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July 16, 2014

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

VIA HAND DELIVERY

RE: *Joint Petition for Approval of Territorial Agreement in Franklin and Liberty Counties by Talquin Electric Cooperative, Inc. and Duke Energy Florida, Inc.: 140123-EU*

Dear Ms. Stauffer:

Enclosed for filing jointly on behalf of Talquin Electric Cooperative, Inc. and Duke Energy Florida, Inc. ("DEF") are an original and five (5) copies of Response to Staff's Second Data Request (Nos. 1-3). Matthew R. Bernier, DEF's Senior Counsel, has authorized me to represent that DEF consents to this joint filing.

Pursuant to Mr. Bernier's telephone conference with Martha Brown, on or before July 19, 2014 we will deliver to you one original of the Florida Department of Transportation maps depicting the electric service areas.

Thank you for your assistance in this matter. Please feel free to call me at (850) 425-5468 should you have any questions concerning this filing.

Respectfully,



James Harold Thompson
Attorney for Talquin Electric Cooperative, Inc.
jthompson@ausley.com

- COM _____
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Docket No. 140123

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic email to the following this 16th day of July, 2014.



Attorney

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**JOINT RESPONSES OF DUKE ENERGY FLORIDA, INC.
AND TALQUIN ELECTRIC COOPERATIVE, INC. TO
STAFF'S SECOND DATA REQUEST (NOS. 1 - 3)
Docket No. 1400123-EI**

1. In addition to the maps provided in response to Staff's First Data Request, Number 1, please provide a 24" by 36" official Florida Department of Transportation General Highway County map depicting the electric service areas for Talquin Electric Cooperative, Inc. and Duke Energy Florida, Inc. established by the proposed territorial agreement in Franklin and Liberty Counties.

RESPONSE

The maps will be delivered to the Commission on or before July 19, 2014, as agreed in a telephone conference between Matthew Bernier and Martha Brown.

2. In addition to the response to Staff's First Data Request, Number 2, please provide a copy of the proposed territorial agreement that shows the proposed additions and modifications to the prior territorial agreement in legislative format, and please explain in detail the reasons for each substantive change.

RESPONSE

The 2014 Territorial Agreement is a completely new agreement as opposed to an amendment of the prior territorial agreement and therefore a copy of the proposed agreement in legislative format would provide no useful information (indeed, in true legislative format, it would read "strike all, insert the following" followed by the entirety of the proposed agreement underscored).

That being said, many of the provisions in the proposed and prior agreements are functionally similar, even if the wording is different. There are also some provisions in the 2014 Agreement that were not included in the prior agreement (such as the provision discussed in response to request number 3, below) and likewise there are provisions from the prior agreement that were not included in the 2014 Agreement (such as definitions of Transmission and Distribution lines).

Whether certain changes are considered "substantive" is a subjective determination; however, provided below are provisions that could be considered substantive changes (section numbers refer to the 2014 Agreement):

- Section 1.4 – Definitions, Point of Use: the 2014 Agreement contains a more explicit definition of what the parties mean by the point of use as contrasted with the point of

connect/delivery or metering. The change is intended to clarify the term to minimize the potential for later disagreement.

- Section 1.7 – Definitions, Effective Date: this provision was added to clarify that the Agreement, which was executed in June, does not become effective until the Commission has approved it and the time for any judicial review has elapsed. The change is intended to clarify the Agreement to minimize the potential for later disagreement.
- Sections 1.8 & 2.3 – Definition of and provision related to service of Temporary Service Customers: this provision is intended to define and delineate service obligations regarding customers whom, for various circumstances, should not be served by the Party that serves the area where the customer is located. Such customers can be served by the other Party upon request of the Party that serves the area where the customer is located, with the caveats that the customer must be informed of the temporary nature of the service and that the other Party to the Agreement will ultimately provide service. Further, any temporary service that lasts or is anticipated to last for greater than one year must be submitted to the Commission for approval. These provisions are intended to provide a degree of flexibility where exceptional circumstances so require without infringing on the Commission's regulatory oversight of territorial boundaries and agreements.
- Section 3.1 – Transfer of Customer and Facilities, In General: this provision discusses the procedure to be followed should the Parties agree that an area in one Party's Territorial Area would be better served by the other Party. It provides a mechanism for the parties to jointly petition for an amendment to the Agreement. It is intended to provide clarity in the event such an occurrence arises.
- Section 4.1- Operation and Maintenance, Facilities to Remain: this provision states that no facilities will be transferred other than as provided in the Agreement and that each party shall operate its respective facilities in a manner that minimizes interference with the other party. As noted in section 3.1, no known customers or facilities are being transferred by the Agreement. This provision is intended to clarify that facility transfers are intended only to occur as provided.
- Sections 4.2 and 4.3 – Talquin/DEF Facilities to be Served: these provisions allow a Party to serve its facilities located in the other Party's service territory, where such service can be provided without interfering with the other Party's facilities. Their purpose is to minimize costs to each Party should such an occurrence arise.
- Section 7.3 – Construction of Agreement, Intent and Interpretation: this provision provides guidance for interpreting the Agreement and is intended to minimize future disputes regarding the same.

3. Please refer to Attachment A of the petition pages 8-9, Section 2.2. Please provide:
- a. The reasons for this provision;
 - b. How “the preponderance of the customer’s electric energy usage” will be determined;
 - c. An example of a circumstance in which this provision would be applied;
 - d. Whether the parties are aware of other territorial agreements that include this provision.

RESPONSE

- a. This provision is included to provide clarity regarding which Party should serve a customer whose property is not contained entirely within one Party’s service area.
- b. The “preponderance of the customer’s electric energy usage” will be determined in line with the customer’s Point of Use, as defined in Section 1.4 of the Agreement.
- c. This provision would be applied in a situation where a customer has a parcel of property that is traversed by the Territorial Boundary Line and where the customer has facilities that use electricity on each side of the Territorial Boundary. For example, a piece of property split in half by the Territorial Boundary Line with a house on the eastern edge and an irrigation well on the western edge. Assuming for purposes of this example that the house uses the preponderance of the electric energy consumed by the property as a whole, the Party whose Territorial Area the eastern edge of the property sits in would serve the entire property. If one utility will, on a long-term basis, serve a customer whose property is located in both (or spanning both) utilities’ service territories, then we will promptly provide notice to the Commission.
- d. The Parties are aware of three other Territorial Agreements approved by the Commission that include this provision:
 1. Amended Territorial Agreement in Sumter, Lake, Marion, Citrus, and Levy Counties by Sumter Electric Cooperative, Inc. and Progress Energy Florida, Inc., approved by Order No. PSC-09-0276-PAA-EU (April 29, 2009), issued in Docket No. 080632-EU.
 2. Territorial Agreement in Lake County between City of Leesburg, a Florida municipality and Sumter Electric Cooperative, Inc., a Florida Cooperative, approved by Order No. PSC-12-0064-PAA-EU (Feb. 13, 2002), issued in Docket No. 110272-EU.
 3. Territorial Agreement in Orange County by City of Winter Park and Duke Energy Florida, Inc., approved by Order No. PSC-14-0108-PAA-EU (Feb. 24, 2014), issued in Docket No. 130267-EU.