



OFFICE OF
GENERAL COUNSEL

CITY OF JACKSONVILLE
1300 CITY HALL

220 EAST BAY STREET

JACKSONVILLE, FLORIDA 32202

February 28, 1992

JOHN A. DELANEY
GENERAL COUNSEL

TEL (904) 630-1700

FAX (904) 630-1731

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 Direct Testimony and
Exhibits.

ACK Thank you for your assistance.

AFA _____

APP _____

CAF _____

CMU _____

CTR BP:rmp

EAG Enclosure

LEG *1 copy*

LIN I HEREBY CERTIFY that true and correct copies of Sheldon
R. Ferdman's Direct Testimony and Exhibits have been furnished
OPC by U.S. Mail this 28th day of February, 1992, to:

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

Yours truly,

BRUCE PAGE
Assistant General Counsel

CERTIFICATE OF SERVICE

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

*(Hold per correct
format)*

DOCUMENT NUMBER-DATE

02130 MAR-2 1992

FPSC-RECORDS/REPORTING



JOHN A. DELANEY
GENERAL COUNSEL

OFFICE OF
GENERAL COUNSEL
CITY OF JACKSONVILLE
1300 CITY HALL
220 EAST BAY STREET
JACKSONVILLE, FLORIDA 32202

TEL (904) 630-1700
FAX (904) 630-1731

March 6, 1992

RECEIVED
MAR - 6 1992

FPSC-RECORDS / REPORTING

JoAnne Jackson
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0850

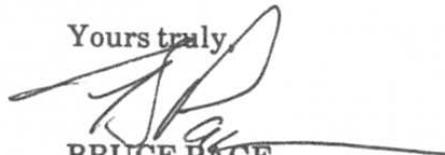
RE: Territorial Dispute Between Okefenoke Rural Electrical Membership Corporation, and the Jacksonville Electric Authority of the City of Jacksonville, in Duval County; FPSC Docket No. 911141-EU

Dear Ms. Jackson:

Enclosed are fifteen (15) copies of Mr. Ferdman's direct testimony with the adjusted margins. Ms. Linda Williams informed me today that the exhibits you already have may be attached rather than resubmitted.

I apologize for the inconvenience this has caused you and your staff, and thank you for your assistance in making the corrections.

Yours truly,


BRUCE PAGE
Assistant General Counsel

BP:mlr

Enclosures

c: Martha Carter Brown, Esquire
James Harold Thompson, Esquire

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Territorial Dispute)
Between Okefenoke Rural)
Electrical Membership)
Corporation, and the)
Jacksonville Electric Authority)
of the City of Jacksonville, in)
Duval County)

DOCKET NO. 911141-EU

PREPARED DIRECT TESTIMONY
AND EXHIBITS OF

SHELDON R. FERDMAN

DOCUMENT NUMBER-DATE

02130 MAR -2 1992

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY OF

SHELDON R. FERDMAN

7 Q: Please state your name and business address.

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

10 Q: Who is your employer and please describe your
11 professional and educational background and
12 experience?

13 A: I am employed by the Jacksonville Electric Authority
14 ("JEA") and serve as Director of Utility System
15 Contracts, a position I have held since October 1,
16 1989. As Director of Utility System Contracts, I am
17 responsible for development of JEA's contractual
18 arrangements related to interchange service, power
19 purchases, transmission service, franchise
20 agreements, and territorial agreements for submission
21 to the JEA Board. For the period April 1, 1980,
22 through October 1, 1989 (9-1/2 years), I served JEA
23 as its Director of System Engineering having
24 responsibility for all engineering activities
25 associated with JEA's Transmission, Substation, and

1 Distribution systems and improvements. For ten years
2 prior to that time, I served in various capacities in
3 the designing, system protection, and supervision of
4 JEA's Distribution System. I am a 1970 graduate of
5 the University of Florida with a Bachelor of Science
6 degree in Electrical Engineering and in 1984, I
7 received a Masters in Business Administration degree
8 from the University of North Florida. I am also a
9 registered Professional Engineer in the State of
10 Florida.

11 **Q: On whose behalf are you sponsoring this testimony?**

12 **A: My testimony is on behalf of my employer,**
13 **Jacksonville Electric Authority.**

14 **Q: What are the purposes of your testimony?**

15 **A: The purposes of my testimony are (1) describe the**
16 **Jacksonville Electric Authority, (2) discuss JEA's**
17 **basis for its rights to serve all retail customers in**
18 **the City of Jacksonville, and (3) discuss the**
19 **circumstances leading to JEA's service to the Holiday**
20 **Inn-Airport Road.**

21 **Q: Please describe the Jacksonville Electric Authority.**

22 **A: The Jacksonville Electric Authority is the eighth**
23 **largest municipally owned electric utility in the**
24 **United States. JEA's predecessor, the City of**
25 **Jacksonville department of electric utilities, first**

1 began meeting the needs of the citizens of
2 Jacksonville in 1895 lighting the streets of downtown
3 Jacksonville. Today, JEA serves in excess of 300,000
4 retail customers in Duval, Clay, and St. Johns
5 Counties and two wholesale customers in Duval and
6 Nassau Counties. Attached is a map (Exhibit ____,
7 SRF-1) which identifies JEA's present service
8 territory on file with the Florida Public Service
9 Commission.

10 The Consolidated City of Jacksonville and the
11 Jacksonville Electric Authority were established on
12 October 1, 1968, by Special act of the Florida
13 Legislature. The legislatively enacted City of
14 Jacksonville Charter establishes the Jacksonville
15 Electric Authority in Article 21, relevant sections
16 of which are attached as Exhibit ____, SRF-2. The
17 JEA is governed by a seven member board and appointed
18 for a four year term by the Mayor of Jacksonville and
19 approved by the City Council.

20 **Q: By what authority does JEA provide electric service**
21 **in the City of Jacksonville?**

22 **A: Under the Consolidated City of Jacksonville Charter,**
23 **Section 21.04, Powers, subsection (3), the JEA has**
24 **the powers:**

25

1 To furnish electricity to private persons,
2 firms and corporations, the city and any
3 other public or private body, organization or
4 unit, in any part of the city or in any
5 adjacent county and for said purposes shall
6 have the right to construct and maintain
7 electric lines in and along all public
8 highways and streets throughout the city and
9 said adjacent counties.

10 The Charter states in Article 1, Section 1.01(b) that
11 The consolidated government has and shall
12 have jurisdiction as a chartered county
13 government and extend territorially
14 throughout Duval County and has and shall
15 have jurisdiction as a municipality
16 throughout Duval County except in the cities
17 of Jacksonville Beach, Atlantic Beach and
18 Neptune Beach and the town of Baldwin.

19 The Charter also states in Article 2, Section 2.04
20 that

21 Throughout the entire general services
22 district (defined as the entire county) the
23 consolidated government shall furnish the
24 following governmental services, . . .
25 electricity, . . .

1 Q: Are there Charter or Ordinance provisions addressing
2 other electric utilities' rights to serve customers
3 in the City of Jacksonville?

4 A: Yes. The Ordinance Code says this:

5 § 718.102. Clay Electric Co-operative, Inc.
6 and Okefenoke Rural Electric Membership
7 Corporation. Until such time as the
8 Jacksonville Electric Authority acquires the
9 electric system facilities and properties of
10 Clay Electric Co-operative, Inc. and
11 Okefenoke Rural Electric Membership
12 Corporation which are located within the
13 City, neither the Clay Electric Co-operative,
14 Inc. nor the Okefenoke Rural Electric
15 Membership Corporation shall furnish electric
16 service to any additional premises or extend
17 its lines into or within any areas within the
18 city unless it is or shall be authorized to
19 do so by the Council; but the licensing and
20 taxation by the city of the existing business
21 and properties of the corporation within the
22 city shall not be deemed to constitute this
23 authority.

24 § 718.103. Delegation to Jacksonville
25 Electric Authority. The Jacksonville

1 Electric Authority, or its authorized agent,
2 is delegated the authority to grant
3 permission to other electric utility
4 companies to furnish electric service to
5 additional premises and to extend their lines
6 when it is not practical or economical for
7 the Authority to furnish this service.

8 Q: Are there any territorial agreements between JEA and
9 other utilities regarding service in the City of
10 Jacksonville?

11 A: There are two. Currently on file with the Florida
12 Public Service Commission is a territorial agreement
13 between JEA and Florida Power & Light which was
14 executed prior to consolidation on March 19, 1963,
15 approved by the FPSC on April 28, 1965 (Docket No.
16 7421-EU) and reaffirmed on April 13, 1979 (Docket No.
17 790886-EU).

18 The second territorial agreement involving territory
19 within the municipal corporate limits of Jacksonville
20 is between JEA and Clay Electric Co-op. Both parties
21 have adopted the agreement and it is now being
22 submitted for FPSC approval. The essence of the
23 JEA/Clay agreement is that JEA will serve customers
24 in the City of Jacksonville presently served by Clay
25 and Clay will serve customers in the unincorporated

1 portions of Clay County presently served by JEA.
2 Through a transition period JEA will purchase all of
3 Clay's facilities and customers in the City. There
4 is no territorial agreement between JEA and OREMC.

5 Q: Is the new JEA/Clay territorial agreement consistent
6 with the Jacksonville Charter and the Jacksonville
7 Ordinance Code?

8 A: Yes. It achieves the Charter's goal of JEA service
9 to Jacksonville citizens. I also believe that the
10 JEA/Clay agreement is consistent with the legislative
11 goal of avoiding duplication of facilities.

12 Q: Has JEA attempted to reach an agreement with OREMC?

13 A: Yes. During the past two years, while negotiating
14 the territorial agreement with Clay, OREMC has
15 refused all of JEA's attempts to negotiate a similar
16 result with them.

17 Q: Why have your attempts failed?

18 A: OREMC insists that any agreement grant them a
19 continuing right to serve some customers and
20 territory within the incorporated boundary of
21 Jacksonville. The JEA does not have the authority to
22 make such a concession in any agreement.

23 Q: Are you familiar with the circumstances leading to
24 the JEA's providing retail electric service to the
25 Holiday Inn-Airport Road?

1 A: Yes.

2 Q: Would you please elaborate?

3 A: In the first quarter of 1991, I was called by Mr.
4 Claude Collins, manager of the Holiday Inn. Mr.
5 Collins asked if JEA could perform a rate comparison
6 of his previous twelve months electric service
7 consumption between his present supplier and JEA.
8 Mr. Collins indicated that he was concerned that his
9 charges were significantly higher than his competitor
10 hotels along Airport Road, all of which are served by
11 JEA. Lastly, Mr. Collins indicated that if the
12 Holiday Inn was to remain competitive with the other
13 area hotels, it was desirable that it be served by
14 JEA. I indicated that if he could make arrangements
15 to have his electric service disconnected from OREMC,
16 JEA would serve the Holiday Inn. In June 1991,
17 Holiday Inn gave OREMC written notice of their intent
18 to transfer to JEA. Holiday Inn hired independent
19 electrical contractors to install the equipment
20 necessary to effect the change over and to disconnect
21 from OREMC. Holiday Inn became a customer of JEA on
22 November 25, 1991.

23 Q: Was this the first time that Holiday Inn inquired
24 into transferring its electric service requirements
25 to JEA?

1 A: No. JEA has correspondence in its files since 1973
2 regarding Holiday Inn's interest in transferring to
3 JEA. I have attached copies (Exhibit _____, SRF-3)
4 of significant documents from both Holiday Inn and
5 OREMC on the proposed transfers. In fact, in
6 February 1979, OREMC completed an analysis of the
7 costs to Holiday Inn for transfer to JEA at
8 \$29,584.80. The letter of February 21, 1979, from
9 OREMC to Holiday Inn suggests that OREMC was then
10 willing to allow Holiday Inn to transfer to JEA.

11 Q: In OREMC's petition, they request that Holiday Inn be
12 returned to OREMC. Will this action serve to
13 eliminate duplication as their petition would imply?

14 A No, in fact return of the Holiday Inn to OREMC would
15 perpetuate duplication of facilities.

16 As shown on the attached map, Exhibit ____, SRF-4, JEA
17 serves all other hotels along Airport Road and all
18 other establishments except for a sewer treatment
19 facility and the Holiday Inn sign.

20 Q: Would you please summarize your testimony.

21 A: The Jacksonville Electric Authority provides electric
22 service within the City of Jacksonville consistent
23 with, and in concurrence with Jacksonville's Charter
24 and Jacksonville's Ordinance Code. JEA has the
25 exclusive right to provide retail electric service

1 within the City of Jacksonville except as otherwise
2 provided for in JEA's territorial agreement with
3 Florida Power & Light Company, and the Ordinance
4 Code. No territorial agreement exists between JEA
5 and OREMC, and OREMC has not been granted a franchise
6 or other permission by the Jacksonville City Council
7 to serve additional customers in the City. JEA has
8 attempted to negotiate a territorial agreement with
9 OREMC without success. The JEA does not have the
10 authority to grant OREMC the right to serve any
11 territory within the City of Jacksonville. JEA
12 commenced retail electric service to the Holiday Inn-
13 Airport Road on November 25, 1991, upon request of
14 the Holiday Inn.

15 If the FPSC granted OREMC's petition to allow OREMC
16 to serve the Holiday Inn, duplication of electric
17 facilities would be perpetuated instead of
18 eliminated.

19 Q: Does that conclude your testimony?

20 A: Yes.

21

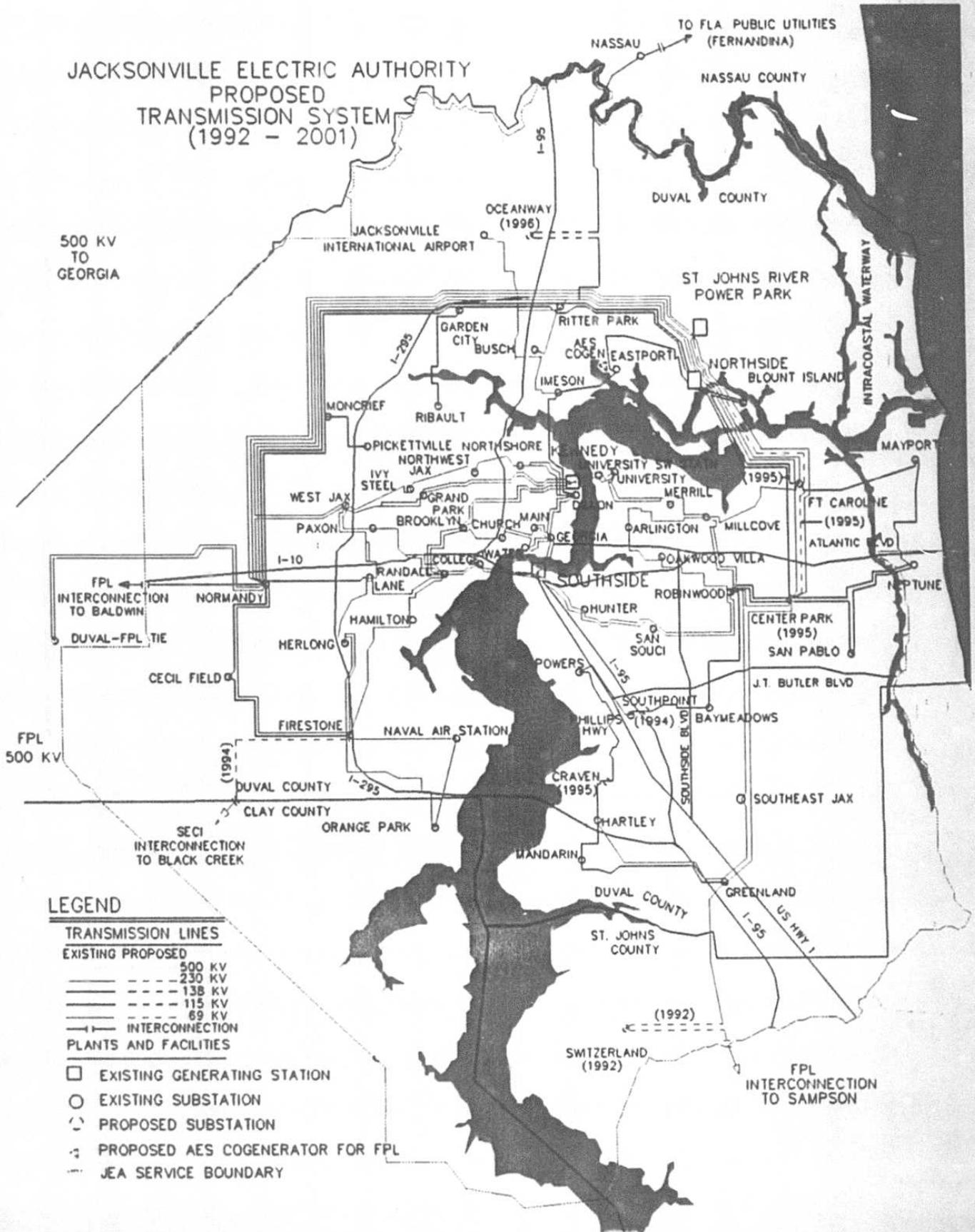
22

23

24

25

JACKSONVILLE ELECTRIC AUTHORITY
 PROPOSED
 TRANSMISSION SYSTEM
 (1992 - 2001)



LEGEND

TRANSMISSION LINES

EXISTING PROPOSED

- 500 KV
 - - - 230 KV
 - 138 KV
 - - - 115 KV
 - · - · 69 KV
 - INTERCONNECTION
- PLANTS AND FACILITIES

- EXISTING GENERATING STATION
- EXISTING SUBSTATION
- PROPOSED SUBSTATION
- △ PROPOSED AES COGENERATOR FOR FPL
- - - JEA SERVICE BOUNDARY

city, and shall pay for them on a cost accounted basis. The Authority may utilize such other services of the city as may be mutually agreed upon from time to time and may pay for them on a fair and reasonable basis. The authority shall purchase all supplies, contractual services, capital improvements, and professional services in compliance with the same ordinances and regulations which apply to the city when making such purchases.

History.—Laws of Fla., Ch. 82-311, §1, Ord. 84-1307-754, §24

Section 20.08. Employees.—The Authority shall employ and fix the compensation of an executive director and provide for the employment of other employees. All employees of the Authority shall be employees of the city, shall be subject to Articles 16 and 17 of the charter of the city, except as otherwise provided by the council, and except that the executive director, professional employees and the heads of such departments as the Authority may establish shall not be within the

civil service system of the city. The Authority may also employ certified public accountants, consultants, and other special purpose employees not within the civil service system of the city.

History.—Laws of Fla., Ch. 82-311, §1, Ord. 84-1307-754, §24

Section 20.09. Execution of instruments; examination of claims.—All instruments in writing necessary to be signed by the Authority shall be executed by the chairman and secretary, or by such officer, agent or employee of the Authority as it may by resolution designate. The Authority shall provide for the examination of all payrolls, bills, and other claims and demands against the authority to determine before the same are paid that they are duly authorized, in proper form, correctly computed, legally due and payable, and that the Authority has funds on hand to make payment.

History.—Laws of Fla., Ch. 82-311, §1, Ord. 84-1307-754, §24

ARTICLE 21. JACKSONVILLE ELECTRIC AUTHORITY*

Section 21.01. Authority created and continued.
Section 21.02. Definitions.
Section 21.03. Composition; compensation; officers; meetings.
Section 21.04. Powers.
Section 21.05. Bonds eligible for legal investments.

Section 21.06. Transfer of property by city.
Section 21.07. Fiscal and budgetary functions.
Section 21.08. Employee benefits.
Section 21.09. Awards of contracts.
Section 21.10. Execution of instruments; examination of claims; funding through revenue bonds.
Section 21.11. Legislative authority of council.

Section 21.01. Authority created and continued.—There is hereby created and established a body politic and corporate to be known as the Jacksonville electric authority, which authority is authorized to own, manage and operate an electric utilities system in the City of Jacksonville and in any or all counties adjacent thereto. The authority created and established by this article is the same Jacksonville electric authority previously created and established by chapter 67-1569, Laws of Florida, as amended, and, except as otherwise provided or authorized by this article, said authority shall continue to function under this

article the same as it previously functioned under chapter 67-1569, Laws of Florida, as amended.

History.—Laws of Fla., Ch. 78-538, §1; Laws of Fla., Ch. 80-515, §1; Ord. 84-1307-754, §25.

Section 21.02. Definitions.—In the interpretation of this article, unless the context otherwise requires:

(1) The term "authority" shall mean the Jacksonville electric authority.

(2) The term "electric system" shall mean the electric utilities system of the city of Jacksonville.

*Editor's note.— For supplementary provisions relative to the Authority, see Part B, Art. 3.

3. The term "member" shall mean a member of the authority.

4. The term "managing director" shall mean the managing director of the authority.

History.—Laws of Fla., Ch. 78-538, §1, Laws of Fla., Ch. 80-515, §1, Ord. 84-1307-754, §25.

Section 21.03. Composition; compensation; officers; meetings.—

1. The governing body of the authority shall consist of seven members, appointed by the mayor, subject to confirmation by the council, for a term of four years or until his successor has been appointed and has qualified. Each member of the authority shall have been a resident and elector of the city for at least six consecutive months prior to his appointment. No member of the authority shall hold any other public office or position. If at any time during his tenure on the authority, a member shall cease to possess the qualifications required for his membership on the authority, he shall cease to be a member and a vacancy shall exist on the authority. Any vacancy on the authority, however created, shall be filled for the unexpired term in the same manner as the position was originally filled, and the person filling the vacancy shall have and retain all the qualification[s] prescribed for membership on the authority. Any member appointed to the authority for two consecutive full terms shall not be eligible for the succeeding term. The members may be removed by the mayor at any time with or without cause, but a removal must be approved by a two-thirds vote of the council.

(2) The members of the authority shall not be entitled to compensation, pension or other retirement benefits on account of service on the authority, but members and employees shall be entitled to payment of reasonable expenses as provided by the council. Members of the authority shall be subject to the provisions of §286.012, Florida Statutes, relating to voting at meetings of the authority, and to the provisions of §§112.311–112.3175, inclusive, Florida Statutes, as from time to time amended, relating to financial disclosure and conflicts of interest.

(3) The authority shall elect a chairman, vice-chairman and secretary, each of whom shall serve for one year or until his successor is chosen. The authority shall hold regular meetings at least

monthly at such times and places as it may designate and may hold more frequent regular meetings. Special meetings may be held upon the call of the chairman or any three members of the authority. A majority of the membership shall constitute a quorum for the purpose of meeting and transacting business. Each member of the authority shall have one vote. The authority may adopt bylaws and make rules and regulations not inconsistent with this article or general law.

History.—Laws of Fla., Ch. 75-538, §1; Laws of Fla., Ch. 80-515, §1, Ord. 83-693-582, §1, Ord. 84-1307-754, §25.

Section 21.04. Powers.—The authority shall have the following powers, in addition to powers otherwise conferred:

(1) To construct, acquire, establish, improve, extend, enlarge, reconstruct, reequip, maintain, repair and operate the electric system of the city.

(2) To acquire for the use of the electric system by grant, purchase, gift, devise, condemnation by eminent domain proceedings, exchange or in any other manner, all property real or personal, or any estate or interest therein, and to sell or otherwise transfer, with or without consideration, any such property when in the authority's discretion it is no longer needed or useful, all upon such terms and conditions as the authority shall by resolution fix and determine. The right of eminent domain conferred herein shall be exercised by the authority in the manner provided by law. If the authority leases any real property to another agency, firm, corporation, or individual, it shall cause said lease or leases to be recorded with the clerk of the circuit court as a matter of public record. The authority shall not sell real property for less than the appraised value as recorded by the property appraiser for Duval County, unless approved by the council. If there is no recorded appraised value, then the authority shall request the property appraiser for Duval County to provide an appraisal prior to the sale of the real property.

(3) To furnish electricity to private persons, firms and corporations, the city, and any other public or private body, organization or unit, in any part of the city or in any adjacent county and for said purposes shall have the right to construct and maintain electric lines in and along all

public highways and streets throughout the city and said adjacent counties.

(4) To the extent permitted by law, to fix, regulate and collect rates and charges for the services furnished by the electric system, only after the authority shall have given notice of and held a public hearing in Duval County. The notice shall be published not less than one week in advance in at least one newspaper of general circulation in the county. Said notice shall be at least one-fourth page in size, inviting the public to be present and heard. The authority shall have the power to impose sanctions to enforce compliance with any rule or regulation which the authority may adopt in the management and operation of, or the sale or use of electricity from the electric system. The city and other public bodies shall be required to pay for electricity upon the same basis as other users.

(5) To sue and be sued, implead and to be impleaded, complain and defend in all courts; to adopt and use a corporate seal; to make and enter into all contracts, agreements, and leases and to do and perform all other acts and deeds necessary and incidental to the performance of its duties and the exercise of its powers.

(6) To make or cause to be made such surveys, investigations, studies, borings, maps, drawings and estimates of cost and revenues as it may deem necessary, and to prepare and adopt a comprehensive plan or plans for the location, relocation, construction, improvement, revision and development of the electric system.

(7) (a) To issue revenue bonds of the authority for the purpose of paying all or part of the cost of any one or more enlargements, expansions, developments or replacements or modernizations of the electric system, whether the property used therefor has been previously acquired or not, for the purpose of paying all or part of the cost of removing, relocating or reconstructing at another location any portion of the electric system which in the opinion of the authority constitutes an obstruction or hazard to the safe or efficient operation of the system, and for the purpose of paying off and retiring any bond issued or assumed under this act, and for any combination of one or more such purposes in any single issue of revenue bonds.

(b) The bonds of each issue shall be authorized by resolution of the authority and

shall be dated, shall bear interest at such rate or rates as are currently established by §215.685, Florida Statutes, or according to said section as it may from time to time amended, shall mature at such time or times not exceeding forty years from their date or dates, as may be determined by the authority, and may be made redeemable before maturity, at the option of the authority, at such price or prices and under such terms and conditions as may be fixed by the authority prior to the issuance of the bonds. The authority shall determine the form of bonds, including any interest coupons to be attached thereto, and the manner of execution of the bonds, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the state. The resolution authorizing the issuance of the bonds shall contain such provisions relating to the use of the proceeds from the sale of bonds and for the protection and security of holders of the bonds, including their rights and remedies, and the rights, powers, privileges, duties and obligations of the authority with respect to the same, as shall be determined by the authority. In case any officer whose signature or facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. All bonds issued under the provisions of this act shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the negotiable instruments law of the state. The bonds may be issued in coupon or registered form or both, as the authority may determine, and provisions may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The issuance of such bonds shall not be subject to any limitations or conditions contained in any other law.

(c) Prior to any public sale of bonds the authority shall cause notice to be given by publication in some daily newspaper published and having a general circulation in the city that the authority will receive bids for the purchase of

Jacksonville Electric Authority

220 EAST BAY STREET • JACKSONVILLE, FLORIDA 32202

Exhibit No. _____ (SRF-3)
Docket No. 911141-EU
Jacksonville Electric Authority
Correspondence
Page 1 of 12

POWER TO SERVE

August 15, 1973

Mr. Douglas N. Fisher
Holiday Inn-Jacksonville Airport
P. O. Drawer 18409
Jacksonville, Florida 33229

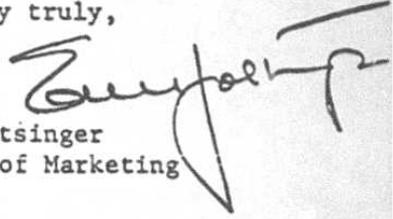
Dear Mr. Fisher:

We have received your letter of August 8, 1973, wherein you have expressed an interest to change your electrical supply from Okefenoke Rural Electric Membership Corporation to the Jacksonville Electric Authority's system.

The Jacksonville Electric Authority is desirous of furnishing electrical energy to any and all customers within the confines of Duval County. However, when an existing customer is being served by another utility such as Okefenoke Rural Electric, we cannot run our electric service into such property until the other electric utility agrees to the removal of its lines and electric service to said property. Therefore, if Okefenoke Rural Electric would agree to the removal of the service into the Holiday Inn and would specify a time and date at which they would remove such facilities, then the Jacksonville Electric Authority would construct its lines into the property coincidental with such date.

We trust that you will appreciate our position in this matter since we would desire the same courtesy extended to us should one of our customers desire to be served by Okefenoke Rural Electric.

Yours very truly,


E. M. Holtzinger
Director of Marketing

EMH/njl

cc: Pete Gibson

xc: John Ford
Bill Barrett



Exhibit No. _____ (SRF-3)
Docket No. 911141-EU
Jacksonville Electric Authority
Correspondence
Page 2 of 12

Holiday Inn® - JACKSONVILLE AIRPORT

P O DRAWER 18409
JACKSONVILLE, FLORIDA 32229

December 13, 1977

C

Mr. Robert Page
Okefenoke Electric
P.O. Box 602
Nahunta, GA 31553

O

Dear Mr. Page:

Please consider this letter as formal announcement of our desire to discuss change over from Okefenoke Rural Electric Service to Jacksonville Electric Authority. I would like to discuss the equipment you now have in use.

P

Please let me hear from you at your earliest convenience.

Sincerely,

Y

Claude C. Collins

nr
cc: Joe Morgan

MM

A MISSISSIPPI MANAGEMENT, INC. OPERATION UNDER LICENSE FROM HOLIDAY INNS, INC., MEMPHIS, TENNESSEE

BRANNON, BROWN, NORRIS, VOCELLI

ATTORNEYS AT LAW
STATE EXCHANGE BANK BUILDING
POST OFFICE BOX 1028
LAKE CITY, FLORIDA 32055

W BRANTLEY BRANNON
CLARENCE E BROWN
JOHN E NORRIS
CHARLES VOCELLI
WILLIAM L HALEY
THOMAS W BROWN
BRUCE W ROBINSON
FRANK B METCALF
RONALD H COLE
FREDERICK T MICKLER, III

May 25, 1978

RECEIVED

MAY 25 1978

System Engineering
Jacksonville Electric Authority



Mr. Pete Gibson
Okefenokee Electric Co-op
Post Office Box 602
Nahunta, Georgia 31553

Re: Airport Holiday Inn
Jacksonville, Florida

Dear Mr. Gibson:

This is to confirm our telephone conversation wherein I related to you that the Holiday Inn at the Airport in Jacksonville, one of our clients, is very dissatisfied with the service which your Co-op has been giving with respect to electrical energy.

The numerous shutdowns have damaged the Inn's equipment and has not only inconvenienced the Inn and its customers but it has caused the Inn great financial loss. We do not intend to allow these losses to continue.

As stated to you, we would be grateful if you would make arrangements with the Jacksonville Electric Authority to take over the furnishing of electrical energy to the Airport Holiday Inn because we feel that they are more capable of giving good service. You indicated that there was a formula by which such arrangements could be made. We urge that these arrangements be made at an early date. If there is anything we can do to facilitate the transfer of service, please let us know. We would be most anxious to cooperate.

I am grateful to you for your talking to me on the phone.

Sincerely yours,

John E. Norris
John E. Norris
For the Firm

JEN:des
bcc: Mr. Bill Irving
Mr. Earle F. Jones

Mr. Joe Morgan
Mr. Claude Collins



OKEFENOKÉ RURAL ELECTRIC MEMBER

Exhibit No. _____ (SRF-3)
Docket No. 911141-EU
Jacksonville Electric Authority
Correspondence
Page 4 of 12

Post Office Box 602 Nahunta, Georgia 31553
Phone [912] 462-5131

February 21, 1979

Mr. Claude C. Collins
General Manager
Holiday Inn
P. O. Drawer 18409
Jacksonville, Fl. 32229

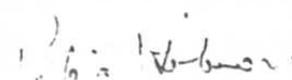
Dear Mr. Collins:

We send to you herewith an analysis of our non-salvagable facilities which would be involved if the Holiday Inn is transferred to the system of Jacksonville Electric Authority (JEA). The analysis is based upon present-day replacement cost less depreciation. The cost to your company would be \$29,584.80. Whether your company could utilize any of these facilities in taking power from JEA is a matter between you and JEA.

This offer is contingent upon the satisfactory resolution of several closely related matters with JEA. For example, there are other members served from the same line that serves Holiday Inn, which must be provided for. The enclosed data is supplied at this time so as to be helpful to you in your future planning.

We will be working with JEA in an effort to resolve the many problems incidental to this proposed change.

Yours truly,


Pete J. Gibson
Manager

PJG:dj

cc: Mr. John Norris, P. O. Box 029
Lake City, Fl. 32055

Mr. C. D. Anderson, JEA
P. O. Box 53015, Jacksonville, Fl. 32201

Encl:

RECEIVED
JAN 24 1979

FEB 21 1979

JACKSONVILLE ELECTRIC AUTHORITY

*Facilities at Holiday Inn - Present Day Cos

- A. Underground three phase 15 Kv primary service from service pole on Sr # 111 into sectionalizer and transformer, direct burial cable.
- B. Secondary services, two 1600 ampere three phase four wire 277/480 volt, one into laundry building and one in main unit of Motel.
- C. Secondary services in raceways and copper and aluminum conductors.
- D. Grounding at transformer and sectionalizer.
- E. Ditching and backfill.

Total Material	25,581.00
Total Labor	840.00
Sub-total	25,665.00
Overhead Expenses	16,599.00
Total Value	42,264.00
Less Depreciation 3.0% for 10 years	12,679.20
Present Value	29,584.80

*Transformer, switching and metering to be removed by Okefenoke.

Jacksonville Electric Authority

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



September 22, 1983

Mr. Claude Collins
Airport Holiday Inn
P. O. Drawer 18409
Jacksonville, Florida 32229

Re: Feasibility Study of Possible Takeover by J.E.A.
as a Power Source to Your Project

Dear Mr. Collins;

As you requested at our recent meeting, we have done a preliminary study on the feasibility of supplying your site with electric power as an alternative source in view of the unsatisfactory service given by your present utility. We have determined that J.E.A. could serve your motel with either primary or secondary service.

Primary metered service would establish a metering point within an easement adjacent to the public right-of-way. From the meter center into your project would require equipment and design originating with the customer and J.E.A. would not be involved past the metering point.

Secondary service would require the customer to build duct banks, manholes, and transformer pads to J.E.A. specifications and provide these at owner's expense. J.E.A. would supply primary cables and padmounted transformers. Ortega Utilities could also secure secondary power from a J.E.A. transformer served by this system if they so desired. We would also make available overhead secondary service for the small sign services on the east side of your property.

If you wish to pursue using J.E.A. as your utility company, we will generate proper paper work and approval drawings showing your two options. Your first step will be to contact Okefenoke Rural Electric, and ask that they notify us in writing of their willingness to discontinue service to your site, and allow J.E.A. to provide your future electricity.

Mr. Claude Collins
page -2-
September 22, 1983

Exhibit No. _____ (SRF-3)
Docket No. 911141-EU
Jacksonville Electric Authority
Correspondence
Page 7 of 12

Once notified we will begin design and construction drawings and work with Okefenoke R.E.A. to effect a timely and smooth change over. We are most interested in furnishing our new customers with timely adequate electrical service.

Very truly yours,



R. Curtis McGahee

RCM/qww

xc: Project file
John Parker
Lester Price

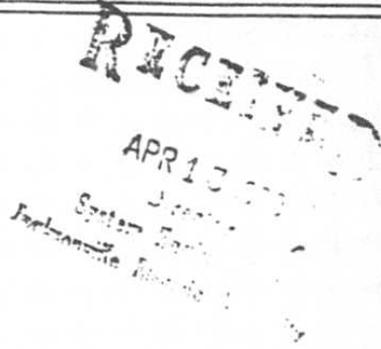


Okefenoke Rural Electric

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

"Owned By Those We Serve"

April 7, 1988



Mr. Claude C. Collins
General Manager
Holiday Inn
Jacksonville Airport - I-95 North
P. O. Drawer 18409
Jacksonville, Florida 32229

Re: Account Number 26872003, Map Ref. No. 60-00-12-01

Dear Mr. Collins:

As you were informed in March, 1988, our consulting engineering company is in the process of preparing a Cost of Service Study for the Okefenoke Rural Electric Membership Corporation (OREMC). The purpose of a Cost of Service Study is to equitably establish cost for each class of electric consumer on the OREMC system. As you may know, it takes many months to prepare a Cost of Service Study since the matter is extremely complex. Then, there are additional months required during which time OREMC must submit the proposed rates to the Rural Electrification Administration for approval along with other entities who must review and/or approve the OREMC rates. Hopefully before the end of 1988, all of the various agencies will have reviewed and approved new rates for OREMC so that we can (with as much fairness as possible) begin billing our consumers based on their proportion of our total expenses.

It is important to note that, while it is the opinion of OREMC that the rate matter under consideration for power loads with an installed transformer capacity of 1,000 KVA or larger is due for a major revision based on a Cost of Service Study, there have been major changes in the wholesale rate structures charged to OREMC during the past few years. Many years ago Cooperatives across the nation and particularly in Georgia and Florida were charged very low demand rates. While I do not remember the exact figures, the demand portion of the overall power cost was relatively insignificant. The insignificance of demand cost in the past in no way emphasized needs for load management and as a result consumers (including Cooperatives) operated as if the peak demand did not matter. During the last several years,



Claude C. Collins

Page Two

April 7, 1988

however, the emphasis has been so great that many consumers (including the Holiday Inn) have taken steps to control their peak demand and the efficiency or load factor has been, therefore, improved. Then, with improving load factors on loads such as the Holiday Inn and considerably more emphasis placed on demand charges, it became incumbent upon OREMC to re-think the overall relationship between demand and energy cost to the consumers we serve. In a nut shell, OREMC is responding to the new wholesale rates which are being established regularly by our wholesale suppliers in order to be sure that consumers, such as the Holiday Inn and others, are equitably charged for their electric service.

While the overall rate preparation procedure takes many months, it is only reasonable in the case of the Holiday Inn, that OREMC give special consideration to the size of your load and the operating efficiency. We, therefore, have asked our consulting engineering to investigate the possibility of a special interim rate, which could be applied to any consumer on the OREMC system who presently has an installed transformer capacity of 1,000 KVA or greater. The consulting engineer has determined that the load factor which has been established by the Holiday Inn is sufficiently high (good) to warrant a reduction in the power cost for your load. Obviously, OREMC cannot design one (1) rate for one (1) individual (unless the load was of extremely large size such as a large factory, etc.) so we gave consideration to any potential load that may come on the OREMC system with a transformer capacity in excess of 1,000 KVA. After looking at the overall situation it was decided that the matter of efficiency and load factor was so important with this particular rate classification that OREMC would actually increase the demand (KW) cost for this rate classification but lower, considerably, the energy (KWH) cost. And, as a result of this change in the Rate Schedule, GSD-S4I, the overall reduction in the cost to the Holiday Inn should be approximately \$40,000 per year. Using the loading which was established at the Holiday Inn during the 1987 period where the total summation of maximum demands was 14,628 KW and the total energy purchased was 5,908,560 kilowatt hours the actual cost difference under this condition would be \$40,436 per year. In order to show you the monthly cost difference, there is a tabulation prepared and included at the end of this letter showing the monthly savings which will be realized by the Holiday Inn for loading as was actually used (established) in the year 1987 from January through December. Taxes and adjustments are not included in these calculations.

Claude C. Collins

Page Three

April 7, 1988

It should be pointed out that the new rate, GSD-S4 - Interim (GSD-S4I) is only valid until such time as the new rates are completed and put into effect in the fall (it is anticipated) of 1988. At the time that the new rates are established, then a proper rate for the Holiday Inn will become effective and hopefully will be to the continued benefit of the Holiday Inn.

Obviously, there is a considerable emphasis upon the matter of load factor (which is a measure of the efficiency of use of your energy: $LF = KWH/(KW \times 730)$) at the Holiday Inn. We understand that you have done much to establish a high load factor and we urge you to continue making efforts to maximize the energy use in relationship to the peak demand which is created each month. You will find undue emphasis on energy conservation (reduction in use of KWH) will not be nearly as beneficial as the reduction of demand (KW) reduction. As you can see, on the rate comparison for the Holiday Inn, the old KW charge was \$4.20 per KW and the new KW charge is \$6.00 per KW which is an increase of 42.9 percent but, there is a reduction in the energy charge of 18.4 percent and the overall effect of these changes is that the Holiday Inn will save over \$40,000 per year in electric costs.

OREMC totally understands why the Holiday Inn has pursued, vigorously, the matter of a rate reduction based on a consideration for your highly efficient operation. The reason that we have proceeded with establishment of a special new rate is because of our desire to charge a fair rate for our consumers. Of course, it is our desire to let each rate (as much as reasonably possible) bring the same margin of profit to OREMC. We are a Cooperative and it is our responsibility to be certain that we are charging a rate to all consumers that most nearly brings in a margin of from four (4) to seven (7) percent per year after all operating and plant costs.

With the amount of efforts in system improvement which have been made all parties at the Holiday Inn and the major investments which were made by OREMC to improve the overall quality of electric service in all of northern Duval County, you can understand that OREMC must continue to serve all our consumers. It is our position that, unless there is an organized transfer of consumers between JEA and OREMC, that we cannot allow a small consumer(s) or a large consumer(s) to transfer.

We believe you will welcome the news of a major change in the rate for efficient usage of demand and energy for loads with transformers in excess of 1,000 KVA. We will keep you informed

Claude C. Collins

Page Four

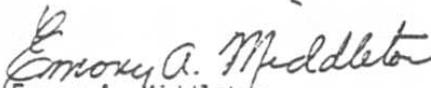
April 7, 1988

in regard to the further rate development which we anticipate to be placed in service later.

I am sure that you understand that JEA is a "hard act to follow" right now because of the excellent job they have done with their generation plant installations and their purchase of oil, etc. during the past few years. We admire JEA and the way they conduct themselves in all matters such as this and in the day-to-day matters regarding electric service. They will continue to cooperate with you and I welcome you corresponding with them in regard to this matter. I am sure that they will confirm that the efforts (being made by OREMC) are to remain equitable to our consumer, provide the lowest cost power possible considering our costs and to fairly reward the efforts of energy/demand conscious individuals and corporations such as the Holiday Inn.

Please let us know if we can be of further assistance and you can anticipate that the new rate (GSD-S4I) will be charged on the next time you are billed by OREMC.

Yours truly,


Emory A. Middleton
General Manager

EAM:arr

Enclosure

cc: C. E. Laing, Jr.
Assistant General Manager

E. Price McLean
McLean Engineering Company

bcc: Shel Fredman, JEA



April 18, 1988

Mr. Carlton Laing, Jr.
Okefenoke Rural Electric
Post Office Box 602
Nahunta, Georgia 31553

Dear Mr. Laing:

This is written in response to the April 7th letter from Emory Middleton and later conversation with you in regards to the electric service at the Holiday Inn-Airport.

As discussed in our conversation of April 15th we have decided not to pursue further arrangements with J.E.A. at this time. It is our feeling that the energy cost savings anticipated through their lower rate, though an advantage to us, would be difficult to afford at this time.

Please realize that the additional cost of service from REMC is a very important operational expense and one that we must review periodically.

By copy of this letter I want to assure J.E.A. that their responding to my questions regarding rate comparison has not been a total waste of their effort. Price and service seems very advantageous however, business interruption and cost of conversion makes such a major transition impossible to afford at this time.

Thank you very much for responding to our concerns. As in the past you have been a pleasure to work with.

Sincerely,

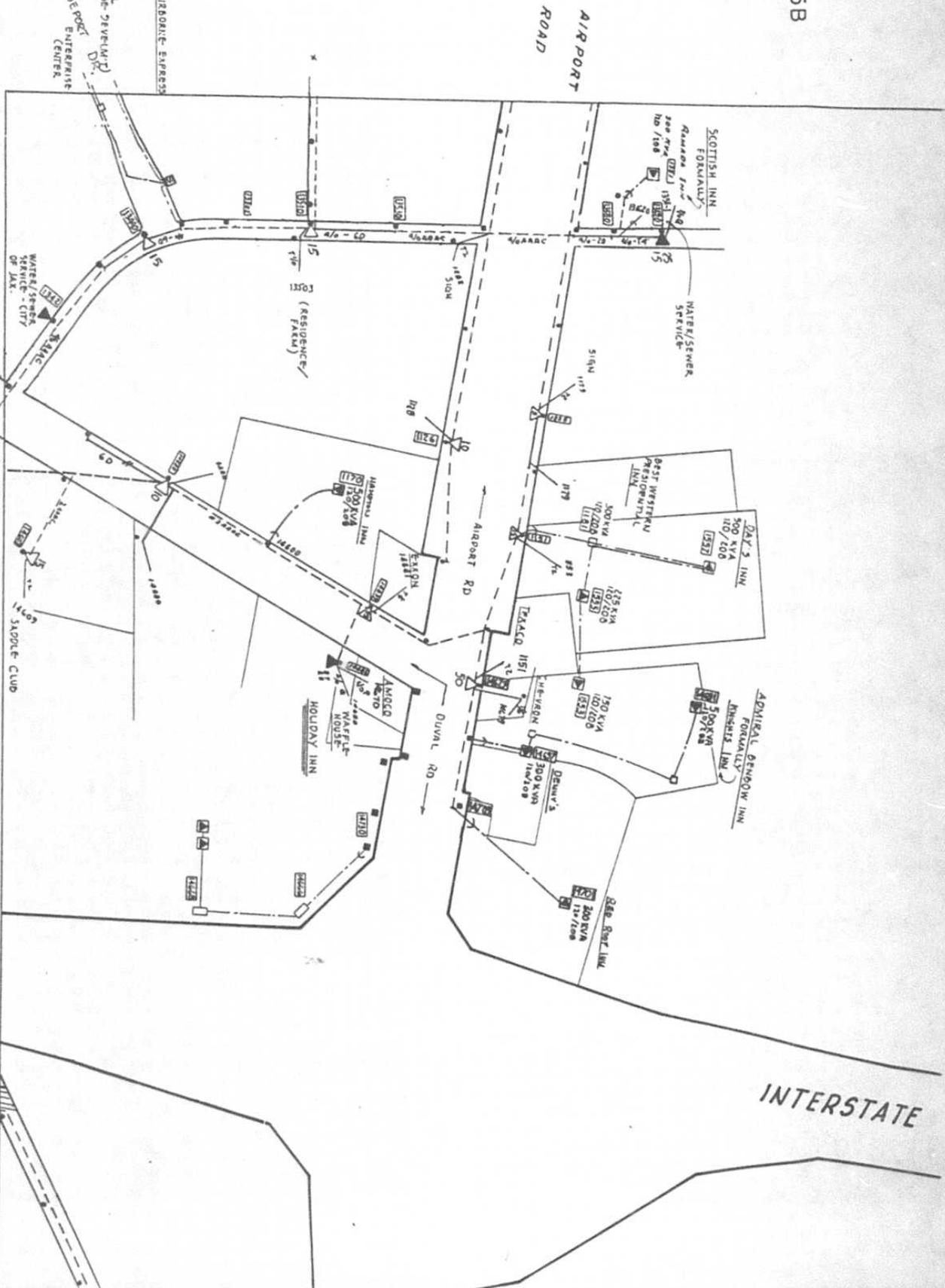

Claude C. Collins
General Manager

cc: Mr. Mike Hart
Mr. Mike P. Sturdivant
Mr. Emory Middleton
Mr. Joe D. Morgan

tt

25B

ONE	1.44	2.74	7.81
TWO	1.44	2.74	7.81
THREE	1.44	2.74	7.81
FOUR	1.44	2.74	7.81
FIVE	1.44	2.74	7.81
SIX	1.44	2.74	7.81
SEVEN	1.44	2.74 <td 7.81	
EIGHT	1.44	2.74	7.81
NINE	1.44	2.74	7.81
TEN	1.44	2.74	7.81



SOUTH WEST PORTION OF JEA SECONDARY DISTRIBUTION
 SIAP 26A

NOTICIES: EXISTING JEA SPRAYED ELECTRIC
 CUSTOMERS IN THE VICINITY OF THE
 HOLIDAY INN; AIRPORT RD.

ELECTRIC & WATER UTILITIES ENGINEERING DEPARTMENT, OVERHEAD ELECTRIC DISTRIBUTION SECTION

SCALE 1" = 200'

SECONDARY

26C

INTERSTATE