

it would do it only if Gainesville accepted unreasonable demands for territorial rights.

Mr. KELLY. That is correct.

Mr. MACDONALD. Were these demands couched in direct terms or in direct terms?

Mr. KELLY. They were in direct terms, Mr. Chairman, in that when we originally approached them after annexation which expanded our city limits from some 5½ square miles to about 22 or 23 square miles, we were able to purchase some 130 customers of Clay Electric Cooperative in the expanded city limits without difficulty; but when we approached Florida Power Corp., they had some 25 to 28 customers in the city, and at that same moment we asked them to consider an intertie with us and they said, well, they would intertie with us only on condition that we stayed within the then new city limits and they would sell these customers at 2.75 times annual revenue; but if we would not agree to stay within the city limits, the price would then be 5 times annual revenue.

Mr. MACDONALD. Is that not just plainly illegal?

Mr. KELLY. We think so.

Mr. MACDONALD. Did you take an appeal to the Florida Utility Commission?

Mr. KELLY. We now have an appeal, as borne out by my testimony, before the Federal Power Commission to force the interconnection; but again, the territorial issue has been raised.

Mr. MACDONALD. I have read your testimony, and it is very interesting. It is a very forthright statement. Did you not take it up with the Florida Utility Commission?

Mr. KELLY. No, sir.

Mr. MACDONALD. Why not?

Mr. KELLY. I guess the feeling of our city commission at the time was that it would probably be useless to take it before the Florida commission because we have been somewhat disillusioned in watching this commission in operation and with some of the statements made. If you will recall, on the Senate side on S. 218, the chairman of the commission stated that he thought the best regulation was little or no regulation. So, I think in view of some of these statements made, they felt it would be rather an exercise in futility.

Mr. MACDONALD. Just to cover your flanks, it seems to me you would file a case, just to see what would happen.

Mr. KELLY. This has been considered, but it never has been implemented.

Mr. MACDONALD. You state that the two companies work together hand in glove. Would this not be the basis for antitrust action?

Mr. KELLY. Yes, sir.

Mr. MACDONALD. Has any company ever brought this to the attention of the Department of Justice?

Mr. KELLY. We have also in the back of our mind to pursue this further.

Mr. MACDONALD. But you have not done it yet?

Mr. KELLY. We haven't done anything yet.

Mr. MACDONALD. Are there questions?

(No response.)

Mr. MACDONALD. Thank you very much, Mr. Kelly.