

Mr. MACDONALD. Fine. Our next witness will be Mr. Kelly, director of public utilities, Gainesville, Fla.

**STATEMENT OF JOHN R. KELLY, DIRECTOR OF PUBLIC UTILITIES,  
CITY OF GAINESVILLE, FLA.**

Mr. KELLY. Mr. Chairman and members of the committee, I appreciate very much the opportunity to appear before you today in speaking in opposition to House bill 5348 and other related bills.

My name is John R. Kelly. I am director of public utilities for the city of Gainesville, Fla., and I have held this position for 17 years. Prior to being appointed director of public utilities, I held various positions of responsibility within the utilities department. Altogether, I have had 38 years of experience in municipal power system management and operations. I have been twice president of the Florida Municipal Utilities Association.

My request to appear here today on behalf of the Department of Public Utilities of Gainesville, Fla., is to express our opposition to H.R. 5348 and related bills which would amend the Federal Power Act to create an exemption from parts II and III of that act for some investor-owned power companies now subject to the jurisdiction of the Federal Power Commission, which administers the act.

H.R. 5348 would also exempt from the Federal Power Act rural electric cooperatives, but this does not change existing law as the Federal Power Commission has ruled that cooperatives are now exempt from FPC jurisdiction.

The most dangerous part of H.R. 5348 is that which creates an exemption from FPC jurisdiction for private electric utilities.

H.R. 5348 masquerades as legislation to reaffirm the original purpose of the Federal Power Act, but in reality it would negate an important part of that act, the promotion of interconnection and coordination, among utilities for the benefit of the American consumer.

Gainesville operates one of the largest isolated generating and distribution systems in the country and could improve the economics of its operation if interconnected and coordinated with a large electric system, particularly with the Florida pool. Both Florida Power Corp. and Florida Power & Light have high-voltage transmission lines accessible to Gainesville, and the city is willing to build at its cost an interconnection to one or both of these systems. Some 30 years ago, Florida Power Corp. invaded Gainesville's territory and now serves the university and other customers not only within the metropolitan area of Gainesville, but in some cases within Gainesville's city limits. Gainesville is able and willing to meet this competition and does not need an interconnection for this purpose. An interconnection and exchange agreement, however, would be of substantial benefit to both systems. Florida Power Corp. has refused to interconnect with Gainesville. First, it refused flatly and then it purported to be agreeable only if Gainesville accepted unreasonable demands for exclusive territorial rights. Since Florida Power is also subsidizing through low rates the competition by Clay Electric Cooperative in Gainesville suburbs, the total effect of the company's demands would have been to strangle the growth of the city's electric system.