

FLORIDA PUBLIC SERVICE COMMISSION

SCANNED

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

MEMORANDUM

October 28, 1993

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING [TRIBBLE]
FROM : DIVISION OF LEGAL SERVICES [BROWN, HELTON] *MCB MP MATH*
DIVISION OF ELECTRIC AND GAS [DUDLEY, SHEA] *JDJ*
RE : DOCKET NO. 911141-EU - PETITION TO RESOLVE TERRITORIAL
DISPUTE BETWEEN OKEFENOKE RURAL ELECTRIC MEMBERSHIP
CORPORATION AND JACKSONVILLE ELECTRIC AUTHORITY.
AGENDA: 11/9/93 - REGULAR AGENDA - PROPOSED AGENCY ACTION
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\LEG\WP\911141.RCM

CASE BACKGROUND

On November 19, 1991, Okefenoke Rural Electric Membership Corporation (Okefenoke) filed a petition to resolve its territorial dispute with Jacksonville Electric Authority (JEA). The dispute arose over the question of who should serve the Airport Holiday Inn in Duval County. The petition alleged that Okefenoke had been serving the Holiday Inn until JEA constructed electric facilities and lines to provide service to the Inn, thereby displacing Okefenoke's existing facilities. As the case progressed, it became very apparent that the scope of the dispute actually involved all of northern Duval County, where uneconomic duplication of the parties' electric facilities was extensive.

After a hearing on June 17, 1992, the Commission issued Order No. PSC-92-1213-FOF-EU, which directed JEA to develop a plan to eliminate the extensive duplication of JEA's and Okefenoke's electric facilities in all of northern Duval County. The Commission retained jurisdiction of the dispute to review JEA's plan, and directed Okefenoke to cooperate in its development.

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JEA submitted an initial plan to eliminate duplicate electric facilities on February 24, 1993. In that plan JEA proposed to purchase or condemn all of Okefenoke's facilities in Duval County by September, 1993. Okefenoke objected to the plan, and in its response to JEA's proposal Okefenoke asked the Commission to resolve the duplication by establishing a territorial boundary between JEA and Okefenoke in Duval County. Thereafter, the parties attempted to negotiate a resolution to the problem, but a status conference that staff held on July 23, 1993 showed that the parties had made little progress. After the status conference, however, the parties renewed their negotiations, and they were able to reach an agreement.

The agreement establishes a territorial boundary between Okefenoke and JEA at the Duval County line and provides for the purchase by JEA of all Okefenoke's electric facilities in Duval County. The agreement is incorporated in the parties' Joint Motion for Approval of Plan to Eliminate Duplicate Electric Facilities and to Resolve Territorial Dispute, which is the subject of this recommendation.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Okefenoke's and Jacksonville Electric Authority's joint plan to eliminate duplicate electric facilities and resolve the territorial dispute?

RECOMMENDATION: Yes. The plan establishes a territorial agreement between the parties, it completely eliminates the extensive duplication of facilities in Northern Duval County, and it is in the public interest.

STAFF ANALYSIS: The central purpose of this agreement is to eliminate existing and prevent future uneconomic duplication of electric facilities in Duval County. Section 1 of the agreement provides that Okefenoke relinquishes all rights to serve in Duval County. It also provides that JEA will not serve electric customers north or west of the Duval County line in areas where Okefenoke provides electric service, with the exception of a small

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number of customers near Yulee, Florida.¹ Upon Commission approval, approximately 2,400 Okefenoke customers will be transferred to JEA. The parties expect that the transfers will be completed by the middle of January, 1994. Each of the customers to be transferred was contacted by letter for their response to the service transfer. Of the 818 customers who responded to the notification, 548 were in favor or did not object to the transfer, 270 were opposed.

Section 3 of the agreement describes the amount of purchase and payment method by which JEA will compensate Okefenoke for lost revenues, transfer of customers and service facilities, and expenses associated with this matter.

The parties agree that if for some reason it is more economical and efficient for JEA to provide electric service in Okefenoke's territory on an interim basis, they will jointly petition the Commission for permission to provide that service. The parties must also bring all permanent territorial boundary changes to the Commission for approval before they occur.

Okefenoke and JEA's territorial agreement provides that it shall become effective after it is approved by the Commission, the Rural Electrification Administration, and the National Rural Utilities Cooperative Finance Corporation. This agreement will remain in effect until modified by the Commission, through a petition of either utility or on its own motion.

Staff believes that this territorial agreement is in the public interest and its adoption will further the Commission's policy of avoiding unnecessary and uneconomic duplication of facilities. Staff recommends that the Commission approve Okefenoke's and JEA's plan to eliminate duplicate electric facilities in Duval County.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed if no timely protests are filed.

¹ Okefenoke's territory north and west of the Duval County line is delineated in the supplemental map filed by the parties.

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STAFF ANALYSIS: If no protests are filed within 21 days of the issuance of the order, staff recommends this docket should be closed.