both counties is essentially comparable. It does not appear that the reliability of service to transferred customers will decrease.

ELIMINATION OF EXISTING OR POTENTIAL UNECONOMIC DUPLICATION OF FACILITIES

FPL and JEA were asked to provide a description of facilities which either do or may uneconomically duplicate the facilities of the other utility in Duval and St. Johns County. JEA responded that, in Duval County, the utility has a number of facilities in the western part of the county and is building and/or acquiring other facilities in that area of its service territory. JEA also has recently acquired a substation and has plans to build a generating plant in this area. JEA asserts it could easily absorb

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and serve FPL's service territory in western Duval County. FPL indicated that as load grows in the eastern portion of FPL's service territory in Duval County, it would be required to build a new substation. In St. Johns County, the current and potential uneconomic duplication of facilities identified by both JEA and FPL is approximately 2.4 miles of existing single phase line on State Road 210 and the eventual upgrade of this line to three phase by FPL. JEA has distribution facilities located on the opposite side of State Road 210.

Staff does not believe that either utility has demonstrated the existence of or the potential for uneconomic duplication in Duval County or St. Johns County. While the single phase line along State Road 210 in St. Johns County may be a duplication of facilities belonging to JEA, the territorial agreement currently in effect between FPL and JEA would allow FPL to only use this line to permanently serve customers within its current delineated service territory. Staff believes that if, in Duval County, JEA has acquired a substation and is planning on building a generation plant, the action is being done to meet the current and future electrical needs of its service territory as it currently exists. The establishment of territorial boundaries is intended to define service territories to allow each utility to plan for growth and construct or acquire the facilities necessary to provide reliable electric service within those service areas.

It is significant to note that the territorial boundary between these two utilities currently in effect has remained substantially unchanged since originally approved by this Commission in Order No. 3799 issued April 28, 1965 in Docket No. 7421-EU. The territorial agreement currently in effect between these two utilities was approved in Order No. PSC-96-0212-FOF-EU issued February 14, 1996. That agreement reaffirmed the existing territorial boundary between the two utilities and completely eliminated all customers that were being served by one utility in the other utility's service area.

CUSTOMER NOTIFICATION

Rule 25-6.0440(1), F.A.C., requires, in part, that customers affected by a proposed territorial agreement be contacted and any difference in rates between the two utilities be explained. Customer notifications were mailed to those customers in Duval and St. Johns Counties affected by the proposed agreement. The utilities also are required to provide information with respect to the degree of acceptance by affected customers, i.e., the number in

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favor of and those opposed to the transfer. FPL mailed notifications to its customers in Duval County on June 18, 1998 and June 29, 1998. FPL has indicated it received 29 customer contacts, 20 expressing support for the territorial agreement and 9 opposed to the territorial agreement. JEA mailed notification to its customers in St. Johns County on June 19, 1998, resulting in 11 customer contacts all opposed to the territorial agreement. The Commission has received correspondence from 102 customers and telephone contacts from 32 customers opposed to the transfer of their accounts to FPL. These customers, residing in St. Johns County, are opposed to the rate increase that will result from their transfer to FPL and are concerned about a decline in customer service.

On August 6, 1998, staff attended a town hall meeting held in St. Johns County where approximately two hundred customers expressed extreme displeasure with the transfer of their accounts from JEA to FPL. The primary reason for their dissatisfaction with the impending transfer was the rate increase they would experience with no perceived compensatory increase in electric service or reliability. The customers also questioned whether the proposed territorial agreement was designed to allow JEA to expand its service area to all of Duval County resulting in the random selection of the area in St. Johns County to be transferred to FPL as compensation. At this meeting, FPL offered to amend the territorial agreement to allow transferred customers in St. Johns County to pay the lower of JEA's rates or FPL's rates for a period of three years. It was explained that customers could lower their electric bills even more if they signed up for load management control. In spite of FPL's offer, customers continued to insist that they were pleased with the service provided by JEA and wished to remain customers of that utility. Subsequently, the Commission has received Resolution No. 98-157 from the Board of County Commissioners of St. Johns County requesting the Commission to deny the request by JEA and FPL to exchange service areas. The resolution was adopted by the Board during its meeting on August 18, 1998 and is attached to this recommendation as Attachment D.

RATES

Following is a comparison of rates between FPL and JEA:

KWH/Month Usage	Residential		KWH/Month Usage	Residential	
	FPL	JEA		FPL	JEA
250	22	22	1750	133	118
500	39	38	2000	152	134
750	56	54	2250	171	150
1000	75	70	2500	191	166
1250	94	86	2750	209	182
1500	114	102	3000	229	198

As offered at the St. Johns County Town Hall meeting, FPL and JEA filed a joint motion to amend the proposed territorial agreement. FPL is proposing to amend its tariffs by the adoption of the St. Johns Transitional Rider - (SJT). The rider will ensure that JEA customers which are transferred to FPL will pay the lower of JEA's applicable rates or FPL's applicable rates for a period of three years from the date that the last customer is transferred to FPL. In addition, these customers may exercise their option to participate in FPL's load management program. If included in this program, the customer's rates could be even lower, at least for three years, than what they would have been had the customer still received service from JEA. With the current rate difference, roughly one-half of the transferred customers will have lower rates if they opt for load management. Thus, roughly 900 customers are potentially worse off in three years and 900 customers can be better off in three years. In the three-year interim, all customers are either not harmed or are better off with load management. While staff believes this concession by FPL provides a short-term remedy to higher rates for some customers served by FPL in St. Johns County, the rider does not provide a long-term assurance that these customers will not pay more than they otherwise would have if they continued to receive electrical service from JEA.

CUSTOMER TRANSFERS

In Order No. PSC-96-0212-FOF-EU, issued February 14, 1996 in Docket No. 950307-EU, the Commission approved a territorial

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agreement between FPL and JEA for Clay, Duval, Nassau, and St. Johns Counties. As part of that agreement, FPL transferred 447 customers accounts to JEA. The list of customers that were transferred pursuant to that agreement was compared to the list of customers that will be transferred to FPL pursuant to the proposed territorial agreement. Staff found that approximately half of the 447 customers that were transferred from FPL to JEA less than two years ago are now scheduled to be transferred back to FPL. Staff does not believe it is appropriate for utilities to arbitrarily transfer customers back and forth so frequently.

CONCLUSION

Staff does not believe that FPL and JEA have demonstrated that the proposed territorial agreement for Duval, Clay, Nassau and St. Johns Counties is in the public interest. Although staff believes that the establishment of the purchase price of transferred facilities at net book value may be reasonable, staff questions whether the utilities have accurately estimated the value of the facilities and customers to be transferred between the two utilities. In addition, staff has concerns regarding the appropriateness of FPL's decision to give up revenues from customers in Duval County for significantly less revenues from customers in St. Johns County. Staff believes FPL's current ratepayers could be adversely affected by the utility incurring substantial costs to serve the transferred customers in St. Johns County. Additionally, the St. Johns County customers transferred to FPL are likely to incur higher rates after the three year transition period. Staff does agree with both utilities that the proposed territorial agreement will not cause a decrease in the reliability of electrical service to the existing and future customers of either utility. However, neither utility has shown the existence of uneconomic duplication of facilities that will be eliminated as a result of this agreement. In addition, neither utility has demonstrated that eliminating the potential for future uneconomic duplication necessitated establishing a new territorial boundary. Therefore, staff recommends that approval of the territorial agreement between FPL and JEA be denied because the agreement is not in the public interest and is not consistent with the Commission's goal to eliminate existing and potential uneconomic duplication of electrical facilities in the State of Florida.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed if no timely protests are filed within 21 days of the issuance of this Order.

STAFF ANALYSIS: Pursuant to Rule 25-22.029(4), Florida Administrative Code, any person whose substantial interests are affected by the proposed agency action shall have 21 days after the issuance of the Order to file a protest. If no timely protest is filed, the docket should be closed.

**TERRITORIAL AGREEMENT
BETWEEN
FLORIDA POWER & LIGHT COMPANY
AND
JACKSONVILLE ELECTRIC AUTHORITY**

Section 0.1 **Territorial Agreement** - This is a Territorial Agreement made and entered into by and between FLORIDA POWER & LIGHT COMPANY, a corporation organized and existing under the laws of the State of Florida ("COMPANY"), and JACKSONVILLE ELECTRIC AUTHORITY ("AUTHORITY") for the express purpose of seeking an Order of the Florida Public Service Commission adopting the following recommended Territorial Agreement;

Section 0.2 WHEREAS, the COMPANY, by virtue of its Charter and the laws of the State of Florida, is authorized and empowered to furnish electricity and power to persons, firms and corporations throughout the State of Florida and pursuant to such authority presently furnishes electricity and power to customers in areas of St. Johns, Nassau and Duval Counties, Florida, and elsewhere; and

Section 0.3 WHEREAS, the AUTHORITY, as an electric utility created by the Charter of the Consolidated City of Jacksonville, Florida, is authorized under that Charter and the laws of the State of Florida to produce and provide electricity and power to customers in Duval County and elsewhere; and

Section 0.4 WHEREAS, the respective areas of service of the parties in Duval, Clay, St. Johns and Nassau Counties are

contiguous in many places with the result that potential growth within the area may result in future uneconomic duplication of facilities unless such duplication is precluded by a territorial agreement; and

Section 0.5 WHEREAS, the Florida Public Service Commission ("COMMISSION") has previously recognized that any such duplication of said service facilities by the parties will result in needless and wasteful expenditures; and

Section 0.6 WHEREAS, the COMPANY and the AUTHORITY have previously entered into territorial agreements and such agreements have been approved by the COMMISSION; and

Section 0.7 WHEREAS, the AUTHORITY has previously entered into a territorial agreement with Clay Electric Cooperative ("CEC") which has been approved by the COMMISSION and by which, CEC has agreed to transfer all of its customers in Duval County to JEA. A portion of those customers are situated west of the existing JEA-FPL territorial boundary which is the subject matter of this Agreement. If approved, these CEC customers west of the existing FPL-JEA line will become JEA customers; and

Section 0.8 WHEREAS, the COMPANY and the AUTHORITY desire to avoid and eliminate any circumstances giving rise to possible duplication of service facilities and also desire to eliminate any

inconsistencies with the AUTHORITY's agreement with CEC, and, to that end, to modify the existing territorial boundaries; and

Section 0.9 WHEREAS, the COMMISSION is empowered by Section 366.04, Florida Statutes, to approve territorial agreements.

Section 0.10 NOW, THEREFORE, in fulfillment of the purposes and desires aforesaid, and in consideration of the mutual covenants and agreements herein contained, the parties hereto, subject to the approval of the COMMISSION, and subject to the terms and conditions herein set forth, do hereby agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1 **Territorial Boundary Lines** - As used herein, the term "Territorial Boundary Lines" shall mean boundary lines which delineate areas on the maps and legal description attached hereto as Exhibits "A" and "B" and which differentiate and divide the COMPANY Territorial Area from the AUTHORITY Territorial Area in the counties of St. Johns, Nassau, Clay and Duval.

Section 1.2 **COMPANY Territorial Area** - As used herein, the term "COMPANY Territorial Area" shall mean the geographic area shown on Exhibits "A" and "B" labeled "FPL."

Section 1.3 **AUTHORITY Territorial Area** - As used herein, the term "AUTHORITY Territorial Area" shall mean the geographic area shown on Exhibits "A" and "B" labeled "JEA."

Section 1.4 **End Use Facilities** - As used herein, the term "End Use Facilities" shall mean a geographic location where the electric energy used by a customer is ultimately consumed.

Section 1.5 **Distribution Facilities** - As used herein, the term "Distribution Facilities" shall mean all electric facilities of either party having a voltage rating of up to but not including 69 KV.

Section 1.6 **Net Book Value** - As used herein, the term Net Book Value shall mean original installation cost less depreciation, or in the case of real property, the original acquisition cost.

ARTICLE II
TERMINATION OF PRE-EXISTING TERRITORIAL AGREEMENTS

Section 2.1 **Pre-Existing Territorial Agreements** - Upon final approval of this agreement by the COMMISSION, all previous Territorial Agreements between the COMPANY and the AUTHORITY are hereby terminated.

ARTICLE III
ELIMINATION OF OVERLAPPING FACILITIES

Section 3.1 **Transfer of Customers** - As a result of the establishment of the boundary herein certain customer accounts and distribution facilities shall be transferred between the parties to comply with Section 1.1. Until such transfers are accomplished pursuant to Section 3.5, each utility is authorized to continue providing service to those identified customer locations.

Section 3.2 Those customer accounts identified in Exhibit "C" shall be transferred from the AUTHORITY to the COMPANY.

Section 3.3 Those customer accounts identified in Exhibit "D" shall be transferred from the COMPANY to the AUTHORITY.

Section 3.4 Each party is responsible for making the necessary modifications to its facilities to effect the transfers in Sections 3.2 and 3.3. Both parties agree to coordinate those modifications such that they do not unduly impede the progress of the other party.

Section 3.5 **Timing of Transfers** - The distribution facilities of either party that are located in the other party's Territorial Area, not including the express feeders referred to by section 3.12 of this Agreement, and the identified customer accounts, shall be transferred to the appropriate party within three years of the

COMMISSION's final order approving this Territorial Agreement. The three-year period beginning with the COMMISSION's final order of approval shall be the "Transfer Period".

If during the transfer period major repairs to the facilities to be transferred occur before the transfer due to damage from a hurricane, tropical storm, or tornado, then the party which is to acquire those facilities shall pay, upon presentation of appropriate cost information, all capital costs only of the aforesaid repairs. However, before any major storm damage repairs are made, the acquiring party shall be given the opportunity to do the repairs itself, and effectuate the transfer of those storm damage customers at the time of repair. The parties hereto agree to timely notify each other, by letter, of any governmental mandate to relocate, for road modifications, facilities scheduled for transfer, and coordinate the customer transfers to allow the receiving party to carry out the relocation.

It is further agreed that upon final approval of this Territorial Agreement by the COMMISSION that the COMPANY shall sell the COMPANY's Steelbald Substation to the AUTHORITY at net book value, which conveyance of real and personal property shall be made in accordance with Exhibit "E" attached hereto. Notwithstanding any delay that may occur in the execution of the conveyance documents, it is agreed by the parties that the AUTHORITY shall have the right to the use, egress and ingress, and occupancy of the described land and facilities effective immediately upon final approval of this Territorial Agreement. In accordance with Exhibit

"E", the COMPANY will remove all its transmission voltage facilities from said substation at the COMPANY's expense, and such removal shall be consistent with the orderly transfer of customers and facilities during the Transfer Period. The COMPANY shall sell to the AUTHORITY and the AUTHORITY shall sell to the COMPANY, at net book value, all required distribution feeders or portions of feeders (including easements and rights of way) to effect the transfer of customers as provided for in this Agreement. The COMPANY also grants the AUTHORITY an option to purchase the southernmost portion of the COMPANY's Duval to Steelbald Transmission right-of-way at net book value, which portion shall be no more than 100 feet wide and adequate for a double circuit 230 kv transmission line of vertical construction, and all necessary easements or licenses for cross-over of existing lines where necessary. Said option shall be exercised by the AUTHORITY within one year of final COMMISSION approval of the Territorial Agreement. The COMPANY will also allow unlimited access and use of the existing patrol road by the AUTHORITY on this Right of Way necessary to access the AUTHORITY's distribution or transmission facilities. The AUTHORITY and the COMPANY further agree to construct whatever additional facilities are necessary to serve the transferred customers and each will bear the cost of such construction in their new territories.

The AUTHORITY and COMPANY's 115kv interconnection from the AUTHORITY's Normandy Substation to the COMPANY's Baldwin Substation will be discontinued.

Prior to and after transfer of these facilities, it may be necessary for the parties to jointly use certain facilities and the COMPANY and the AUTHORITY shall enter into, as necessary, an appropriate joint use agreement for those specific facilities. Facilities are to be transferred in good operating condition. Customer meters and oil-filled equipment will not be transferred (with the exception of those specified oil-filled items of equipment in Exhibit "E"). Upon transfer of any facilities, the receiving utility shall be solely responsible for any maintenance, removal, upgrading or improvements to those facilities.

It is agreed that voltage flicker and var fluctuations from the steel mill and other existing industrial operations will be acceptable to either the COMPANY or the AUTHORITY, so long as the detrimental effects do not exceed current levels.

Section 3.6 Bulk Power - No provision of this Agreement shall be construed as applying to either bulk power supply for resale, or to facilities dedicated to such bulk power supply that operate at a voltage of 69 KV or higher.

Section 3.7 Customer Deposits - The utilities intend that transferred customers suffer no hardship due to different deposit requirements of each utility. The transferring utility will refund and/or apply to the final bill any deposit currently applicable. The receiving utility may then bill the customer a deposit, provided that such deposit is no greater than the deposit required

by the transferring utility. The customer will be allowed to make up to three equal payments over three months to meet the deposit requirements of the receiving utility.

Section 3.8 Assignment of Rights - All easements, street light contracts, franchise agreements and joint use agreements held by either the COMPANY or the AUTHORITY necessary or appurtenant to serving customers transferred pursuant to this Agreement are hereby assigned to the utility receiving the transferred customers.

Section 3.9 Allocations - The COMPANY's Territorial Area, as herein defined in Exhibit "A", is hereby allocated to the COMPANY as its service area, and the AUTHORITY's Territorial Area, as herein defined, is hereby allocated to the AUTHORITY as its service area. The parties shall each have the right to provide retail distribution electric service to all customers within their respective territorial area. Neither party shall hereafter serve or offer to serve a retail customer whose End Use Facilities are located in the territorial area of the other party except as provided in Section 3.10 below.

Section 3.10 Temporary Service - The parties recognize that in exceptional circumstances, economic constraints or good engineering practices may indicate that a customer's end use facilities either cannot or should not be immediately served by the party in whose territorial area they are located. In such situations, upon

written request by the party in whose territorial area the end use facilities are located, to the other party, the other party may agree in writing to temporarily provide service to such customer. If such temporary service lasts, or is expected to last for more than three years, the parties will seek formal approval of the service from the COMMISSION.

Except as outlined in Section 3.11, during the Transfer Period, as defined in Section 3.5, in the event any customer located within one party's service territory requests service from the other party, and the party within whose territory the customer is located approves the provision of such service, then, upon final transfer of that customer, that party shall reimburse the other party for the difference in revenues received from that customer and the capital costs expended in providing such service. Transformers and meters shall not be considered as capital costs with respect to the provision of new service.

The party within whose territory the new customer is located may elect to perform any or all work necessary for the establishment of new service for a new customer; however the party actually providing service shall set a meter for the customer, bill the customer, and receive revenues from the customer until such time as a final transfer of such customer occurs.

Section 3.11 Revenues for New Accounts - Each utility shall reimburse each other for the annualized non-fuel revenue impact of any new accounts added between 5/1/98 and 4/30/99. The annualized

revenue impact will be determined by taking the actual average monthly non-fuel revenues during the period multiplied by 12.

Section 3.12 Express Feeders - The COMPANY and the AUTHORITY shall each have the right to construct and maintain three-phase feeder lines within the Territorial Area of the other party for the purpose of express feed through the area. No such facilities shall be used by the COMPANY or the AUTHORITY to provide service to customers located in the service area of the other party.

**ARTICLE IV
PREREQUISITE APPROVAL**

Section 4.1 Regulatory Approval - The provisions of this Agreement are subject to the regulatory authority of the COMMISSION whose approval shall be a prerequisite to the validity and applicability hereof. Neither party shall be bound hereunder until such approval has been obtained.

**ARTICLE V
DURATION**

Section 5.1 Duration - This Agreement shall continue and remain in effect until the COMMISSION, by order, modifies or withdraws its approval of this Agreement after proper notice and hearing.

**ARTICLE VI
CONSTRUCTION OF AGREEMENT**

Section 6.1 **Intent and Interpretation** - It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and constructed, to eliminate and avoid needless and wasteful expenditures, duplication of facilities and potentially hazardous situations, which would otherwise result from unrestrained competition, between the parties operating in overlapping service areas.

Section 6.2 **Annexation** - Annexation or de-annexation shall not affect this Agreement.

ARTICLE VII
MISCELLANEOUS

Section 7.1 **Negotiations** - Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only terms and conditions agreed upon are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the parties hereto unless the same shall be in writing, signed by both parties, and approved by the COMMISSION. However, nothing in this Agreement shall be construed as prohibiting either party from unilaterally initiating an action before the COMMISSION, or other entity with appropriate jurisdiction, seeking modification or cancellation of this Agreement.

Section 7.2 **No Assumption of Liabilities by COMPANY** - The COMPANY shall not assume or be responsible for any financial obligations or liabilities of the AUTHORITY. Without limiting the generality of the foregoing, the COMPANY shall not assume or be responsible for:

(a) Any tax, penalty or fee assessed on the AUTHORITY arising out of or resulting from the transfer of facilities;

(b) Any tax, penalty or fee resulting from the operations of the facilities before the date of transfer;

(c) Any attorney's, accountant's or other fees or expenses incurred by the AUTHORITY in connection with this Agreement or any transaction made necessary by this Agreement;

(d) Any liabilities or obligations resulting from any lawsuit or proceeding in any way related to the AUTHORITY arising out of transactions or events in any way related to the facilities;
or

(e) Any accrued but unpaid obligation of the AUTHORITY.

Section 7.3 **No Assumption of Liabilities by AUTHORITY** - The AUTHORITY will not be responsible for any financial obligations or liabilities of the COMPANY. Without limiting the generality of the foregoing, the AUTHORITY shall not assume or be responsible for:

(a) Any tax, penalty or fee assessed on the COMPANY arising out of or resulting from the transfer of facilities;

(b) Any tax, penalty or fee resulting from the operations of the facilities after the date of transfer;

(c) Any attorney's, accountant's or other fees or expenses incurred by the COMPANY in connection with this Agreement or any transaction made necessary by this Agreement;

(d) Any liabilities or obligations resulting from any lawsuit or proceeding in any way related to the COMPANY arising out of transactions or events in any way related to the facilities; or

(e) Any accrued but unpaid obligation of the COMPANY.

Section 7.4 Environmental Indemnification - The AUTHORITY shall indemnify and hold the COMPANY harmless from and against any claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith, including but not limited to attorney's fees, paralegal charges and expenses, arising directly, or indirectly, in whole or in part, out of:

(a) Any activity by the AUTHORITY'S employees, contractors or agents, in connection with the treatment, decontamination, handling, removal, storage, cleanup, transport or disposal or hazardous material related to the AUTHORITY'S facilities transferred to the COMPANY; and

(b) The presence caused by the AUTHORITY, its employees, agents or contractors of any hazardous materials or releases or discharges of hazardous materials associated with the AUTHORITY'S facilities transferred to the COMPANY occurring before the transfers.

The COMPANY shall indemnify the AUTHORITY in the same manner for Section 7.4, 7.4(a), and 7.4(b) above, as they relate to the COMPANY's facilities transferred to the AUTHORITY.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been caused to be executed in triplicate by the AUTHORITY in its name by its Manager and by the COMPANY in its name by its Vice President; and one of said triplicate copies has been delivered to each of the parties hereto.

JACKSONVILLE ELECTRIC AUTHORITY

By: 
James A. Dickenson
Executive Vice President, Services

FLORIDA POWER & LIGHT COMPANY

By: 
W. G. Walker, III, Vice President

Approved as to form:

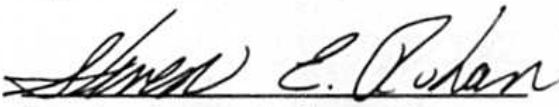

Deputy General Counsel

Exhibit "E"

The transfer or conveyance of Steelbald Substation as provided for in section 3.5 of this Agreement shall be effected over time and in accordance with this schedule:

1. That portion of the Steelbald Substation, including realty and personalty, consisting of one 70 mva and one 80 mva transformer presently in service and energized including breakers, metering equipment and other equipment ancillary thereto, presently located on the Steelbald Substation site, which conveyance shall be executed so as to be effective on the effective date of final Commission approval of the Territorial Agreement between the parties hereto.
2. The remainder of the Steelbald Substation, including breakers, metering and ancillary equipment shall be conveyed upon completion of the Authority transmission facility to serve Steelbald Substation, which facility the Authority has committed to utilize its reasonable best efforts to have completed within one year of final Commission approval of the Territorial Agreement between the parties hereto, provided the 30 mva transformer presently in service at the Steelbald site shall not be conveyed, but shall be made available to the Authority for continuation of service from said substation during the Transfer Period. The 30 mva substation transformer shall be returned to the Company upon completion of the Transfer Period. The Authority will be responsible for all costs associated with the lease, operation, maintenance and replacement costs, if any, of this transformer during such Transfer Period. Additionally, one 80 mva transformer not energized or presently in service shall be available to the Company as a spare and shall not be conveyed under this Agreement.

3. The price for the realty and equipment referred to above shall be the net book value, as defined in this Agreement, which amounts shall be paid in cash at time of closing on the respective segments of Steelbald Substation as provided in paragraphs 1 and 2 above.
4. On or before the effective date of final Commission approval of the Territorial Agreement between the Company and the Authority, the parties shall execute an agreement of conveyance that more fully sets forth the terms and conditions hereinabove described in this Exhibit "E".
5. Parties agree to enter into agreements which would address, among other things, point of interconnect between the parties, relay protection, metering, access to facilities, maintenance and operational responsibility, liability, indemnification and other applicable commercial terms and conditions during the ownership transition in accordance with industry and engineering practices.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Joint Petition of Florida)
Power & Light Company and)
Jacksonville Electric)
Authority to approve a new) DOCKET NO. 980755-EU
territorial agreement between)
the two utilities.)
_____)

**MOTION TO AMEND JOINT MOTION TO
APPROVE TERRITORIAL AGREEMENT**

Pursuant to Section 366.075, Florida Statutes, Joint Petitioner FLORIDA POWER & LIGHT COMPANY ("FPL"), with the knowledge and consent of Co-Petitioner, JACKSONVILLE ELECTRIC AUTHORITY ("JEA"), files this Motion to Amend their Joint Motion to Approve Territorial Agreement in the following manner:

Insert paragraph 9 -

9. Transitional Rates. The purpose of the territorial agreement is to eliminate duplication of facilities, thereby promoting more efficient operations of both utilities. Section 366.075(1), Florida Statutes, provides "The commission is authorized to approve rates on an experimental or transitional basis for any public utility to encourage energy conservation or to encourage efficiency. The application of such rates may be for limited geographic areas and for a limited period." Under the current rate structure, those JEA customers who are being transferred under the proposed agreement will have a rate increase. FPL proposes that, with the Commission's consent and approval, FPL's tariffs be amended by the adoption of the St. John's Transitional Rider - (SJT) attached hereto as Attachment "C". This rider will insure that JEA customers which are transferred to FPL

would pay the lower of JEA's applicable rates or FPL's applicable rates for a period of three years from the date of transfer. This will provide for an equitable transition of customers, enabling the territorial agreement to reduce duplication of facilities and promote more efficient distribution of energy within the utilities' respective territories.

WHEREFORE, FPL requests that the Commission enter an order approving the St. Johns Transitional Rider attached hereto as Attachment "C".

DATED this 13th day of August, 1998.

Respectfully submitted,



WILTON R. MILLER
Bryant, Miller and Olive, P.A.
201 S. Monroe Street, Suite 500
Tallahassee, Florida 32301
(850) 222-8611
Florida Bar No. 055506

ATTORNEYS FOR FLORIDA POWER &
LIGHT COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and fifteen copies of the foregoing Motion to Amend Joint Motion to Approve Territorial Agreement have been filed with the Florida Public Service Commission, Division of Records and Reporting, Room 110, Betty Easley Conference Center, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850 [by hand delivery]; and that true and correct copies of same have been furnished to LESLIE J. PAUGH, Staff Counsel, and GRACE A. JAYE, Staff Counsel, Florida Public Service Commission, Division of Legal Services, Room 370, Gerald L. Gunter Building, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 [by hand delivery]; WILLIAM G. WALKER, III, Florida Power & Light Company, 215 South Monroe Street, Suite 810, Tallahassee, FL 32301-1859 [by hand delivery]; RICHARD D. MELSON, ESQUIRE, Hopping Green Sams & Smith, P. O. Box 6526, Tallahassee, FL 32314 [by U.S. Mail]; and TRACY DANESE, Vice President - Regulatory Affairs, Jacksonville Electric Authority, 21 West Church Street, Tower 11, Jacksonville, FL 32202-3139 [by U. S. Mail], this 13th day of August, 1998.


WILTON R. MILLER

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 8.900

ST. JOHN'S TRANSITIONAL RIDER - (SJT)

AVAILABLE:

Availability limited to applicable customers in the northwest portion of St. John's County, as referenced in the FPL/JEA Territorial Agreement, Docket No. 980755-EU, filed with the FPSC on June 15, 1998. To qualify for this rider, applicable customers must have been served by Jacksonville Electric Authority (JEA) on or after November 30, 1998.

APPLICATION:

Service under this rider shall be limited to customers who would otherwise be served under FPL's RS-1, GS-1, and GSLD-1 rate schedules. GS-1 will be considered the otherwise applicable rate schedule for non-residential customers with demands below 75 kW as of November 30, 1998.

SERVICE:

The same as specified in FPL's otherwise applicable rate schedule (RS-1, GS-1, GSLD-1).

MONTHLY RATE:

The monthly rate billed for electric service under this rider shall equal the lower of FPL's otherwise applicable rate (RS-1, GS-1, GSLD-1) or the rate that would have been charged under JEA's applicable rate schedule (RS, GS, GSD).

In computing the electric charges under this rider, adjustments may be made to the customer charge, non-fuel energy charge, and (where appropriate) the base demand charge of FPL's otherwise applicable rate schedule. All other charges, including the fuel charge, capacity payment charge, conservation charge, franchise fee, and tax adjustment clause shall be the same as FPL's otherwise applicable rate.

TERM OF SERVICE:

Three (3) years from the date of transfer from JEA's to FPL's service territory at which point service under this rider will be terminated.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

FLORIDA POWER & LIGHT COMPANY

Thirty-Fourth Revised Sheet No. 8.010
Cancels Thirty-Third Revised Sheet No. 8.010

INDEX OF RATE SCHEDULES

<u>RATE SCHEDULE</u>	<u>DESCRIPTION</u>	<u>SHEET NO.</u>
BA	Billing Adjustments	8.030
GS-1	General Service - Non Demand (0-20 kw)	8.101
GST-1	General Service - Non Demand - Time of Use (0-20 kw)	8.103
GSD-1	General Service Demand (21-499 kw)	8.105
GSDT-1	General Service Demand - Time of Use (21-499 kw)	8.107
GSL	General Service Load Management Program	8.109
RS-1	Residential Service	8.201
RST-1	Residential Service - Time of Use	8.205
RSL	Residential Load Management Program	8.207
CU	Common Use Facilities Rider	8.211
GSLD-1	General Service Large Demand (500-1999 kw)	8.310
GSLDT-1	General Service Large Demand - Time of Use (500-1999 kw)	8.320
CS-1	Curtailable Service (500-1999 kw)	8.330
CST-1	Curtailable Service - Time of Use (500-1999 kw)	8.340
GSLD-2	General Service Large Demand (2000 kw +)	8.412
GSLDT-2	General Service Large Demand - Time of Use (2000 kw +)	8.420
CS-2	Curtailable Service (2000 kw +)	8.432
CST-2	Curtailable Service - Time of Use (2000 kw +)	8.440
GSLD-3	General Service Large Demand (2000 kw +)	8.551
GSLDT-3	General Service Large Demand - Time of Use (2000 kw +)	8.552
CS-3	Curtailable Service (2000 kw +)	8.544
CST-3	Curtailable Service - Time of Use (2000 kw +)	8.542
OS-2	Sports Field Service	8.602
MET	Metropolitan Transit Service	8.610
RTP-GX	Real Time Pricing-General Service	8.620
CILC-1	Commercial/Industrial Load Control Program (Closed Schedule)	8.650
SL-1	Street Lighting	8.715
PL-1	Premium Lighting	8.720
OL-1	Outdoor Lighting	8.725
SL-2	Traffic Signal Service	8.730
RL-1	Recreational Lighting	8.743
SST-1	Standby and Supplemental Service	8.750
ISST-1	Interruptible Standby and Supplemental Service	8.760
EDR	Economic Development Rider	8.800
TR	Transformation Rider	8.820
SJT	St. John's Transitional Rider	8.900

FLORIDA POWER & LIGHT COMPANY

Thirty-Third Fourth Revised Sheet No. 8.010
Cancels Thirty-Second Third Revised Sheet No. 8.010

INDEX OF RATE SCHEDULES

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MET	Metropolitan Transit Service	8.610
RTP-GX	Real Time Pricing-General Service	8.620
CILC-1	Commercial/Industrial Load Control Program (Closed Schedule)	8.650
SL-1	Street Lighting	8.715
PL-1	Premium Lighting	8.720
OL-1	Outdoor Lighting	8.725
SU-2	Traffic Signal Service	8.730
RL-1	Recreational Lighting	8.743
SST-1	Standby and Supplemental Service	8.750
ISST-1	Interruptible Standby and Supplemental Service	8.760
EDR	Economic Development Rider	8.800
TR	Transformation Rider	8.820
SJT	St. John's Transitional Rider	8.900

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Joint Petition of Florida)
Power & Light Company and)
Jacksonville Electric)
Authority to approve a new) DOCKET NO. 980755-EU
territorial agreement between)
the two utilities.)
_____)

**MOTION TO AMEND EXHIBIT "E" TO
ATTACHMENT "A" TO THE JOINT MOTION TO
APPROVE TERRITORIAL AGREEMENT**

Joint Petitioner, FLORIDA POWER & LIGHT COMPANY ("FPL"), at the request of and with the consent of Co-Petitioner, JACKSONVILLE ELECTRIC AUTHORITY ("JEA"), files this Motion to Amend Exhibit "E" to Attachment "A" to their Joint Motion to Approve Territorial Agreement by deleting paragraph 2 and inserting a new paragraph 2 as follows:

2. The remainder of the Steelbald Substation, including breakers, metering and ancillary equipment shall be conveyed upon completion of the Authority transmission facility to serve Steelbald Substation, which facility the Authority has committed to utilize its reasonable best efforts to have completed within one year of final Commission approval of the Territorial Agreement between the parties hereto, provided the 30 mva transformer presently in service at the Steelbald site shall be made available to the Authority. The Authority will be responsible for all costs associated with the lease, operation, maintenance and replacement costs, if any, of this transformer during such Transfer Period. Additionally, one 80 mva transformer not energized or presently in service shall be available to the Company as a spare and shall not be conveyed under this Agreement.

WHEREFORE, FPL requests that the Commission enter an order approving this amendment to paragraph 2 of Exhibit "E" to Attachment "A" to the Joint Motion to Approve Territorial Agreement.

DOCUMENT NUMBER-DATE

36

09068 AUG 21 88

FPSC-RECORDS/REPORTING

DATED this 21st day of August, 1998.

Respectfully submitted,



WILTON R. MILLER
Bryant, Miller and Olive, P.A.
201 S. Monroe Street, Suite 500
Tallahassee, Florida 32301
(850) 222-8611
Florida Bar No. 055506

ATTORNEYS FOR FLORIDA POWER &
LIGHT COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and fifteen copies of the foregoing Motion to Amend Joint Motion to Approve Territorial Agreement have been filed with the Florida Public Service Commission, Division of Records and Reporting, Room 110, Betty Easley Conference Center, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850 [by hand delivery]; and that true and correct copies of same have been furnished to LESLIE J. PAUGH, Staff Counsel, and GRACE A. JAYE, Staff Counsel, Florida Public Service Commission, Division of Legal Services, Room 370, Gerald L. Gunter Building, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 [by hand delivery]; WILLIAM G. WALKER, III, Florida Power & Light Company, 215 South Monroe Street, Suite 810, Tallahassee, FL 32301-1859 [by hand delivery]; RICHARD D. MELSON, ESQUIRE, Hopping Green Sams & Smith, P. O. Box 6526, Tallahassee, FL 32314 [by U.S. Mail]; and TRACY DANESE, Vice President - Regulatory Affairs, Jacksonville Electric Authority, 21 West Church Street, Tower 11, Jacksonville, FL 32202-3139 [by U. S. Mail], this 21st day of August, 1998.


WILTON R. MILLER

EMG ORIGINAL
BOARD OF COUNTY COMMISSIONERS

HISTORICAL ST. JOHNS COUNTY, FLORIDA

Attachment D
 Docket No. 980755-EU
 September 10, 1998
 Page 1 of 2



CHERYL STRICKLAND - SECRETARY
 POST OFFICE DRAWER 300
 ST. AUGUSTINE, FLORIDA 32085-0300

PHONE (904) 823-2333, EXT 350
 SUNCOM 865-2333
 FAX NUMBER (904) 823-2266

August 26, 1998

Florida Public Service Commission
 Capital Circle Office Center
 2540 Shumard Oak Blvd.
 Tallahassee, Florida 32399-085

98755-

Dear Sir:

Enclosed is a copy of St. Johns County Resolution No. 98-157 requesting the Public Service Commission to deny the request by the Jacksonville Electric Authority and Florida Power & Light to exchange service areas. The Resolution was adopted by the St. Johns County Board of County Commissioners during a meeting on August 18, 1998.

If you have any questions or I can be of further help, please let me know.

Sincerely,

ACK _____ BOARD OF COUNTY COMMISSIONERS
 AF _____ OF ST. JOHNS COUNTY, FLORIDA
 APP _____ CHERYL STRICKLAND, ITS CLERK

Patricia DeGrande
 Patricia DeGrande, Deputy Clerk

CTR _____
 EAG 1 _____ enclosure

LEG 2 _____

LIN _____

OFC _____

RCH _____
 SEC 1 _____
PAL W. HOWELL
 District 1

MOSES (COACH) FLOYD
 District 2

MARC A. JACALONE
 District 3

JOANNE CODY
 District 4

JAMES E. BRYANT
 District 5

KAREN TAYLOR
 At Large - A

DAVID J. BRUNER
 At Large - B

MAIL ROOM ADMINISTRATION
 AUG 28 9 24 AM '98

RECEIVED

DOCUMENT NUMBER DATE

119396 AUG 28 98

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, REQUESTING THE PUBLIC SERVICE COMMISSION DENY THE REQUEST BY THE JACKSONVILLE ELECTRIC AUTHORITY AND FLORIDA POWER & LIGHT TO EXCHANGE SERVICE AREAS AFFECTING AN ESTIMATED 1800 ST. JOHNS COUNTY RESIDENTS.

WHEREAS, an estimated 1,800 residents of the Northwest St. Johns County area, presently served by the Jacksonville Electric Authority, received notice a few weeks ago that they were to become customers of Florida Power & Light in a service area exchange between the utilities; and

WHEREAS, the affected residents, seeing no recourse, appealed to the St. Johns County Board of County Commissioners for assistance; and

WHEREAS, the Board of County Commissioners provided a forum for the affected residents within their community of Switzerland, Thursday, August 6, 1998, to discuss the customer service area exchange; and

WHEREAS, during this meeting, Florida Power & Light representative Bob Coleman presented an option whereby FPL would "hold rates flat for those existing customers moving from JEA to FPL for a period of three years after the last customer moves" from JEA to FPL service in the affected area; and

WHEREAS, Mr. Coleman acknowledged that this concession, while unprecedented for FPL, is dependent upon approval by the Florida Public Service Commission; and

WHEREAS, the 300-plus affected residents attending the meeting rejected the proposal because of concerns that FPL, which is based in Miami, could not provide the high quality of service they had come to expect from JEA.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, that the County supports the request of its citizens in this matter and that the Florida Public Service Commission reject the proposal from Jacksonville Electric Authority to exchange its customer service area that lies south of Roberts Road in St. Johns County for a portion of Florida Power & Light's customer service area near Baldwin in Duval County, based on the residents' concerns of an increase in utility rates and concerns of the level of customer service. However, if the Public Service Commission deigns to approve the exchange of customer service areas, the Board of County Commissioners requests that the PSC approve FPL's offer to hold rates flat for these affected customers for the proffered period of three (3) years after the last customer is moved from JEA to FPL service, if allowed by law.

PASSED AND ADOPTED this 18th day of August, 1998.

**BOARD OF COUNTY COMMISSIONERS
ST. JOHNS COUNTY, FLORIDA**

BY: Moses A. Floyd
Moses A. Floyd, Chairman

ATTEST: Cheryl Strickland, Clerk

By: Cheryl Strickland
Deputy Clerk