

Transcript of Tallahassee City Commissioners Meeting  
March 11, 1980

Item 6 - City Involvement in Nuclear Power

City Manager Dan Kleman: This issue is listed on the agenda at the request of the Mayor and really deals with two issues -- we've provided material in the Commission's folders I think regarding both of those issues. The first issue is the lawsuit in which the city is a participant along with I believe twelve other cities against the Florida Power and Light Company. A portion of that lawsuit deals with nuclear power questions. The second issue, if you wish to carry the discussion further, we provided simply material in your folder regarding pros and cons of nuclear power in general from the standpoint of our ownership of an electric utility. I think the issue that's probably of most importance to make certain that there is a clear City Commission position on, is the issue of the FPL lawsuit, and if there is any desire to change what has been the City's position on that issue, I think it would be important to know that.

Mayor Richard P. Wilson: Mr. Kleman, I would like to ask you possibly one question on this right now. At what time was it that Mr. Rudd's motion carried that we have the study done on alternate fuels? Does anybody remember that date?

Mr. Kleman: It was a six month study and the motion was to hurry it up quicker than that, as quick as we could.

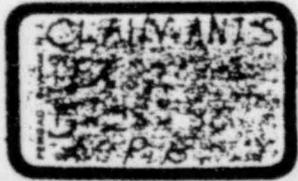
Mayor Wilson: I know, but what month was that?

Mr. Kleman: Probably January.

Mayor Wilson: Early January?

Mr. Kleman: I don't remember exactly.

Mayor Wilson: Well, here's one thing that concerns me there, the Commission has asked for an alternate fuel study to be done, and yet on January 29, in memorandum, it says "comparing the cost of nuclear energy with that of coal and oil", that does not bother me, but then it goes on to say "the only two available alternatives to nuclear power." You know, that's a memorandum that's drawn a conclusion prior to a study being



Mayor Wilson: brought back in on alternate sources and it seems to be a strong basis of trying to buy into St. Lucie 2, as well as get pricing agreement, and that bothers me.

Mr. Kleman: I think there are, it's important to understand and identify two features, there really are two studies that the City Commission has authorized. One being done by the R. W. Beck Company reviewing "traditional" fuels if you will, fossil fuels, nuclear, coal primarily, hydro-electric if that's available. The second study is the one dealing with alternative fuels. I think the memo that you have referenced to is really only speaking to the traditional fuel question there. Nowhere on my part or the part of the Staff are we writing off the alternative fuel issue or *analysis*, writing off the Talquin Dam or (unintelligible) resource recovery, energy reclamation, any of those issues. But the lawsuit deals with what really is fuel generated by traditional fuels. There are four that I mentioned.

Mayor Wilson: All right now let me ask you this too. Have we done business with FPL in the past?

Mr. Kleman: I'm not sure what you mean by business. Have we purchased electricity?

Mayor Wilson: Yes.

Mr. Kleman: No, I don't believe so. Joe Dykes is probably in the best position to respond to that question.

J. Dykes: FPL would be the last one to conduct the business we need.

Mr. Kleman: They have expressed some reluctance in dealing with municipal utilities in the State of Florida.

Commissioner Hurley Rudd: I notice in the confidential memorandum which the attorney sent out on this subject, that he indicated (laughter) (unintelligible) that he indicated that the settlement would be satisfactory with their customers and with people within their service area, but which we couldn't neither one. I didn't see where the City of Tallahassee would be eligible in any of the settlements which he indicated would be, if you read that, unless it's the first one where he talks about litigate.

Mr. Kleman: It, I think, speaks to the ratio shared being transferable among intervenors, which would include all of the cities or to a municipal power supply agency which the Florida Municipal Power Association would qualify for.

Mr. Rudd: But we're putting all our eggs in the basket with Florida Municipal Power Association, aren't we, rather than standing on our own bottom?

Mr. Kleman: Well, I don't think we can say we're putting them all with FMPA. Certainly this City government fought long and hard to get the state legislature to pass legislation to allow the creation of an agency like that and we've been active participants in it since its founding. It's not exactly the same list of cities as the intervenors. What I think we would recommend to you at this point is that based upon what we seem to be a number of economic advantages to the City and ultimately to our electric customers, that the City continue its participation in the lawsuit and that you reserve any judgment as you would have to anyhow as to whether you would wish to purchase any of the nuclear power that might be offered as an outcome of that lawsuit. There are some significant benefits that would come to the City that would not necessarily require ownership in nuclear power in the lawsuit - issues such as the postage-stamp wheeling rate throughout the state. In effect the same rate being charged to transfer power from Miami to Pensacola as it would be to transfer power from St. Petersburg to Tampa or to adjoining systems. There is also the opportunity to buy base load power that does not involve the ownership of nuclear. That's an important part of the lawsuit. If I may, your honor, I have a chart which I would like to show the City Commission which tries to identify some of those non-nuclear financial benefits.

Speaker #5: Go right ahead.

Mr. Kleman: What we have attempted to identify is to summarize those issues as I say that we not involve the City making a decision to own additional nuclear and the lawsuit covers these kinds of issues. First, the opportunity to buy power from FPL - to buy part of their base load power that that be shared with the City. That is simply much cheaper power than we can generate on our own. It's estimated that the suit speaks to the City's share of Base load power being 60 megawatts out of a 200 megawatt total asked for by the intervening

Mr. Kleman: cities. That's estimated to result in savings for the City of Tallahassee electric system of \$69 million dollars over a ten year period. The second financial advantage is the opportunity if we acquire the cheaper baseload power that allows us to have additional excess capacity for the next seven years in our own system and to have that power available for sale. The sale of that excess power, the city would have to purchase it, but the opportunity is there for further savings identified as \$8.7 million over that seven year period. The lawsuit also requests because of alleged antitrust violations by the Florida Power and Light Company, damages estimated to be in the vicinity of \$10 million for the intervening cities. The possible case settlement to the city for those antitrust violations if the courts declare that to be the case would be estimated to be a cash settlement for the City of \$3 million. Those are financial issues, the others really deal with support and our involvement in the FMPA, the agency of municipal utilities which will own, operate and supply electricity to various municipalities that are members. Support comes about really by insisting that there be this statewide wheeling rate which benefits other cities and ourselves as well. These are all issues that we think are important and reasons why we ought to stay in the FPL litigation, even if you subsequently make a decision that you don't want to participate in the ownership of any additional nuclear power plants. I would be happy to respond to questions regarding this.

Commissioner Carol Bellamy: First, a rather specific question, aren't there litigation costs that we could also recover with a favorable outcome?

Mr. Kleman: Yes, I did not list that as an advantage. It's a cost we would not have to incur. The lawsuit request that attorney's fees in the amount of \$500,000.00 be paid by FPL, our attorney's fees.

Mayor Wilson: How much have we spent so far?

Mr. Kleman: Approximately \$210-220,000.

Mayor Wilson: What portion of that is the City of Tallahassee?

Mr. Kleman: That's our portion, that's what we've committed.

Mayor Wilson: That's half of the total of all the cities.

Ms. Bellamy: Or would the \$500,000 be potentially for Tallahassee?

Mr. Kleman: No, the \$500,000 is to cover all cities.

Ken Morgan: Yes, that correct, there is \$10 million  
(Director, Electric in consideration for all the claims out  
Utilities) that we would be given . . . .

Mayor Wilson: The memorandum says \$15 million.

Mr. Morgan We scaled that down to \$10.

Mayor Wilson: *←* *He means - The intervention is to be a ...*

Well, I've got I guess, a basic problem with it, and that is government trying to get itself involved in forcing the buying into private or public-owned corporations. I have a basic problem there. Another problem I have, and I know yet another issue that's going to be coming up considering about \$2.5 million worth of possible proposed bonds, which is simply that I don't feel like this lawsuit is going to benefit the City of Tallahassee that much and I get the funny feeling that the reason we're hanging tight in this lawsuit is simply because some of the cities that are also involved in this suit and it may be basically the same two, I don't remember exactly, hung in there on the gas settlement lawsuit that we had, and I think that was one that was very important to this City. I don't think this is one that is going to benefit us to that great extent. We're saying that somebody is not going to deal with the City of Tallahassee and that someone is somebody that we have never dealt with. Now, you know, if we are hanging tight in this suit simply to support other cities, because they supported us earlier and they benefit from, I just don't see where the benefits coming are that great to us on this one.

Mr. Kleman: My primary reason in recommending that you continue to be involved in this lawsuit are the financial implications when the suit is won by the intervening cities. Direct financial benefits to the City of Tallahassee.

Mr. Rudd: On the lawsuit itself as I have read all of the information which you have given me -- there seems to be sound and good reason for remaining in the lawsuit from a financial standpoint. I would like it understood though, that if, and when the lawsuit is settled, and if I am still a Commissioner on the City Commission of Tallahassee, I do not want to have any portion or any part in buying into St. Lucie. Nor do I want

Mr. Rudd:

us to consider buying nuclear plants. Obviously, if we can buy power which has been manufactured by nuclear from a company, I am not going to try to (unintelligible) electricity. But on the other hand, I don't want any ownership in St. Lucie. One thing that bothers me, and Mr. Wilson alluded to it briefly, and that is this FMPA, which as I understand it is in the process and it may be I'm worried because I don't understand it, but FMPA a group of cities are in the process, and I think they probably have a contract which they are studying at this time - which we are studying - which would borrow up to \$2.5 million, which would be paid off in bonds if they can float it, but if that organization did not fly, and it were to fail, in some way, then each city would become responsible for a pro rata share of that \$2.5 million - which in the case of the City of Tallahassee would be about 30% and we're talking about a contract, we're negotiating all of this and so far as I know, none of this has been presented to us. I'm sure the contract will be presented to us prior to signing, but it would appear that these things would be explained to us and tell us what FMPA is, how long has it been in existence, what is its chances of success and all those good points before we get so deeply involved that they become a part of our lawsuit and they become a part of our negotiation, they become a part of our planning and all of a sudden our interest is wrapped up in their interest and I don't know why. As far as continuing the lawsuit, it does appear, Mr. Wilson, and I know its been a concern of yours, it does appear to me that it would be wise for the City of Tallahassee to continue.

Mayor Wilson: Mr. Rudd, if that's your opinion, of course, I can't argue with that, but I would love to see you amend it as where if you did state in there that we would not buy into St. Lucie 2.

Mr. Kleman: You may want to have the advice of the City Attorney on the issue of selectively supporting the other intervening parties in the lawsuit, but I would recommend you not do that. I don't know Bryan's opinion.

Mr. Rudd: I didn't follow what you said.

Bryan Henry (?): What he said sir is that if you make that double barrel motion, that you may well at that point have ruined your chance to recover in the lawsuit.  
(City Attorney)

Mr. Rudd:

Well, I don't want to do that, I made a statement of opinion which said I do not want to buy into nuclear and also that it would be wise to continue.

Mr. Henry:

Now whether or not if the lawsuit turns out successfully you exercise your right as given by the court to purchase into the plant is one thing, but a commitment at this point really might destroy the whole basis of your being in there in the first place.

*Chairman*  
Ms. Bellamy:

*Well, we don't want to*  
I think what we're doing in bringing this up for discussion and separating the elements that are going into our continuation, if that is the wish of the Commission, is the important thing. I think that we are going on the record, we are expressing our views on the different elements at stake here and I think there are people here which are certainly going to hold up accountable for the distinctions that we make and having said that, I would like to go further now and say that from what I can tell, this suit is one that should be continued. I think the supply and its control on energy sources is a critical factor in our future, the state as well as locally. I think that this antitrust litigation is probably an important element in the state's future to make sure that utilities all operate responsibly and properly in dealing with each other and with their customers. So I favor the continuation of this litigation. At the same time I want to make it very clear that I believe the people of Tallahassee and I for one as one of those citizens and as a member of the Commission want to avoid any purchase in the St. Lucie plant and any future ownership of anymore nuclear power for our energy source. I think that this discussion is sufficient to make that clear to ourselves and to the public here on record. Is a motion in order?

*Speaker?*  
Speaker?

First before you make a motion I know that there are probably some people here from the audience that would like to be heard so anyone that would like to be heard would you please raise your hand. Yes sir, would you come forward please? Now because there is not going to be any change there will be no motion.

Roy Howard: My name is Roy Howard, I live at 649 Engleside Avenue, and I guess my comment on it would be as to the amendment that was sort of off the cuff mention about not buying in to nuclear power. I think that that needs to be on the record somewhere, whether its in a formal amendment or whether its a resolution that's put in there or somehow because no one on this Commission might be on the Commission in ten years, five years, or whenever it might come up again I think it needs to be more than just a statement.

Mayor Wilson: Roy, I would say this since I was the one that made that off the cuff remark to Mr. Rudd and that is simply this, if it's the sentiment of the Commission to continue in this lawsuit I would definitely not want to have an amendment put to it at this time that would preclude us from recovering the cost that we already have in the lawsuit.

Roy Howard: Yes, I understand that, I just wanted to somewhere be on the record of Commissioner Rudd's statement, Commissioner Belamey's statement, and whoever else on the Commission that agrees with us and its clearly on the records somewhere in the County Commission or the City Commission, thank you, County Commission too.

*Wilson*  
Speaker--?

Is there anyone else that would like to be heard -- yes sir?

Rick Johnson: My name is Rick Johnson, 122 South Franklin Boulevard, I believe that there are two distinct issues here and Mr. Henry can correct me if I'm wrong, but I understand that it might be a foolish maneuver in terms of recovering some of these other things here if the suit were amended at this time in order to exclude the portion of it that would give Tallahassee the right to buy into the nuclear power plant. But I can't understand how it would affect that lawsuit if the City Commission were to pass a resolution today indicating its intent not to purchase nuclear power at St. Lucie or at any other plant and I would also like to hear from Commissioners Ford and Hilamen on this, apparently the other three of you have made your position clear.

Mayor Wilson: Let me respond just a second Mr. Ford before you do and that's the part of that question I would as I say, I wouldn't want to see that

Mayor Wilson: happen because of the damage to the lawsuit, but the other thing was I think this Commission would be taking the same stand that I just criticized a memorandum from Staff on earlier tonight when they made a statement saying that there is only one alternative to the two other such as coal and oil. And while we have a study on alternatives and sources -- that due back in in next few weeks, I think we would be making that same type of statement at the wrong time.

Rick Johnson: Do I understand you to be saying that even an expression of sentiment that it's the choice of the Commission not to buy into nuclear power some point in the future would jeopardize our position in the lawsuit. Is that what you're saying?

Mayor Wilson: Yes, that's exactly what legal has just told us.

Rick Johnson: The other Commissioners perhaps?

Commissioner James Ford: Since you made a request to have some position on my position as it relates to alternate sources of energy for the City of Tallahassee, I would really hate to see this Commission get itself emotionally involved in making decisions today that will affect situations that would come twenty years from now and those Commissioners who are going to follow this Commission because we really are not in a position at this moment to predict what scientific advancement and the control of nuclear energy that might be forthcoming. And I don't want to rule it out as saying its an impossible thing to conquer. We've conquered space, we've conquered alot of other things and to become hysterical because we have some problems rather than looking objectively at solutions to that problem, I am not of the opinion of implementing that alternative at this time, But I don't want to close doors on the probability, the resolutions or any other thing the City of Tallahassee will never become involved in the use of alternat nergy sources. You know, we never though we could split the atom, many of these kinds of decisions were made twenty-five years we were talking about the smallest particle of matter. That is not true today. We have gone beyond that and we're going to

Mr. Ford:

conquer much of the fears that we have and talk about now. I can, however, express this assurance that I have no desire at this time to become involved in expanding our ownership that will make us liable for what might come as a result of catastrophe in a nuclear generating plant and I think we ought to be looking at alternate sources of energy, but I certainly would not rule out the probability that the future that Tallahassee might very well need to be in the nuclear generation posture. I think it would be foolish to -- just like we're thinking about going back to horse and buggy now because we have a shortage of gasoline. I think our scientific know-how and the quest for knowledge is such that we're going to conquer the problem and I don't think that we have as much to fear as we going through if we use a little bit of judgment and caution in what we do. I don't think right now we ought to abandon it at all and I think that while it is not in my opinion to the City's advantage to be large owners in nuclear energy, I don't think on the other hand it should by any means rule out its opportunities.

Commissioner  
Sheldon  
Hilaman:

I just campaigned for about eight or ten weeks and I see alot of these same people at those meetings. I mention, as been mentioned tonight, we have two firms making studies. I feel that they'll have alot of expertise. We've been mentioning the word alternative fuels. Not a one of us at this table know what that alternative fuel might be. I also sit here tonight and listen to advice of an attorney. I uphold that gentleman and I will answer that I will at this time speak the way that he's directed this bench to speak as it affects what has been presented to us tonight.

Paul Harvell:

Hi, my name is Paul Harvell, I reside at 721 East 6th Avenue here in Tallahassee. Since these statements have just been made on tape and will later be transcribed, I understand, therefore, a matter of public record, how would that affect since the concern seems to be very much with whether the resolution is or is not passed, how that would affect the court outcome, suit outcome, since there is some record that could be submitted to the court by FPL, what are the results of this?

Mr. Henry:

You may be assured that FPL will order a transcript and they will consider it and use it in every way possible in defense of their position. This Commission has not and this Commission cannot bind future Commissions as to whether future Commissions will or will not decide to take advantage of whatever gains might be made in the lawsuit. This Commission can each individually express how they feel tonight, which they have done, but they have taken no official position, and even if they took an official action, it would not bind future Commissions, but an official position here tonight might influence the lawsuit to our detriment. Is that clear?

Paul Harvell: Clear enough it is.

John Buckley: John Buckley from 2014 E. Indianhead Drive. I've been associated with the Catfish Alliance and alot of other social issue movements for a long, long time and have often had to take very difficult positions and have lost opportunities, jobs and what have you as a result of it. I understand people who have alot of invested energy and time would prefer not to put at risk all of that investment. And so I offer you a potential out. The State of Montana passed resolutions that said they would not accept the placement of nuclear power plants until certain unresolved safety issues had been satisfactorily, publicly resolved. For instance, the issue of waste, the testing of the emergency core cooling system and things such as that. I take cognizance of the fact that at least three of the Commission members have stood very firmly on ground that I think is not yet as popular as it may be five years from now. If this will affect the lawsuit too drastically, then perhaps those things too have to be considered, but I would urge you at the earliest possible date, to discover those unresolved safety issues to make yourself firmly acquainted with them. The future perhaps of the earth, and certainly of our own children depends upon it. Jerry Brown says it affects the gene pool, I just say it affects my kids and I don't think we can afford to put off decisions on these matters for too much longer.

*John*  
Speaker ?

John, thank you very much. Normally, we adjourn at 6:30 and reconvene at 7:00 for our public hearing and we've gone over that time now, so the meeting will stand adjourned till the time we will come back for the public hearing on TAL TRAN and then we will pick up on regular agenda where we left off.

APPENDIX C