

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: February 19, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Garl) *H EJD PO J.D.*
Office of the General Counsel (Villafrate) *J.C.*

RE: Docket No. 150039-EU – Joint petition to reopen and extend the term of existing territorial agreement in Columbia, Lafayette, Madison, and Suwannee Counties, by Suwannee Valley Electric Cooperative, Inc. and Duke Energy Florida, Inc.

AGENDA: 03/03/15 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On January 27, 2015, Suwannee Valley Electric Cooperative (SVEC) and Duke Energy Florida, Inc. (DEF) filed a joint petition for approval of a stipulation between the two parties that would reopen and extend the term of their existing territorial agreement until March 14, 2016. The Commission approved the existing agreement in March 1995 for a term of 20 years expiring March 14, 2015, unless modified by the Commission.¹ The joint petitioners stated that they need additional time to negotiate a new territorial agreement. The stipulation is shown in Attachment A. The Commission has jurisdiction over this matter pursuant to Section 366.04, Florida Statutes (F.S.).

¹ Order No. PSC-95-0351-FOF-EU, issued March 14, 1995, in Docket 940331-EU, In re: Petition to resolve territorial dispute with Florida Power Corporation by Suwannee Valley Electric Cooperative, Inc.

Discussion of Issues

Issue 1: Should the Commission approve the stipulation to open and extend the territorial agreement between SVEC and DEF?

Recommendation: Yes. The Commission should approve the stipulation regarding the territorial agreement between SVEC and DEF. (Garl)

Staff Analysis: The stipulation regarding the territorial agreement, as shown in Attachment A, extends the term of the existing agreement until March 14, 2016, to allow the joint petitioners additional time to negotiate a new territorial agreement. All other provisions of the existing territorial agreement remain in effect.

The existing territorial agreement provides that all customer transfers were to be completed within five years from the date of Commission approval (1995). The existing agreement further details the treatment of customer account transfers, customer deposits, cost of facilities, and calculation of lost revenue. In response to a staff inquiry, SVEC and DEF both stated that these actions have been completed to the satisfaction of both parties.

In approving the existing agreement, the Commission found that the agreement is “in the public's interest and that its adoption will further the Commission's policy of avoiding unnecessary and uneconomic duplication of facilities.”² Staff believes the requested extension of time is reasonable and does not appear to be detrimental to the parties or the public interest. Any subsequent modification to the territorial agreement will be brought before the Commission for its consideration pursuant to Section 366.04, F.S. Staff, therefore, recommends approval of the stipulation to open and extend the existing territorial agreement so SVEC and DEF will have additional time to negotiate a new territorial agreement.

² Id. at 2.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Villafrate)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

STIPULATION REGARDING TERRITORIAL AGREEMENT
Between
Suwannee Valley Electric Cooperative
And
Duke Energy Florida

STIPULATION REGARDING TERRITORIAL AGREEMENT

Suwannee Valley Electric Cooperative, Inc. ("SVEC") and Duke Energy Florida, Inc. ("DEF") enter into this Stipulation regarding their previous territorial agreement for Columbia, Lafayette, Madison, and Suwannee Counties on this 24th day of January, 2015.

WITNESSETH:

WHEREAS, SVEC and DEF are parties to a territorial agreement delineating their respective service territories in Columbia, Lafayette, Madison, and Suwannee Counties (the "Agreement"), which was approved by order of the Florida Public Service Commission ("FPSC"); and

WHEREAS, the term of the Agreement expires on March 14, 2015; and

WHEREAS, SVEC and DEF have entered into negotiations for the purpose of reaching a new territorial agreement to replace the Agreement; and

WHEREAS, SVEC and DEF recognize that they will need additional time to successfully conclude their negotiations; and

WHEREAS, SVEC and DEF desire to reopen and extend the term of the Agreement through March 14, 2016, in order to provide sufficient time to pursue the opportunity for a successful conclusion of their negotiations, and to seek Commission approval of the resulting new territorial agreement,

NOW, THEREFORE, SVEC and DEF hereby agree as follows:

1. The Agreement shall be reopened and effective between the parties.

2. The term of the Agreement is extended to and including March 14, 2016.
3. Except as modified herein, the original terms and conditions of the Agreement shall remain in full force and effect.
4. This Stipulation will become effective and enforceable only upon the issuance of an order by the Florida Public Service Commission approving the Stipulation in its entirety.

IN WITNESS WHEREOF, SVEC and DEF have caused this Stipulation to be executed in duplicate by their duly authorized representatives on the day and year first above stated.

SUWANNEE VALLEY ELECTRIC COOPERATIVE, INC.

By: *Michael S. McWaters*
Name: Michael S. McWaters
Title: Executive V.P. & CEO

DUKE ENERGY FLORIDA, INC.

By: *Alex Glenn*
Name: ALEX GLENN
Title: STATE PRESIDENT

