

**CLAY ELECTRIC COOPERATIVE, INC. AND
THE CITY OF NEWBERRY'S RESPONSE TO
STAFF'S FIRST DATA REQUEST (NOS. 1- 8)**

Docket No. 160242-EU

1. Please list and explain any differences between the prior agreement, which expired on September 18, 2009, and the proposed agreement.

Response:

This agreement was chiefly entered into to replace the expired agreement between the parties. The changes to the agreement mainly consist of the parties exchanging certain parcels of land in their respective service areas that they believe they each can better service. The proposed agreement also increases the duration of the agreement to thirty (30) years and includes an automatic renewal provision consisting of five (5) year renewal terms.

2. Are the parties abiding by the terms of the prior agreement between its expiration and the Commission's consideration of the new agreement? If not, please explain.

Response:

Yes, the parties continued to abide by the terms of the prior agreement after its expiration.

3. Rule 25-6.0440(2)(b) includes the standard that there is a "reasonable likelihood that the agreement, in and of itself, will not cause a decrease in the reliability of electric service to the existing or future ratepayers" of the parties. Please address this with regard to your proposed agreement.

Response:

The proposed territorial agreement will not cause a decrease in reliability of electrical service for any existing or future ratepayers. All current facilities that are being transferred in the agreement are for secondary service and have no value due to their age. The service areas that are being exchanged between CEC and Newberry are, for the most part, undeveloped and on the edge of the respective utilities territories. Each utility has the capability to provide electric service to the current ratepayers and any future ratepayers that may need service in the exchanged territories. There is a planned development in one section of the territory being given from CEC to Newberry that the parties have agreed will be better served by Newberry in this instance. There is nothing in the agreement that, in and of itself, would decrease the reliability of electrical service to the existing or future ratepayers. If anything, the parties believe that the agreement furthers reliability for ratepayers.

4. Please explain why the two customers are being transferred from Clay Electric Cooperative to the City of Newberry.

Response:

The two customers are located in a section of land that was divided between the parties by the prior agreement. This split section is planned to be developed into a planned multi-use, towncenter type development with both residential and retail commercial uses. The parties have agreed that this new development would be best served by one utility and that Newberry should take on providing this service. Thus, the parties have agreed to include this section in the exchange to have the whole served by Newberry.

5. The petition describes Attachment D as containing sample copies of letters to customers affected by the transfer; however it appears that only a sample of the residential letter was included. Please provide a copy of the sample letter, including the rate comparison, for the general service commercial customer.

Response:

The sample letter for the general service customer is attached as Exhibit A.

6. Please provide a map that displays the extra-territorial customers before and after the transfer.

Response:

The map is attached as Exhibit B. Items B, D & E are proposed transfers to CEC; Numbers 1, 2, 3, 8, 9, 10 are proposed transfers to Newberry. Everything else remains the same from the 2009 agreement. The extra-territorial customers are located in the sections labeled 1 and 2.

7. Will any facilities be transferred in conjunction with the transfer of customers, and if so, what is the estimate of the purchase price?

Response:

As stated above, all facilities that are being transferred in the agreement are for secondary service and have no value due to their age and condition. There will be no purchase price for the transfer.

8. Referring to Article III, Section 3.5 Compensation of the proposed agreement, please explain whether this refers to compensation for the customers or compensation for any facilities transfer.

Response:

There will be no compensation paid for customers or the related facilities.

RESPECTFULLY SUBMITTED on January 5, 2017.

/s/ Richard H. Fabiani II
Richard H. Fabiani II
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Chandler, Lang, Haswell & Cole, P.A.
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(352)376-5226

CERTIFICATE OF SERVICE

I HEREBY certify that a true and accurate copy of the foregoing Data Request Response has been furnished by electronic notice to the City of Newberry through their counsel and others party to this case through the e-filing portal or by U.S. Mail.

/s/ Richard H. Fabiani II
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EXHIBIT A

**SAMPLE COPIES OF LETTERS PROVIDING NOTICE OF THE TERRITORIAL
AGREEMENT TO GENERAL CUSTOMERS SUBJECT TO TRANSFER**

November 14, 2016

NORFLEET CONSTRUCTION GROUP LLC

5820 SE CR 337

NEWBERRY, FL 32669

SERVICE LOCATION 2301 SW SR 45 NEWBERRY, FL 32669

Dear NORFLEET CONSTRUCTION GROUP LLC;

Clay Electric Cooperative, Inc. (CEC) and The City of Newberry (Newberry) have entered into a new territorial agreement that designates electric service boundary lines within the city limits of Newberry located in Alachua County for both electric utilities. The new agreement comes after negotiating a previously expired agreement.

The new agreement will be sent to the Florida Public Service Commission (FPSC). If approved by the FPSC, your electric service will be transferred to Newberry within three years of approval by the FPSC.

This territorial agreement will enable each electric utility to service its customers more reliably and economically. The FPSC has previously recognized the benefits of territorial agreements and encourages utilities to enter into this type of agreement.

To provide you a rate comparison, from the most recent published rate available on the FPSC website, the General Service rate of CEC for 1,500 Kilowatt-Hours(kWh) was \$171.05. For the same month, Newberry's General Service rate for 1,500 Kilowatt-Hours(Kwh) was \$181.80. These rates of both utilities are subject to periodic change and may be raised or lowered in the future.

If you should have any questions or concerns about the agreement, please contact me at 352-372-8543 or at dthomas@clayelectric.com

Sincerely,

Derick R Thomas

Director of Member and Public Relations

EXHIBIT B

**MAP DISPLAYING TRANSFERRED TERRITORY
AND CUSTOMERS/MEMBERS**

