

Moreover, the memorandum was incomplete on its face, stating:

The methods of operation and the means of settlement are a combination of "left overs" from an old contract, verbal agreements to conform to some clauses of the Tampa contract and oral agreements between the two companies as transactions are made.

However, nobody, from President William Clapp down could tell us what these "left overs" and "verbal agreements" are, nor could they tell us the names of anyone who would know. Finally, the company's trial counsel laid it on the line:

* * * I don't know and I don't know anybody in the company who does know. As I understand it, the only man who did know is a Mr. McKean who is dead. (FPC Docket No. E-7257, St. Petersburg deposition transcript p. 102.)

There is submitted herewith the unsigned, unilateral memorandum, which the Florida Public Service Commission was willing to accept as the basis upon which two great public utility systems, serving great cities and the largest part of Florida, purport to do business with each other involving millions of dollars, and, of course, the interests of millions of rate payers and electric users. Incidentally, only the first portion of the memorandum had been filed with the Florida Commission, the "Addendum January 1966" had not been filed, as of the June 1966 depositions.

(The memorandum referred to follows:)

STATEMENT OF OPERATING ARRANGEMENT BETWEEN FLORIDA POWER & LIGHT COMPANY AND FLORIDA POWER CORPORATION FOR INTERCONNECTION AND INTERCHANGE OF POWER

Florida Power Corporation and Florida Power & Light Company operate two interconnections. The tie at Lake City is normally open unless either party specifically makes a request for assistance. This tie is considered to be of little value to the "pool" operation.

The tie at Sanford is normally closed and performs all the functions of a regular interconnection. On a reciprocal basis, the tie carries normal inadvertent energy, emergency capacity, overhaul capacity, etc. The tie also renders the same services in connection with the pool operation. In this instance the capacity and energy could possibly be for a third or fourth party (Tampa and Orlando).

In accounting for the energy at the end of each month, settlement is made only for the "scheduled" energy (as defined in the minutes of the "Pooling Agreement Meeting").

Energy at the Lake City tie is usually based on the previous month's operating costs at Florida Power Corporation's Suwanee Plant or Florida Power & Light Company's Palatka Plant (depending on the supplying company).

Energy at the Sanford tie is usually based on the previous month's operating costs at Florida Power Corporation's Turner Plant or Florida Power & Light Company's Sanford Plant (depending on the supplying company).

Both of the above are the total-fuel, operation and maintenance costs per KWH of the supplying plant plus 10%, plus one mill.

There have been occasions when capacity was requested by one party and the other party was required to start up a high cost unit to provide this service. In that case, the costs of the high cost unit were used to determine billing.

The methods of operation and the means of settlement are a combination of "left-overs" from an old contract, verbal agreements to conform to some clauses of the Tampa contract and oral agreements between the two Companies as transactions are made.

July-1964.

Addendum January-1966:

On April 19, 1965, Florida Power & Light Company dismantled the Lake City interconnection. In August, 1964, a new point of connection was established between Florida Power Corporation's West Lake Wales Substation and Florida