UNITED STATES OF AMERICA BEFORE THE NUCTEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

OCT -9 1980 Office of the Secretary Docketing & Service Branch NRC Docket No. 50-389A 90cT30

DOCKETED

USNRC

In the Matter of FLORIDA POWER & LIGHT COMPANY (St. Lucie Plant, Unit No 2)

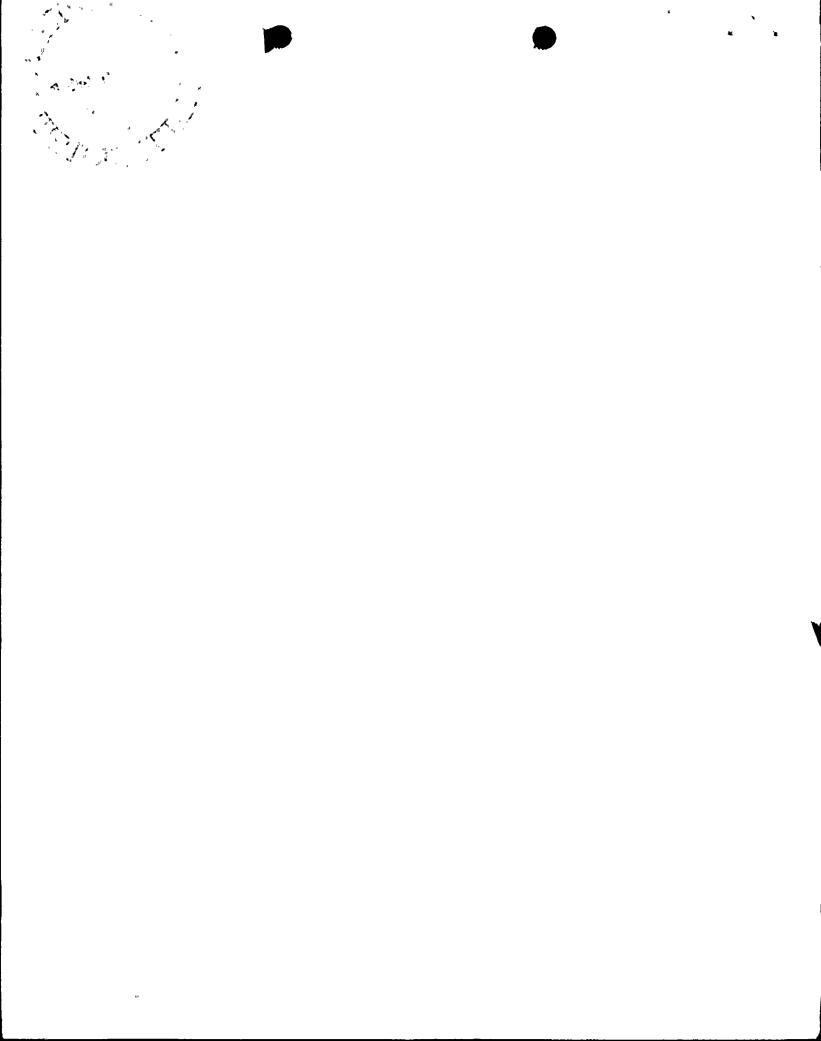
FLORIDA CITIES' ANSWER TO JOINT MOTION

Florida Power & Light ("FPL"), the Department of Justice ("Department") and the Nuclear Regulatory Commission staff ("staff") have filed a motion requesting (1) the attachment of certain "license conditions in their entirety to the construction permit of St. Lucie Unit No. 2, thus making them effective immediately, without prejudice to this Board's authority to impose different or additional conditions after a hearing" and (2) the directing of Florida Cities to submit written objections to those conditions. Motion, p. 3.

Florida Cities' understanding is that if the proposal is made effective now subject to different or additional conditions, subsequent orders might broaden or enhance relief but would not narrow or limit relief to less than that provided in the parties' proposed license conditions. If Florida Cities misunderstand the parties' intent, Cities must be so The settlement contemplates that large investments informed. may be made based upon the license condition terms. 1/

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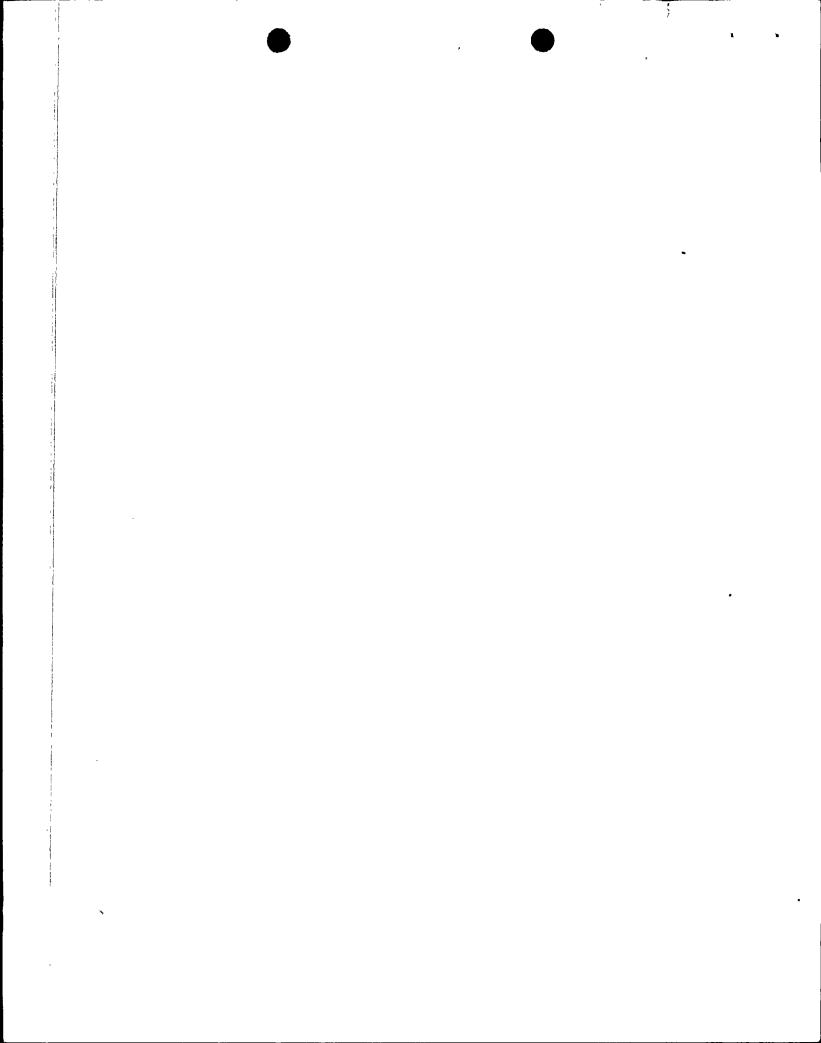
^{1/} In an attached Stipulation, the parties enter into certain understandings. Among them is a stipulation that the Department will withdraw a request for a Section 105a proceeding and the staff "will communicate to the Commission its opinion" that there is no need for such proceeding. It is Florida Cities understanding that the motion does not request Board approval of the Stipulation. Cities oppose any such termination of the Section 105a proceeding. D5000



Florida Cities to not believe that the proposed license conditions will cure the "situation inconsistent with the antitrust laws". Further, they do not believe that the settlement can be fairly said to meet the standard set forth in Duke Power Company (Catawaba Nuclear Station, Units 1 and 2), (LBP) 74-47, 7 AEC 1158, 1159 (1974), cited at Motion, p. 2, that there should be "a reasonable settlement of said differences within the public However, as a practical matter, FPL is prepared to agree to certain license conditions in exchange for the government parties' withdrawal. The Government parties agree to the settlement. Assuming that they are free to seek more favorable conditions, Florida Cities cannot and do not object to the immediate ordering of the license conditions provided that the implementation of those license conditions does not significantly In this way the "situation inconsistent" may be injure them. lessened, although not eliminated.

Florida Cities were excluded from the negotiating sessions and the give and take that led to these conditions. Therefore, while they had some input during the process and were permitted to comment after the deal was essentially struck, not surprisingly many significant aspects of the conditions ignore substantial interests of the Cities, as indicated and explained in the correspondence attached as Appendix A.

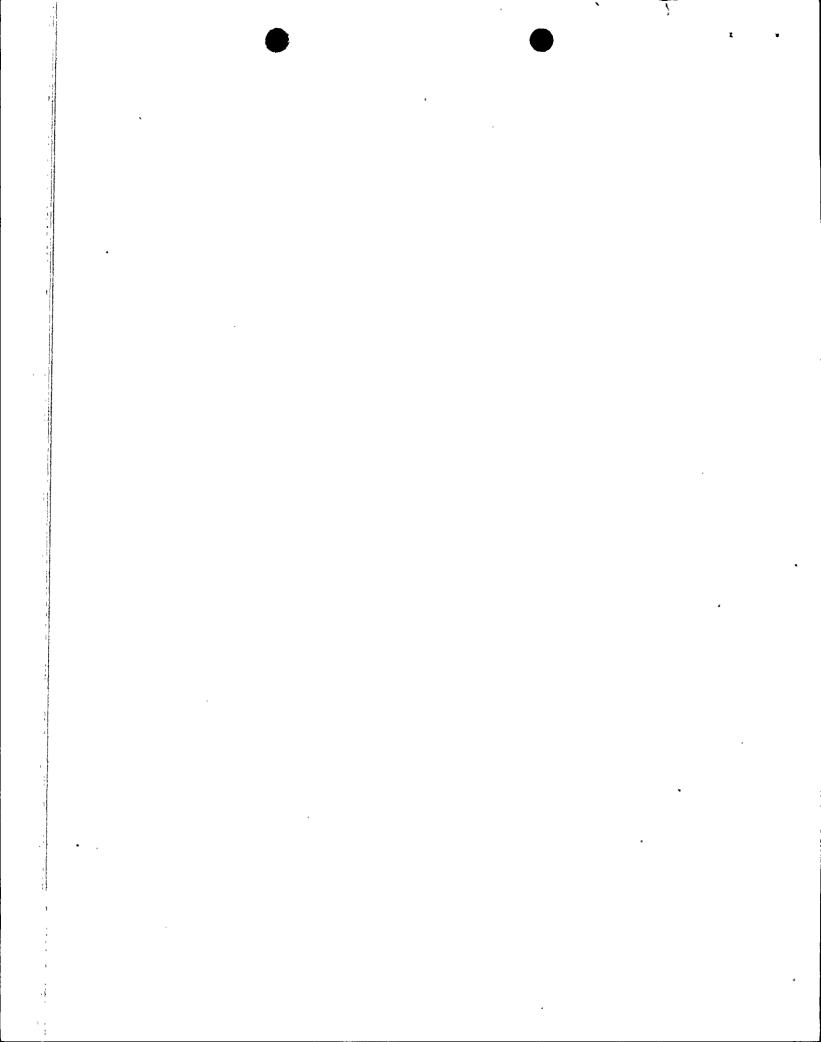
settlement. The first category concerns the settlement's failure in various regards to cure the situation and, indeed, the settlement's provision for conduct that is anticompetitive on its face, including bars to future transmission and whole-



sale power and the exclusion of many systems from rights to nuclear access. However, these are failures where immediate implementation as such does not appear to significantly worsen the Cities' situation. The Cities want to be heard as to these matters and to press for the adoption of legal procedures that would avoid long, drawn-out litigation to resolve them. They do not object to immediate implementation of the proposed license license conditions on account of this first category of objections.

The second category of objections concerns proposed conditions, where immediate implementation would be unfair and where the fact of immediate implementation would cause immediate harm. With regard to such conditions, the Cities urge the Board to rule now on such conditions, after argument and briefing. Cities assume that the other parties would agree to correct such deficiencies or at least consider However, if FPL would withdraw its proposed corrections. settlement in its entirety rather than accept corrections of these conditions before further hearings, Florida Cities would acquiesce in the immediate implementation of these conditions subject to further hearings. An example of such condition is the requirement that Florida Cities make a deposit for designated nuclear capacity before reaching agreement as to the terms of purchase.

There is a third category of license conditions which could have an immediate, severe and irrevocable adverse impact on the Cities, including in some instances making financing of ownership shares more difficult or even impossible. Before immediate implementation is ordered, the Cities seek rulings



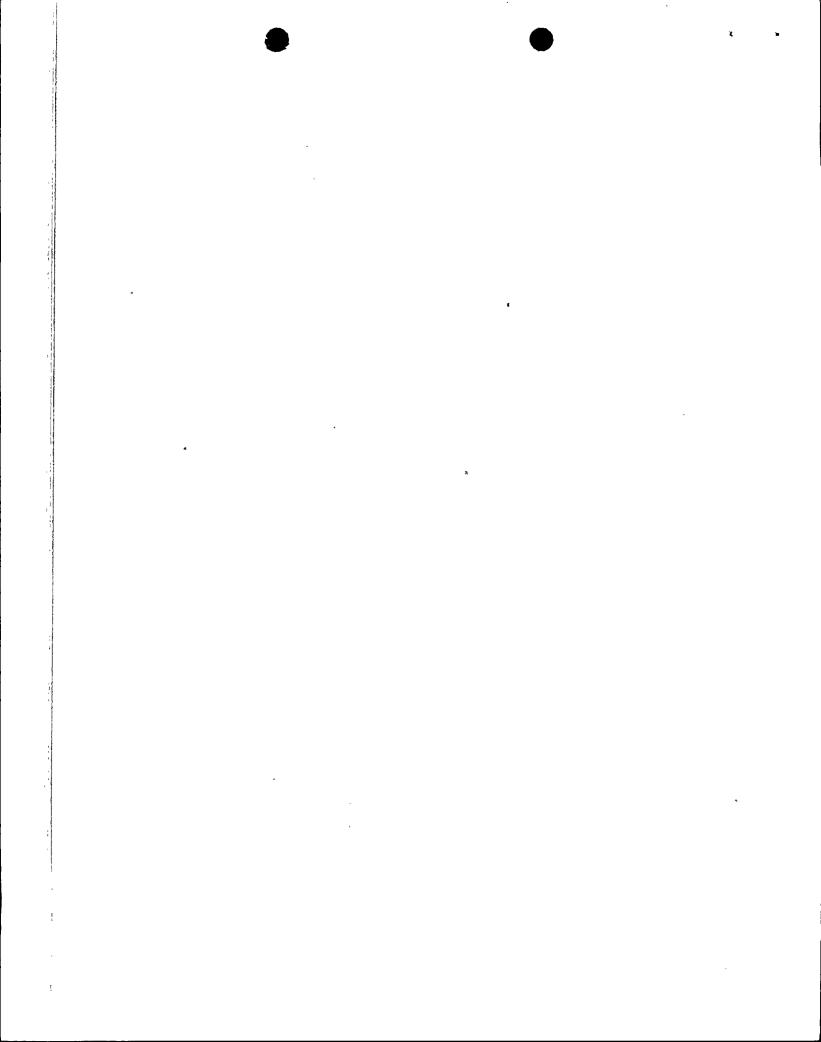
on these items and their correction. They cannot acquiesce in the immediate implementation of this category of conditions. Examples are the time periods before which cities must close on the permitting of adverse participation terms.

With the above stated qualifications, Florida Cities do not object to immediate implementation. However, they would object to immediate implementation without their having an opportunity to be heard and for correction of the limited category of items which would result in severe and irreparable injury resulting from that implementation.

Further, with regard to their broader objections, Florida Cities request the opportunity to present to the Board their other objections and the establishment of a mechanism to avoid an expensive evidentially hearing.

While this is a response to a procedural motion, Florida Cities set forth below examples of their objections so that in determining procedures the Board may understand their concerns in ordering procedures. Florida Cities are flexible as to such procedures. However, before drafting the pleading suggested by the other parties, for a full specification of objections, they suggest that a pre-hearing conference be called promptly to discuss the objections so that the Board and the parties may be informed and, possibly, to negotiate various differences among the parties. In that way the pleading may best address Board and party concerns and in that way may better contribute to a resolution of outstanding issues in whole or in part. 1/

^{1/} While FPL may take the position that its present proposal represents the best offer that it is prepared to make, under



- A. PRINCIPLE UNREASONABLE CONDITIONS WHICH MAY BE IMPLEMENTED SUBJECT TO CORRECTION AFTER HEARING
- 1. The settlement provides nuclear capacity and other rights only for certain cities. For example, it excludes nuclear participation rights for many (but not all) cities located in Florida Power's retail service area. Especially in view of the Fifth Circuit finding in Gainesville Utilities v. Florida

 Power & Light Co., 573 F.2d 292, 294, (1978), cert. denied,

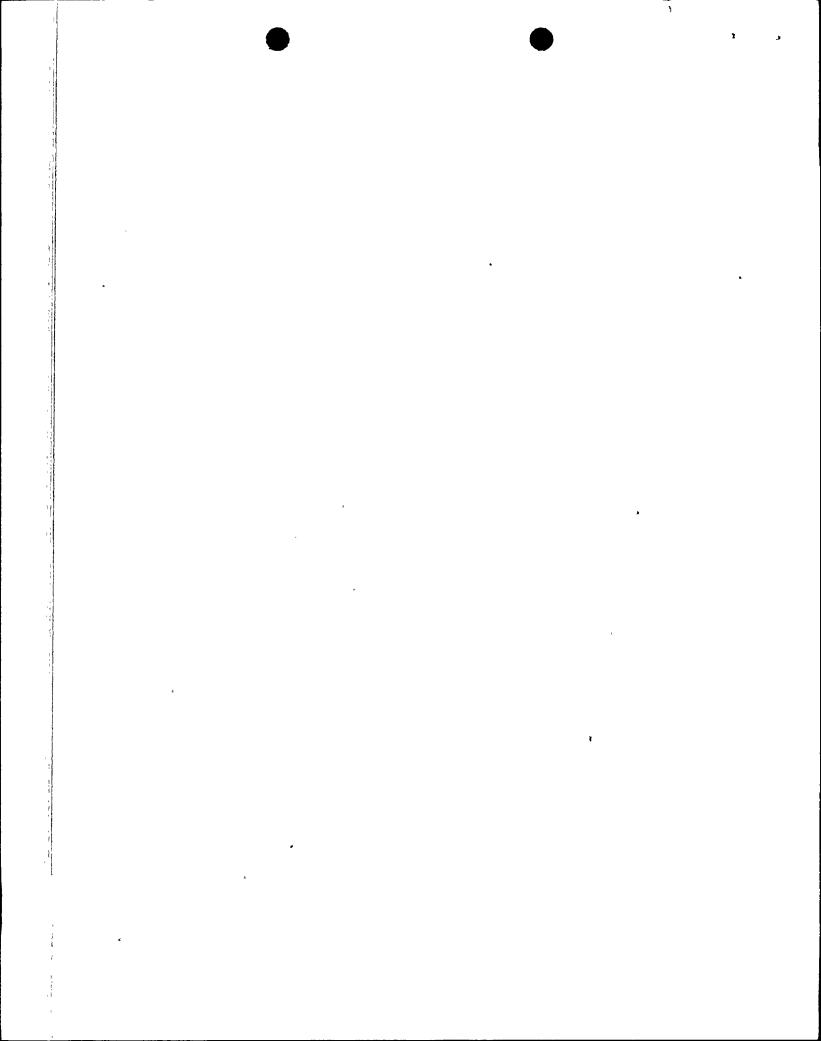
 439 U.S. 966 (1978, footnotes omitted):

... That the evidence compels a finding that P&L was part of a conspiracy with Florida Power Corporation (Florida Power) to divide the wholesale power market in Florida" 1/

the exclusion of some cities in Florida Power's "territory" is unjustifiable. The exclusion restricts the power supply alternatives of cities in Florida Power's "area" even while FPL competes with them for power supply and sales. 2/ The exclusion of such cities from relief is irrational and inexplicable when other cities outside FPL's "territory" -- Gainesville, Lake Helen and Orlando -- receive nuclear capacity entitlements under the proposal. 3/

the circumstances the Board's ordering and participating in a conference to seek to define and narrow, if to settle, remaining differences would be apropriate.

- 1/ The court added that the "correspondence [between high executives of Florida Power and FPL] ... points so strongly to the existence of a conspiracy that 'reasonable men could not arrive at a contrary verdict ...' Boeing Co. The Shipman, 5 Cir., 1969, 411 F.2d 365, 374 (en banc). In fact the letters and internal memoranda border on a blantant agreement to divide the market." Id. at 301
- 3/ Lake Helen purchases all its power supply from Florida . Power Corporation; Gainesville and Orlando are generating cities, outside the perimeter of FPL's retail service area.



By providing rights to Gainesville, Lake Helen and Orlando, the settlement implicitly recognizes that the retail service area boundaries cannot rationally provide a limitation on entitlements. But why is intervenor Gainesville given nuclear and purchased power rights, but not intervenors Alachua and Newberry located nearby in Alachua County? Why does Orlando receive entitlements, but not nearby Kissimmee or St. Cloud? 1/

Why do non-intervening cities, such as Green Cove Springs, who to Florida Cities' knowledge have not made requests, receive entitlements, when intervening cities, such as Tallahassee do not receive entitlements. Why Lake Helen, but not Mt. Dora; both wholesale customers of Florida Power Corporation?

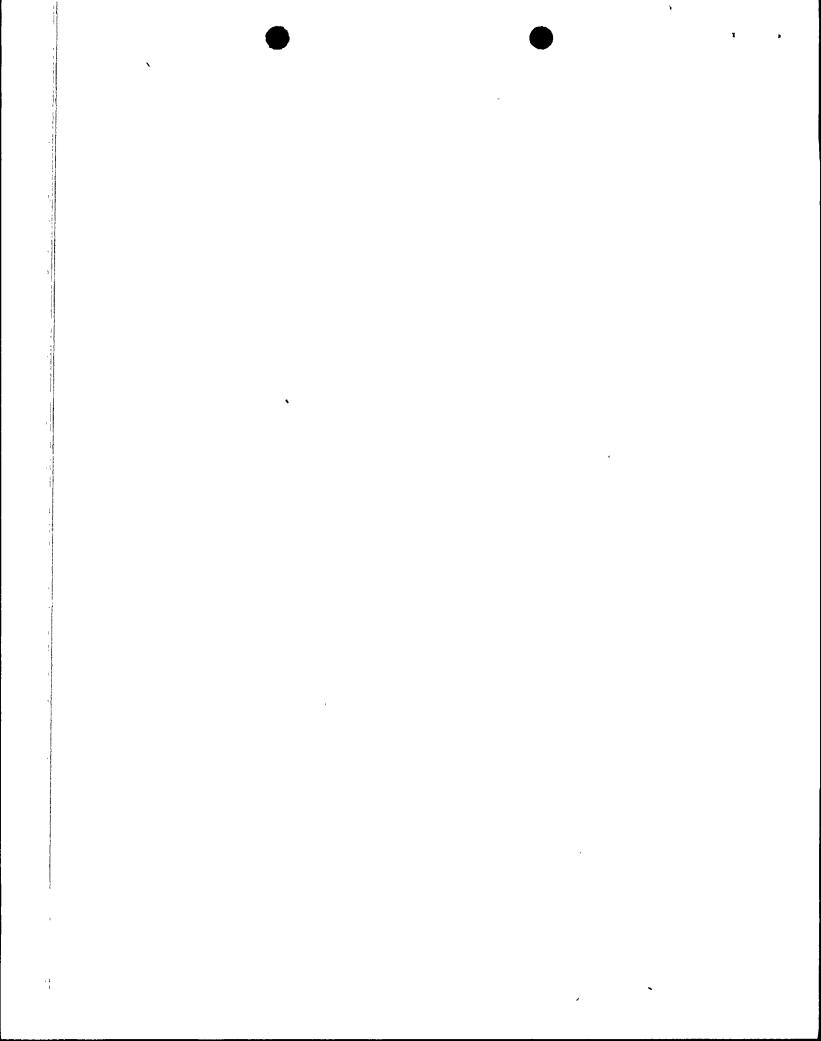
One must assume that FPL thought it worth its while to allocate capacity to Orlando, which the Commission found was "misled" 2, and to Gainesville, which had won the 5th Circuit case. 3/ There would be obvious tactical advantages for FPL to a settlement providing for relief to the large potential litigants, thereby making it more difficult for other cities to bear the burden and expense of litigation.

2. The conditions are deficient in that they do not

^{1/} St. Cloud is a named intervenor. Kissimmee relies on FMUA's intervention.

^{2/} Florida Power & Light Co., (St. Lucie Plants, Units 1 & 2,
Turkey Point Plants, Units 3 & 4), 5 NRC 789 (1977), affirmed,
6 NRC 8 (1977), affirmed, 7 NRC 939 (1978).

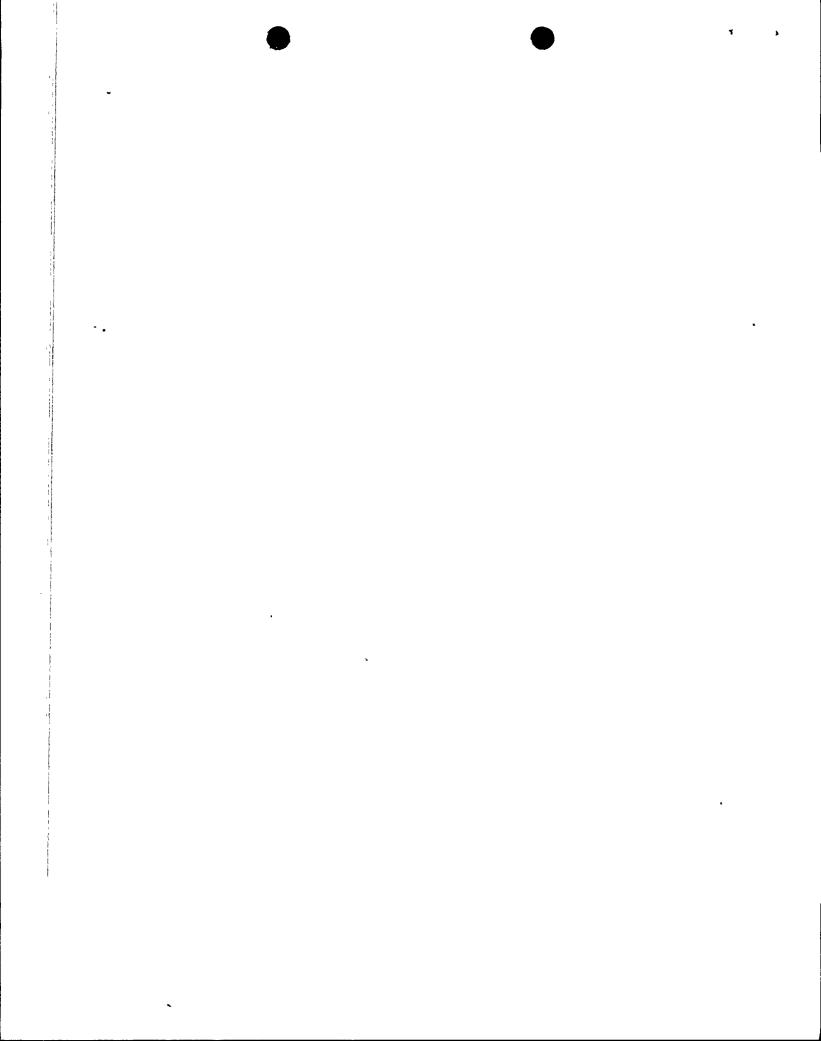
^{3/} Lake Helen was mentioned in that case. Gainesville Utilities v. Florida Power & Light Co., supra, 573 F.2d at 298.



provide for capacity from FPL's operating nuclear units or rights to make power purchases from them at reasonable prices. Florida Cities allege that FPL has monopolized nuclear generation and has used the economic power from its monopoly to advantage itself in competition, including the preservation and expansion of its retail monopoly. For example, during its attempted acquisition of the Vero Beach system, the Company publicized to Vero Beach voters the advantage of FPL's St. Lucie l as justifying Vero Beach's sale of electric system (in spite of an imminent FPL retail rate increase). 1/ Company filed a proposed wholesale power tariff with the Federal Energy Regulatory Commission proposing to confine its sales of wholesale power to certain established wholesale customers and to exclude sales to certain generating systems. FPL's intent was to deny municipal systems' access to nuclear generating power even in the dilute form of wholesale power sales. The Federal Energy Regulatory Commission found that FPL's proposals "were unjust and unreasonable under the standards of Sections 205 and 206 of the Federal Power Act, particularly because of their anticompetitive effects." 2/

^{1/} Open Letter to every Vero Beach resident from Florida Power and Light Company's Ralph Mulholland, Vero Beach Press-Journal (Sept. 5, 1976). Appendix B.

^{2/} Florida Power & Light Co., FERC Opinion No. 57, 57A, 32 PUR 4th 313 (1979, quotation from "Opinion and Order Denying Rehearing", October 4, 1979).

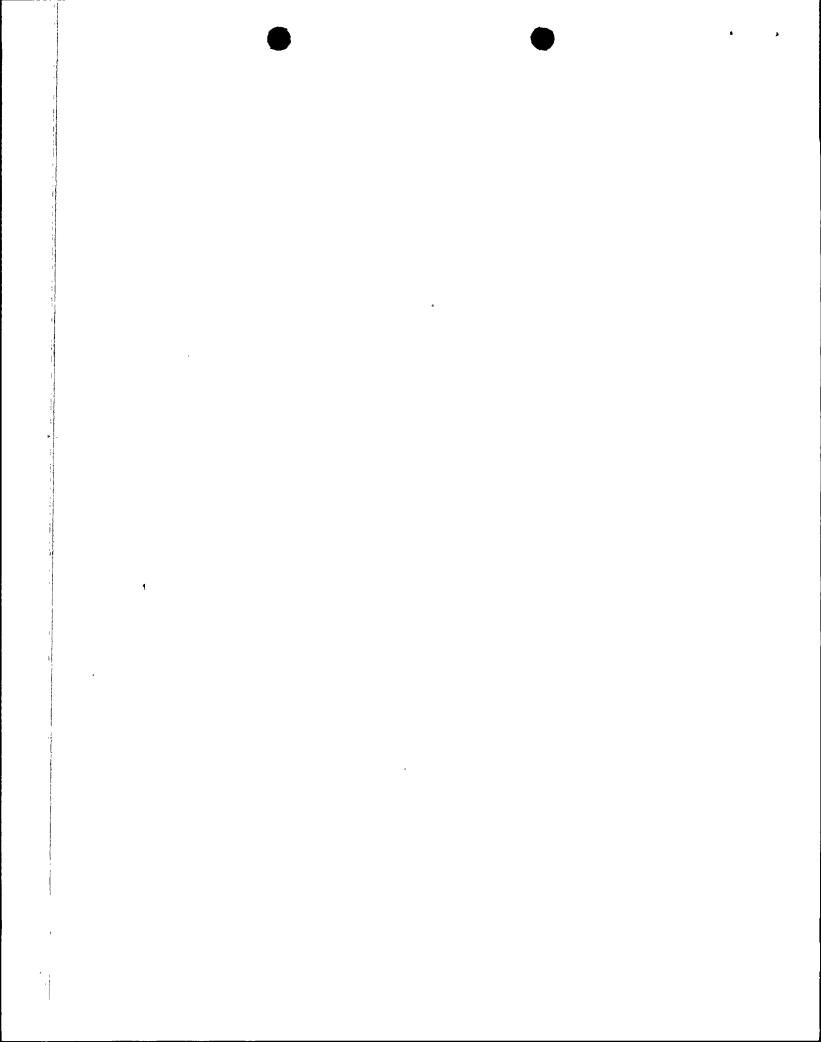


3. The settlement fails to provide for or to facilitate access by intervenors to the Florida transmission grid, nor does it foster a regional transmission rate. If Florida Cities are correct as to their basic allegations that FPL has abused its monopoly power over transmission (Otter Tail Power Co. v. United States, 410 U.S. 366 (1973)), the settlement should be conditioned to provide the cities in the future with the same opportunities for transmission that FPL has. The intervenors propose that they have the opportunity to make investments in transmission in lieu of paying transmission rates. This would help finance necessary transmission and would give cities transmission party with FPL on a basis equitable to FPL.

Cities' proposal represents <u>no</u> transfer of values from FPL to the cities and indeed would provide for municipal investments in transmission, but the proposal would facilitate future competition. So long as the cities must continue to do business under economic bases less favorable than FPL, enjoys, a competitive impediment is created for large numbers of actual or potential transactions.

Proposed License Condition X concerning transmission services fails to require FPL to transmit power bought by a city from a facility not owned by Gainesville, Orlando, Lake Helen or any "inside" system. 1/ In a period of generation fuel

^{1/} Florida Cities assume that if a city or FMPA owns offsystem generating facilities, under the license conditions FPL would be required to transmit such generation output, since FMPA would be a neighboring entity or a neighboring distribution system under the license conditions.



shortage, if the cities cannot obtain additional nuclear capacity, they should not be excluded from access to outside sources of generation.

Under the license conditions FPL is not required to file a transmission tariff. but apparently may proceed by way of transmission contracts. The Federal Energy Regulatory

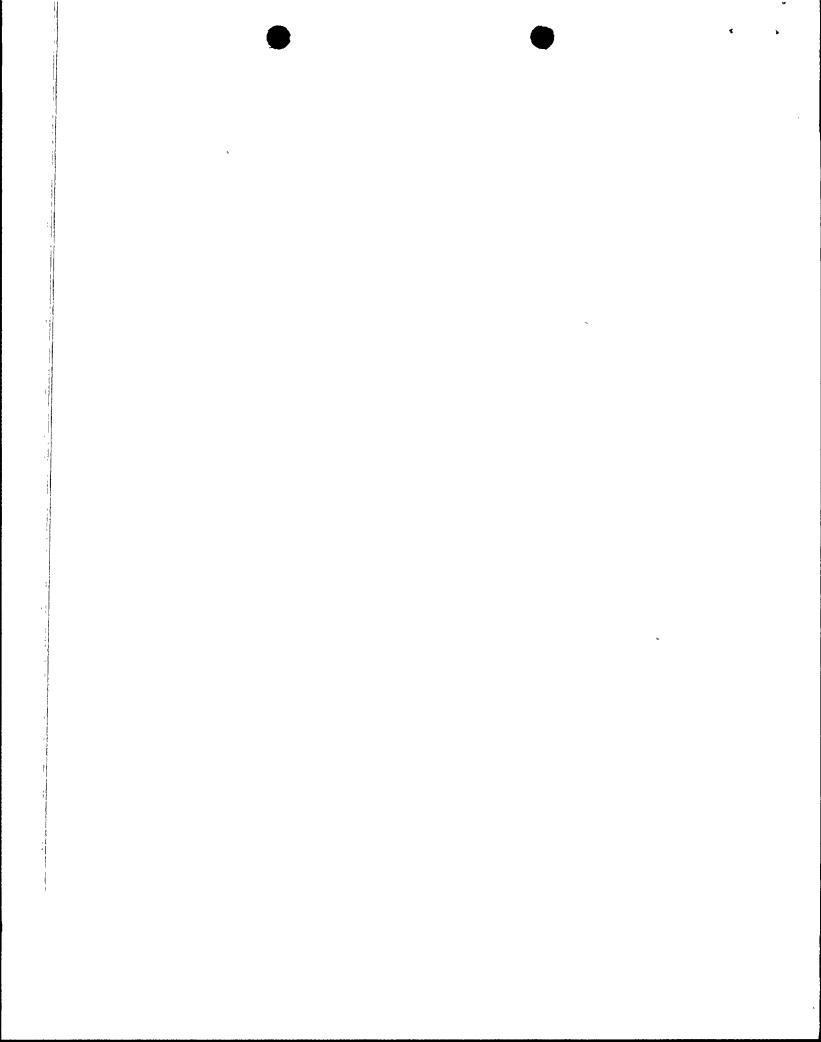
Commission orders in Docket No. ER78-19, expressly require FPL to file a transmission tariff notwithstanding the Company's objections (Orders of December 21, 1979 and February 6, 1980).

FPL has appealed. Florida Power & Light Co. v. Federal

Energy Regulatory Commission, CA 5 Docket No. 80-5259.

Documentary evidence shows that at the same FPL sought to buy out the municipal electric system of the City of Vero Beach, the Company refused to provide transmission services for the City. FPL refused to transmit on the excuse that "FPL had no filed rate for such delivery." Appendix D. Yet FPL now resists filing a tariff, which would provide the missing rate.

License Condition X provides an additional limitation:
transmission service need not be provided unless "a reasonable
magnitude, time and duration for the transactions are specified prior to the commencement of the transmission." While
superficially plausible, this condition gives FPL substantial
freedom to impede transmission and thereby frustrate
transactions. The condition should be rewritten to require a
transmission tariff with provisions for minimum terms of ser-



vice such as other utilities regularly offer. 1/

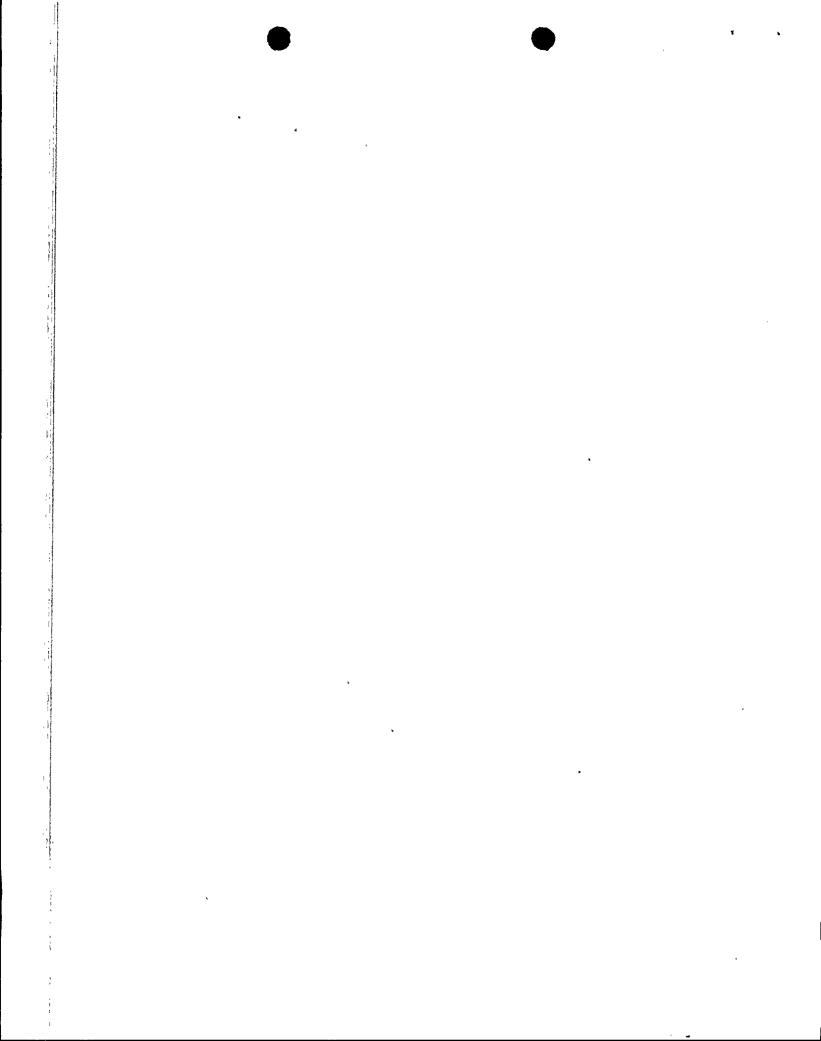
4. License condition IX relating to wholesale firm power sales is unclear. First the obligation to serve appears to permit FPL to deny sales to new generating systems. Further, it appears to permit a <u>reduction</u> of FPL's wholesale power obligation to the extent a customer obtains participation in an FPL unit or obtains power transmitted over FPL's lines. This provision is anticompetitive and illegal on its face.

lesale power. In Opinion No. 57, <u>supra</u>, FERC rejected such restrictions as anticompetitive. Yet, under the proposed conditions if a city desires to participate with others in a large, economic generating unit or participate purchase through FMPA 2/ and get the power transmitted over FPL lines — or even buy into St. Lucie — to that extent it loses the right (if it had any under the proposal) to purchase wholesale power from FPL. In short, the use of FPL's transmission — already limited under the proposed conditions — reduces the cities' wholesale power rights. 3/ The evil of the condition is that it prevents smaller systems from making reasoned

^{1/} The exclusion does not appear to be accidental. According to a document discovered from FPL, it wants to "[d]eter the competitive threat of municipal generation." Appendix C.

^{2/} FMPA is a joint municipal agency, formed pursuant to State Tegislation empowering municipals to enter into joint generation and transmission projects on behalf of its members. Section 361.2 Fla. Stat. (1979).

^{3/} As systems' loads grow, even though they purchased adequate capacity in a new unit, they may need additional purchased power.

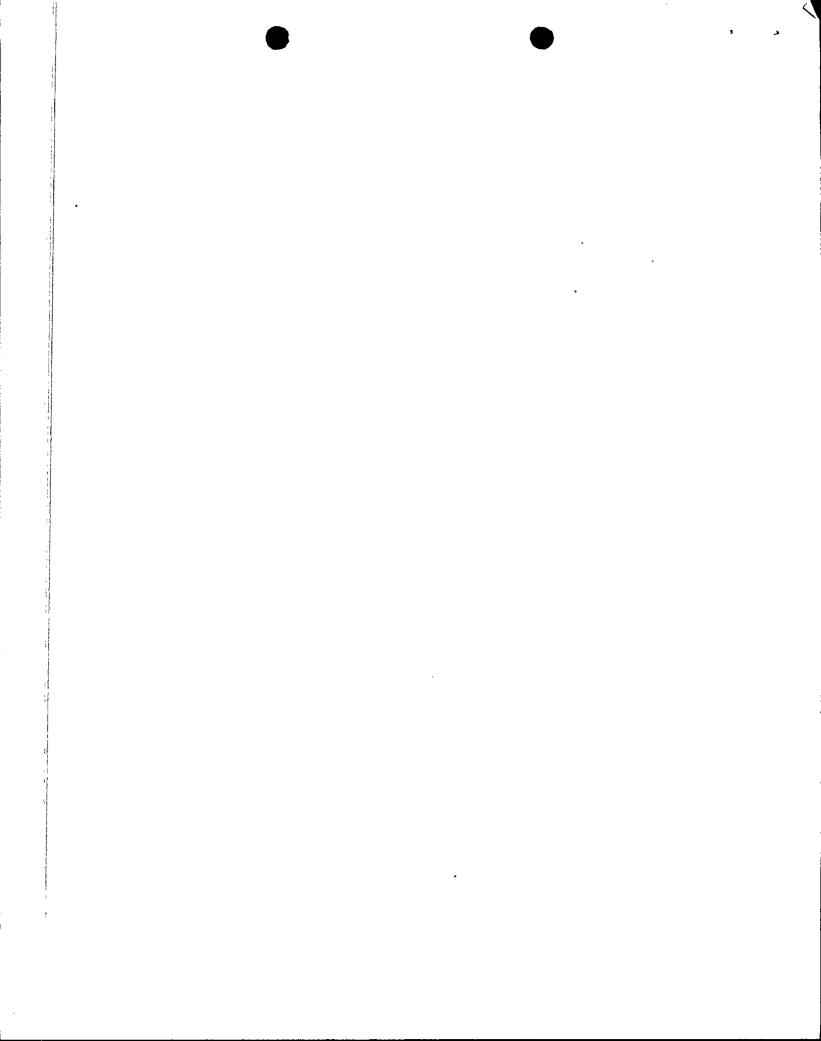


choices as to how much capacity a new unit and how much purchased power they should obtain. Further, it impedes the cities from wholesaling power, anticompetitive restraint in itself.

- 5. Provision VIII provides access to future FPL nuclear units, but only for a lesser period of time than is afforded in other NRC license conditions. Further Provision VIII works to prevent smaller systems from obtaining higher nuclear capacity than FPL. It is arguable that FPL should not be obliged to sell disproportionate nuclear capacity where units have already been sized; but as to new units the limitation is blatantly anticompetitive.
- 6. Federal law permits and encourages power pooling, but pooling agreements may not be exclusionary or discriminatory.

 E.g., Associated Press v. United States, 326 U.S. 1 (1945).

 FPL should not be permitted to enter into pooling agreements at all in the future if they are exclusionary. Condition XI provides only for FPL's "best efforts" to sponsor new members to its pools.
- 7. License Condition XIII(a) appears to allow FPL, but not others, to seek changes in the license conditions.



II. PRINCIPLE CONDITIONS WHICH HAVE AN IMMEDIATE ADVERSE IMPACT

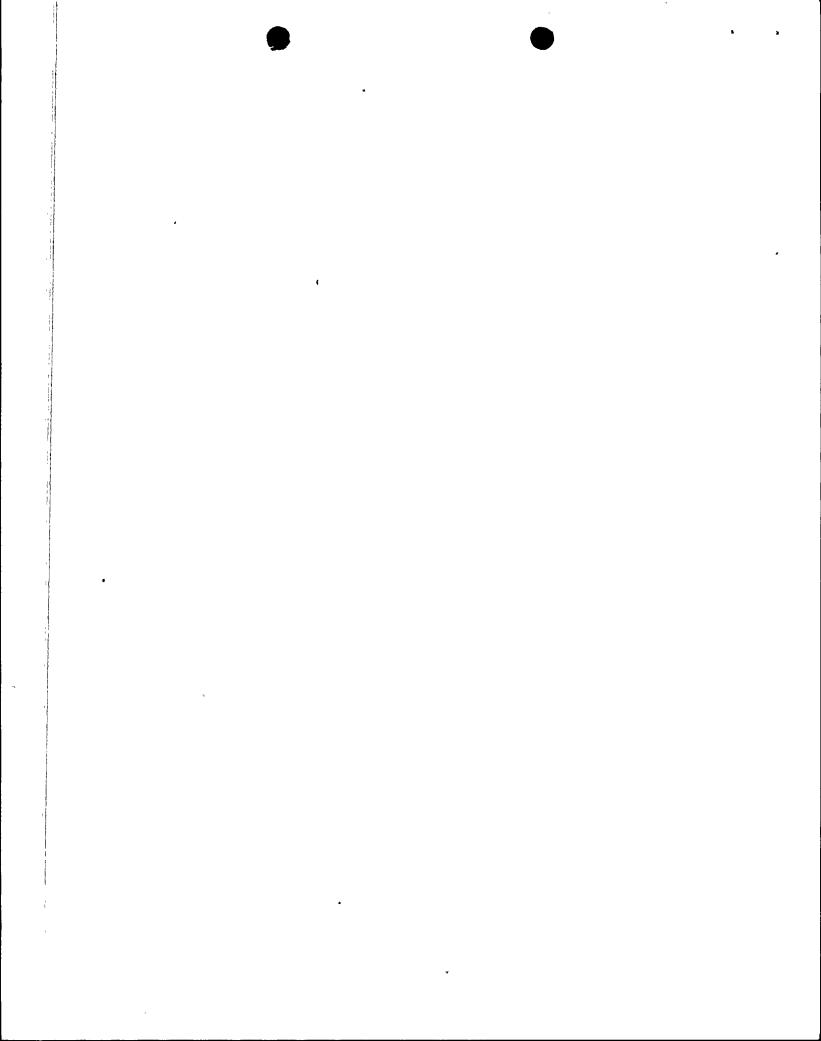
The following discussion concerns provisions which could result in harm as a result of immediate implementation. These relate to nuclear participation. Some adverse provisions are of a nature that they demand modification before immediate implementation; others are very unfair, but could be tolerated in a settlement context. Even as to the latter, however, the cities desire an opportunity to seek modification.

As a preliminary matter, Florida Cities assume that FMPA qualifies for all rights contained in the license conditions. Nearly all or all of the Cities intend to participate through FMPA, which would finance and take title to their share of St. Lucie 2. FMPA needs the assurance of adequate back-up and transmission and the various correctives discussed below.

1. Under the proposed license conditions (Condition VII), tho

1. Under the proposed license conditions (Condition VII), those cities obtaining participation entitlements could irrevocably lose rights to nuclear participation absent modification of the dates by which payment for ownership shares and other decisions must be made.

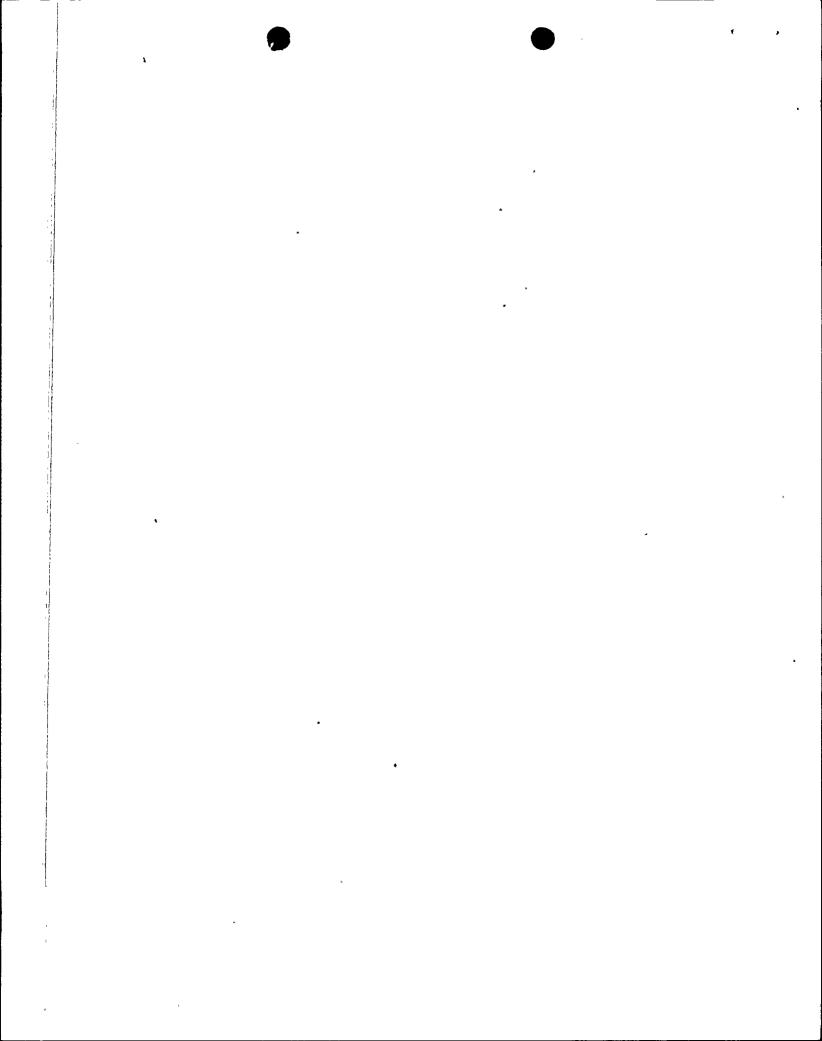
Condition VII not only seeks to set time limits for the exercise of participation rights, but seeks to establish a cause of action by FPL (but not by a city against FPL) "with respect



In view of the history of this case, such provisions are inappropriate. Florida Cities sought nuclear participation rights in St. Lucie as early as 1976. Any delay in participation after that time is squarely at the door of the Company. 1/

Counsel for Florida Cities is informed by FMPA that the agency probably cannot finance under the timetable as proposed. The difficulty is that various of the actions that the agency must take must be done sequentially and there is not sufficient time to validate bonds and close according to the schedule provided in License Condition VII. Under these circumstances the offer of participation in the license condition would be no offer. Florida Cities do not object in principle to subjecting them to reasonable time constraints, assuming that there were adequate protections in the event of unforeseen circumstances beyond their control in connection with those time periods. Cities are working on providing the Board with a reliable estimate of the minimum safe deadlines which will allow cities to arrange financing.

^{1/} The Cities have made repeated proposals to FPL concerning nuclear participation. See for example the correspondence between Harry C. Luff, Jr. and Robert A. Jablon with the Company, attached as Appendix E. This correspondence was relied upon by the Federal Energy Regulatory Commission, which determined that FPL had denied the Cities nuclear participation. Florida Power & Light Co., Opinion No. 57, supra., 32 PUR 4th at 335. The delays could prove very costly to the cities, unless this agency or the District Court orders appropriate relief. City of Gainesville v. Florida Power & Light Co., D.D. Fla. 79.5101.Civ. JLK.



2. The license conditions state that

"Company may retain complete control and act for the other participants with respect to the design, engineering, construction, operation and maintenance of St. Lucie Unit No.2 and make all decisions relevant thereto insofar as they deal with the relationship between the Company and the other participants, including ... "change's in construction schedules, modification or cancellation of the unit and operation ..."

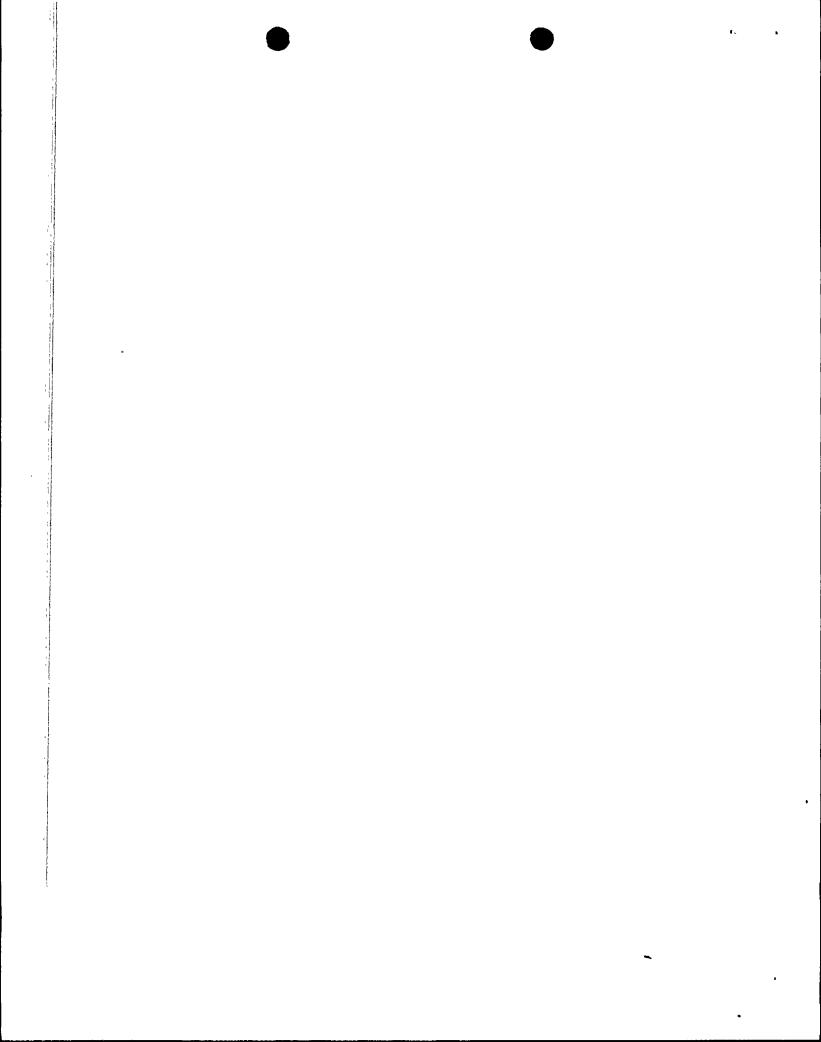
License Condition VIIi. Thus, the license condition makes FPL agent for the Cities in all respects.

While there are to be subsequent negotiations, concerning a participation agreement, the provision would appear to give the Company complete control and even the ability to discriminate against the needs of other participants. 1/ For example, if materials are available for only some nuclear units, the Company could favor a non-jointly owned unit. The Company could delay or advance construction (at increased costs) depending solely upon its needs. The Company could operate the units or even cancel them depending upon the alternative power supply available to it and the operational needs of its other units.

Unlike the procedures that were adopted in <u>Consumer Power</u>

<u>Company</u> (Midland Units 1 & 2), NRC Docket 50-329A, the license conditions in this are prepared to be adopted without the parties knowing of the content of participation agreements. At the least there should be protective language, similar to that

^{1/} The Orlando agreement has a "no adverse distinction" provision, which provides some protection in this regard.



which benefits the Company, protecting the needs of other parties and not just FPL. 1/

It may be reasonable for FPL to have discretion over methods of construction, operation or cancellation of the unit, 2/ but in the event that FPL acts to serve its own economic, financial or operating interests adverse to other parties, it should make the Cities whole. 3/ For example, if it delayed or failed to operate St. Lucie because it had cheaper power sources available, other owners should be entitled to either purchase such alternative power at costs no higher than the costs that would have been associated with St. Lucie 2, in a manner similar to the corresponding provision in the Orlando agreement.

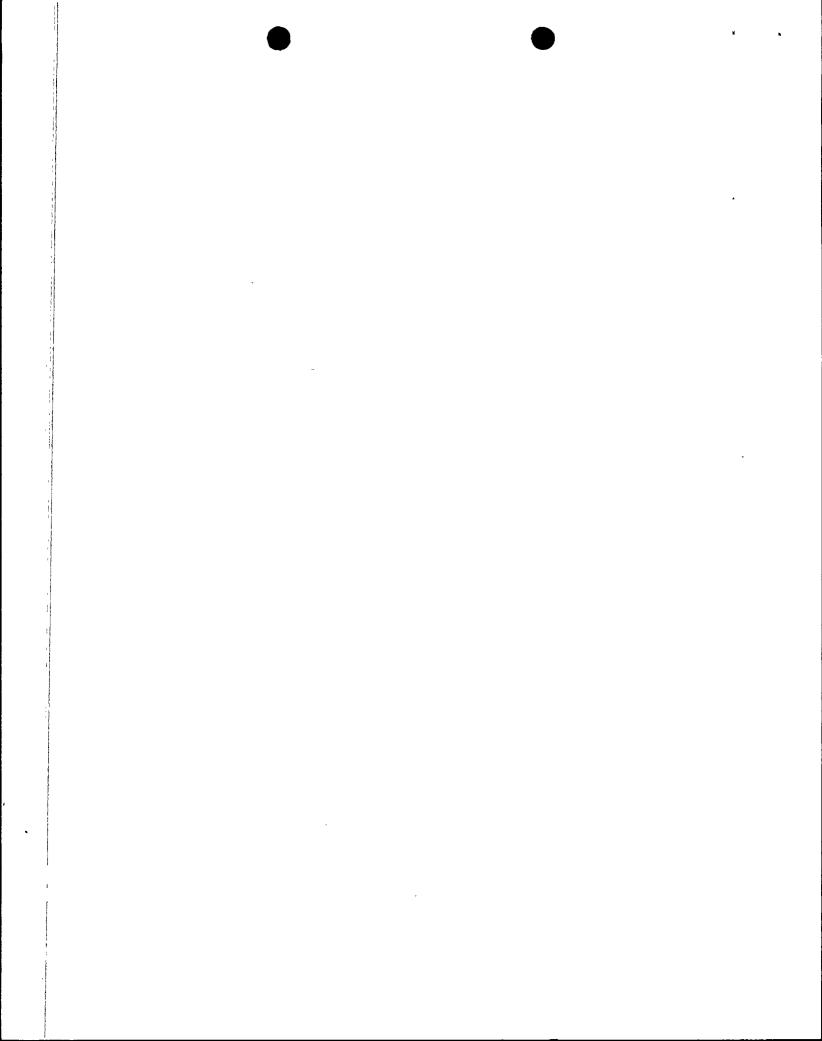
Absent a correction of this condition, cities may be inhibited from participation or indeed may be unable to arrange acceptable financing of participation on the basis of the proposed condition.

3. FPL is given virtually unlimited discretion to impose any clause limiting its liability, which clause "shall be approved by the arbitrator unless he determines that the provision proposed

The conditions order arbitration in substitution for NRC review; in essence, FPL seeks to force the cities to choose between committing to nuclear units without having an opportunity to object to unreasonable terms (i.e., essentially waiving NRC rights) or foregoing nuclear opportunities.

2/ Except where such discretion is so broad that it could jeopardize FMPA financing needs.

^{3/} To some extent, but only to some extent, these considerations could be mitigated by provision of a reliability exchange and sell back provisions common to many clear plant participation contracts. Such opportunity is provided for in the Ft. Pierce Utilities Authority - FPL agreement. Florida Cities assume that they would be entitled to such provisions as are provided for in other agreements.



by the Company constitutes an unreasonable proposal which renders meaningless the Company's offer of participation in St.

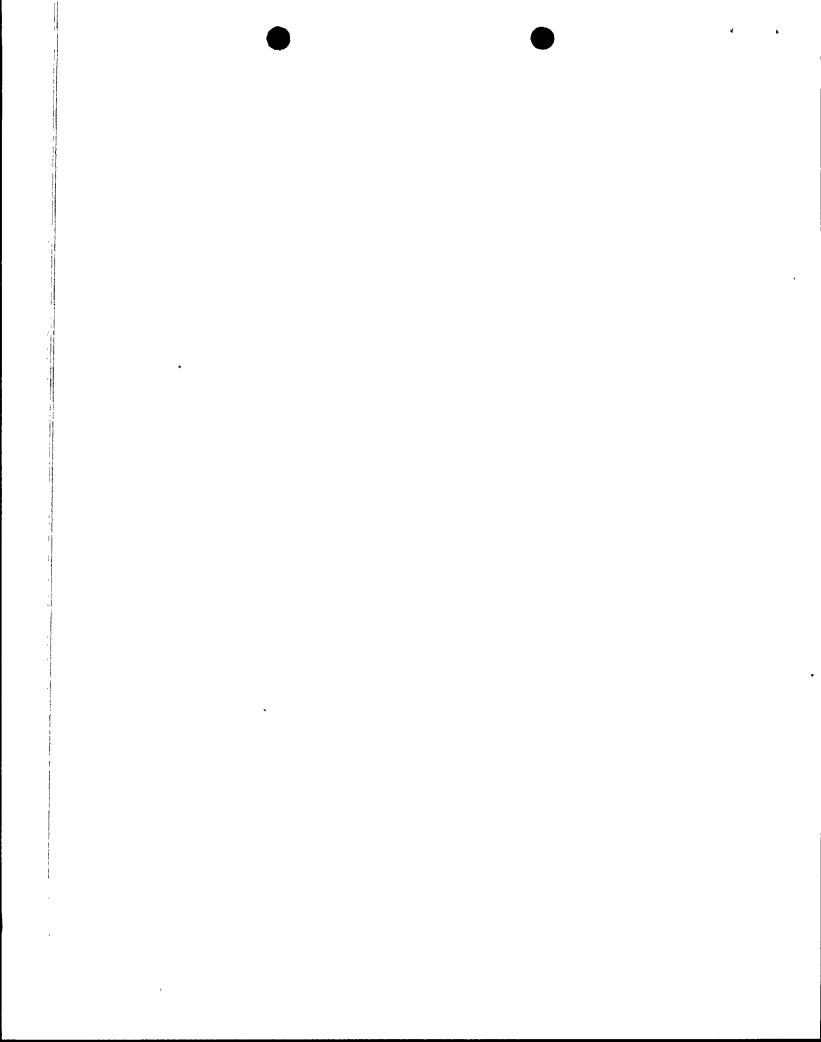
Lucie Unit No. 2." This condition allows FPL to impose onerous liability obligations on the cities. Of course, the cities have the option of withdrawing participation, so, the condition in effect allows FPL to exclude cities from participation. Florida Cities fears are not abstract. The liability provision in the Orlando Agreement (attached as Appendix F and partially quoted below) shows how far FPL will go. That provision in the Orlando agreement is markedly less favorable less favorable than liability provision in the Florida Power Corporation Crystal River Agreement, reached with FPL's neighboring utility, or the Midland Agreements; those liability provisions are also attached.

Under the Orlando clause, the Company would only be liable to other parties, if it committed a "willful action".

Agreement, pp 104-106 A "willful action" is defined as an action

"knowingly or intentionally taken or not taken by an officer or employee of an Owner exercising managerial responsibility at a senior level with either the intent to cause injury or damage to another or the knowledge that such action is a material breach of the provisions of the Participation Agreement. Willful action does not include action taken in good faith in connection with carrying out responsibilities to protect property, personnel public safety. The provisions of the

The provisions of the Agreement provide no clear standard of care, although although the Company agrees "that there shall be no reasonable pattern of adverse distinction and no pattern

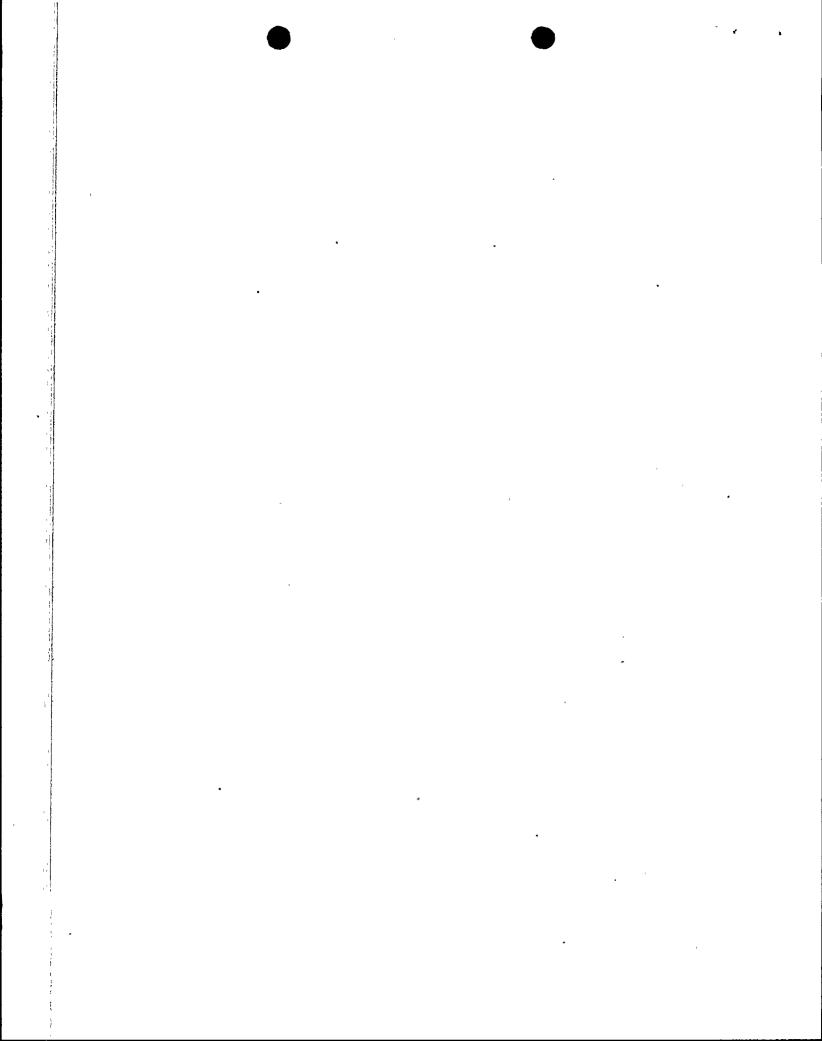


of undue discrimination in carrying out its obligations under this Agreement related to St. Lucie Unit No. 2 as compared to its other generating units ..." Agreement, p. 145. $\frac{1}{2}$

The license condition as proposed not only constitutes a plain restraint on trade and exercise of monopoly power by forcing parties to accept a waiver of their otherwise available legal rights in order to obtain nuclear capacity, but it is contrary to public policy as well, since it removes liability for the unsafe operation of nuclear units. The only way the Company can be held liable is if management "knowingly or intentionally" acts through personnel "exercising managerial responsibility at a senior level" to cause injury. Id., pages 11-12, 104-106. 1/ Thus, FPL would shed liability even for willful damage by its employees below the senior management level. Query, whether the clause allows FPL also to escape liability for the willful torts of senior management on the grounds that willful torts constitute acts of managerial irresponsibility, not acts of managerial responsibility.

The Company can act imprudently, using bad utility practice or gross negligence. It can even be in purposeful violation of NRC Regulations, but not be liable because the actions taken were not taken in the exercise of "managerial respon-

^{1/} The Company is purportedly obligated to follow "generally
accepted electric utility practice; however, the Agreement
states, p. 103, that the Company "shall have no liability to
Participant under any circumstances no shall Participant be
relieved of any obligation to make payment" except as provided
in the "liability and indemnification" clause.

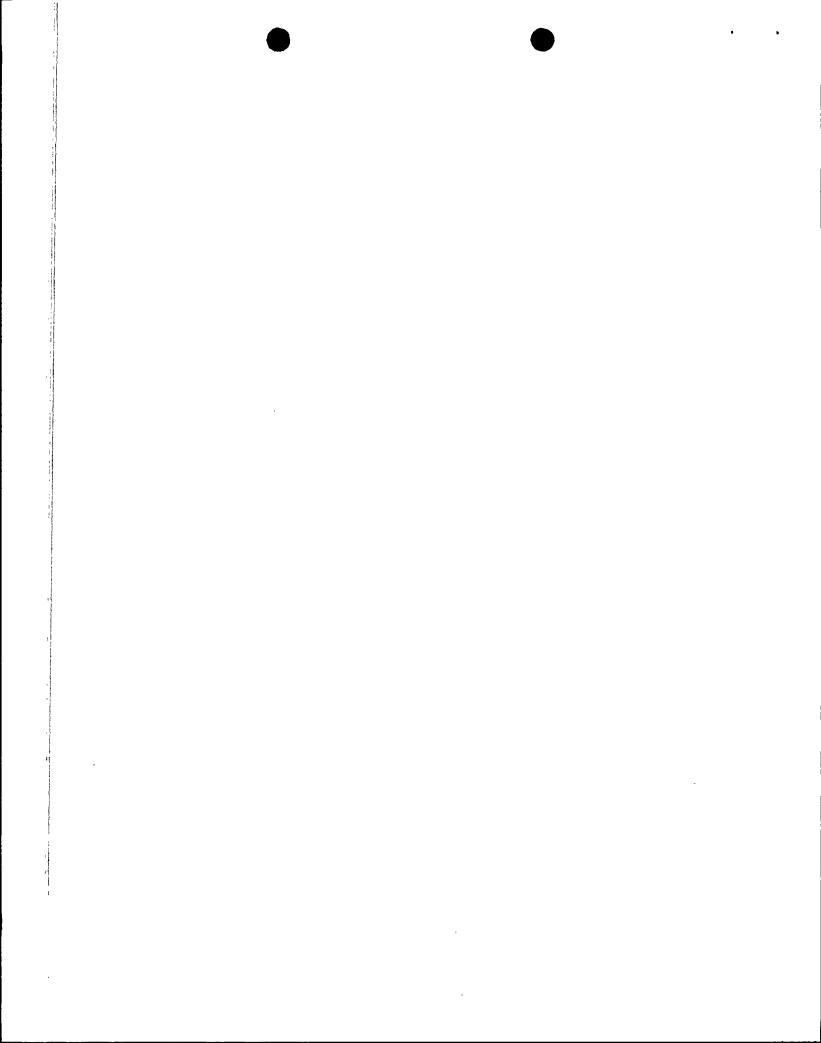


sibility at a senior level with either the intent to cause injury ... or the knowledge that such action is a material breach of the provisions of the Participation Agreement." Id. Even assuming that for co-woners, some limit of liability would be permissible, there is no justification for such a one-sided agreement. Indeed, the Orlando Agreement is so one-sided that if a customer of Orlando sued either Orlando or FPL, it can be argued that FPL would have no liability under the indemnification clause; if FPL's own customer, however, sued the Company, Orlando would have to share in the liability.

The liability condition will -- seems designed to -- inhibit participation and may preclude acceptable financing.

4. Condition VII not only seeks to set time limits for the exercise of participation rights, but seeks to establish a cause of action by FPL (but not by a city against FPL) "with respect to its participation or commitment to participate in St. Lucie Unit No. 2)" (License Condition VIIj) and, further establishes a deadline for "a written commitment" that systems intend to participate and negotiate "in good faith", coupled with a ten percent deposit (License Condition VIIc). 1/

^{1/} FPL must make available certain information upon which the Cities will rely, but is carefully shielded from being bound by its estimates. License Condition VIIb.



Taken together these conditions inhibit participation.

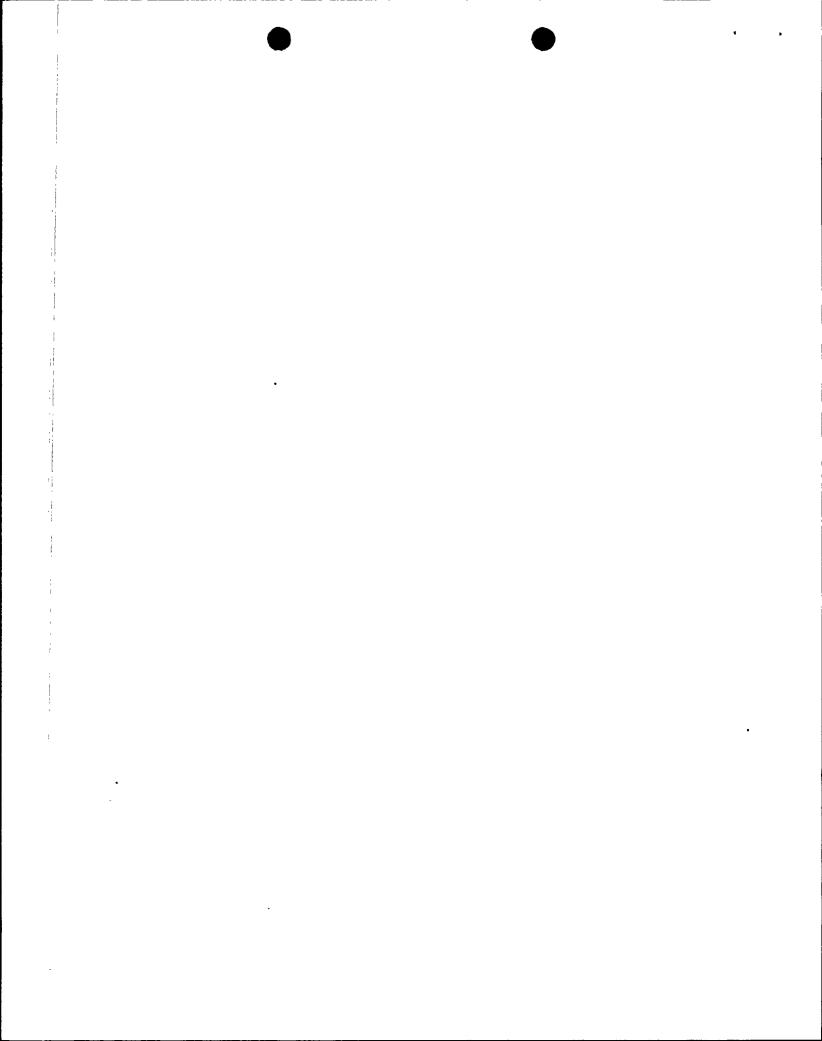
For example, a city may be reluctant to participate if it must make a 10% deposit and, if it later withdraws, will not get any interest back with the deposit even if it was FPL's.

license conditions that foreclosed acceptable financing and foreced withdrawas. 1/ To tope that, FPL might sue the city for bad faith if in FPL's view, the financing terms should have been acceptable to the city.

Even if after making a deposit (License Condition, VIIc), the customer purchases an interest, no provision is made to assure that the customer gets the benefit of the time value of the deposit. Required deposits could total millions of dollars. Further, while it is Florida Cities' understanding that they would get the deposit back if they did not consummate the participation agreement, the Company keeps the interest earned, even if a City's failure to complete the deal was not its fault or it simply could not accept the contract offered. 2/

^{1/} Florida Cities do not know of any other license conditions
having such provisions. The question is why such onerous provision should be introduced here. While they object greatly
to such burden, if FPL refused to grant participation and
sought to withdraw from the settlement, should be Board agree
that the provision is unreasonable, Florida Cities would
prefer immediate implementation of the settlement to a
withdrawal of their rights to nuclear participation. However,
they assume that FPL would comply with the Board's sense as to
what is appropriate.

^{2/} Under no circumstances should cities -- public bodies -- be required to accept an arbitration agreement whose terms they find antithetical to the interests of their residents or subject themselves to liability. As a compromise, counsel could recommend to the Cities that they concede the time value of a deposit, where failure to close is the Cities' fault, providing that this was the maximum liability for the Cities' not consummating the agreement.



CONCLUSION

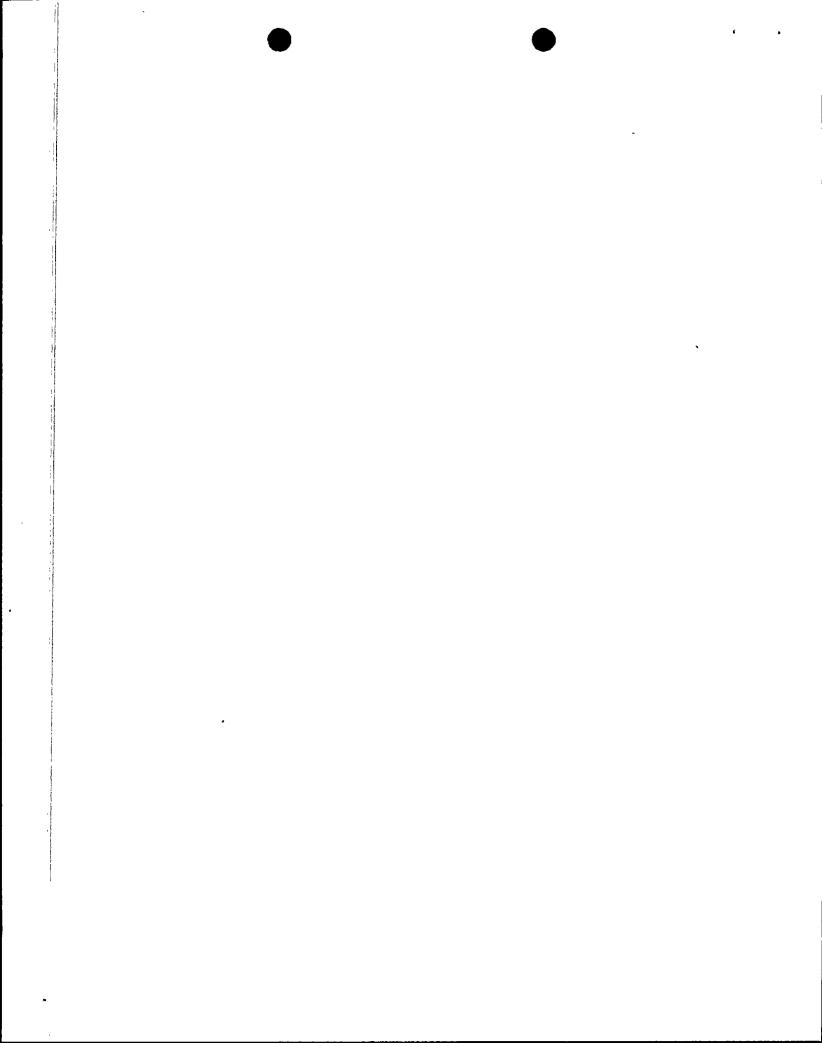
Florida Cities support the FPL - Department of Justice - Staff Motion for immediate implementation, providing that the terms of participation were sufficiently modified so as not to impede financing or create immediate, irreparable injury.

They further seek a procedural mechanism to help resolve remaining disagreements and otherwise avoid or minimize costly litigation.

They therefore propose and request a pre-hearing conference at which they would present their objections to the proposed settlement and where the parties could discuss procedures.

Florida Cities are flexible as to the specific procedures that may be adopted. However, before submitting the pleading requested at p. 3 of the Joint Motion, they believe that a prehearing conference would be helpful so that that Cities could be more certain about the license conditions and the disagreements which persist and so that Cities' pleading could better inform the Board.

Ultimately, Florida Cities want a full opportunity before hearings to brief their legal bases for entitlement to relief to the Board, based upon assumed facts. Florida Cities believe that if the Board would declare its legal judgment



about the possibilities for relief, further settlement should be facilitated.

Respectfully submitted,

Alan J. Roth

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