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State of Florida



# Public Service Commission

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COMMISSION  
CLERK

**DATE:** February 4, 2004

**TO:** Kay E. Flynn, Chief of Records and Hearing Services, Division of the Commission  
Clerk & Administrative Services

**FROM:** Martha C. Brown, Senior Attorney, General Counsel *MCB*

**RE:** Docket No. 961533-EU – Joint Petition for approval of territorial agreement  
between Florida Power Corporation and Sumter Electric Cooperative, Inc.

Please include the attached letter from Progress Energy Florida regarding the status of the territorial agreement with Sumter Electric Cooperative in the file for this docket. Thank you.

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FPSC-COMMISSION CLERK



**Progress Energy**

**JAMES A. MCGEE**  
ASSOCIATE GENERAL COUNSEL  
PROGRESS ENERGY SERVICE COMPANY, LLC

January 30, 2004

Martha Carter Brown, Esquire  
Office of the General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

FEB - 4 2004

Re: Sumter Electric - Progress Energy Territorial Agreements

Dear Ms. Brown:

To follow up on our recent discussions regarding the status of the two territorial agreements between Sumter Electric Cooperative and Progress Energy Florida and related customer transfer issues, this letter will supplement and update the information provided in the December 23, 2003 status report submitted by Sumter Electric.

Over the course of the last year or more, Sumter Electric and Progress Energy have had discussions from time to time regarding a variety of operational and administrative concerns related to the territorial agreements between the two utilities that cover a large, seven-county area in central Florida. These concerns involve engineering and economic difficulties in completing the remaining customer transfers under the larger of the two agreements, a number of problems in extending service facilities to new customers and developments caused by territorial boundary lines that were established long ago in prior territorial agreements and that in many instances are not well suited to present-day conditions, and occasional errors by each utility in determining who should serve certain new customers in close proximity to the boundary lines.

Sumter Electric and Progress Energy ultimately concluded that attempting to deal with these concerns and problems on a piecemeal basis was neither efficient nor productive. As a result, management and engineering representative of each utility met on December 3, 2003 and reached agreement on a plan to amend and consolidate the two territorial agreements. The amendment would attempt to comprehensively address all outstanding service problems, including the remaining customer transfers,

Martha Carter Brown  
February 2, 2004  
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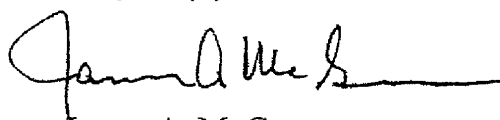
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and identify any modifications to the existing boundary lines that would mitigate these problems and better recognize recent and expected growth conditions within each utility's service territory.

Given the large area covered by the utilities' territorial agreements, considerable time and manpower will be required to identify and address all of the outstanding issues and review the territorial boundary lines throughout this area. These efforts are currently underway, but the scope and time requirements of the project are still evolving. This makes a completion date difficult to predict with any certainty at this juncture, although we are confident the project can be completed in much less time than the two-year period requested in the December 23<sup>rd</sup> status report for completing the transfer of customers. However, since you have requested that we provide a time frame in which a filing with the Commission may be expected, our preliminary estimate is that we should be in a position to file the amended and consolidated territorial agreement by the end of this coming July. As the project progresses, I will keep you informed if this estimate changes.

Please let me know if you should have any questions about this update on the status of these territorial agreements.

Very truly yours,



James A. McGee

JAM/scc

cc: Lewis W. Stone, Esquire  
Mr. Ben Brickhouse, Sumter Electric  
Ms. Gail Simpson, Progress Energy