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Public Service Commission

April 7, 2004

James Harold Thompson, Esquire  
Ausley & McMullen  
P.O. Box 391  
Tallahassee, FL 32302

STAFF DATA REQUEST

James A. McGee, Esquire  
Progress Energy Service Co., LLC  
P.O. Box 14042  
St. Petersburg, FL 33733-4042

RE: Docket No. 040231-EU - Joint petition for approval of territorial agreement in Leon and Wakulla Counties by Talquin Electric Cooperative, Inc. and Progress Energy Florida, Inc.

Dear Messrs. Thompson and McGee:

By this letter, the Commission staff requests responses to the following data requests.

1. The Proposed Agreement, at Section 3.1.1, appears to indicate that the affected retail electric customers subject to be transferred and listed in Exhibit B of the above-referenced Petition will not be contacted until after the Commission approves the Proposed Agreement. Rule 25-6.0440(1), F.A.C., requires submission of a proposed territorial agreement to include assurance that the affected customers have been contacted and the difference in rates explained, as well as information with respect to the degree of acceptance by the affected customers. Please reconcile the apparent contradiction and explain why delayed notification and transfer is proposed.

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2. Please refer to Section 3.1.2 of the Proposed Agreement. Why is five years a reasonable period of time within which to solicit the voluntary transfer of the customers listed in Exhibit B of the Petition?

3. The Proposed Agreement, at Section 1.4, defines "Point of Use" as the location where the customers' end-use facilities consume electricity. Please explain, with examples, how

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Section 1.4 will be implemented and how Section 1.4 avoids future uneconomic duplication.

4. The Proposed Agreement, at Section 2.2, indicates that neither party will knowingly serve or attempt to serve any new customer whose Point of Use facilities are located within the Territorial Area of the other except for temporary service purposes. Please explain how the utilities propose to monitor the placement of the customers' end-use facilities and issues arising from customer constructed facilities similar to Lee County Elec. Co-op. v. Marks, 501 So. 2d 585 (Fla. 1987) (the extension cord case).
5. The Proposed Agreement, at Section 2.3, appears to indicate that temporary retail electric service of more than one year are not reported to the Commission if lost revenue is paid by the utility serving the extra-territorial customer to the utility with the obligation to serve.

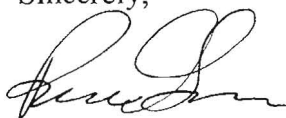
If so, please answer the following:

- a. Explain why the same mechanism is not proposed to avoid the transfer of customers and facilities.
  - b. Explain why the Commission should not be informed that extra-territorial service is being provided on an ongoing and/or indefinite basis.
  - c. Explain how such a policy avoids commingling of facilities and uneconomic duplication.
6. Does Progress Energy Florida, Inc. object to filing an annual report that includes the number of extra-territorial temporary services greater than one year and the serving utility? If so, explain.
  7. The Proposed Agreement, at Section 3.2.2, addresses the methodology of pricing facilities subject to transfer, but does not state that the parties have agreed to any specific term for "life of the asset." What is the term that the parties have agreed to?
  8. Is Progress Energy Florida, Inc. providing retail electric service to any industrial and commercial customers within Leon County pursuant to Order No. 12916, issued January 23, 1984, in Docket No. 830576-EU, that are not within Progress Energy Florida, Inc.'s proposed retail electric service area and that are not subject to be transferred to either the City of Tallahassee or to Talquin Electric Cooperative? Please explain.
  9. Will Progress Energy Florida, Inc. include service interruptions to extra-territorial customers in its distribution reliability statistics? If not, why not?
  10. Will the proposed territorial boundary result in any inactive extra-territorial customer accounts? If so, which utility will serve the inactive accounts that become active?

Messrs. Thompson and McGee  
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Please file the original and five copies of the requested information by Friday, May 7, 2004, with Ms. Blanca Bayó, Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6224 if you have any questions.

Sincerely,



Rosanne Gervasi  
Senior Attorney

RG/dm

cc: Division of the Commission Clerk and Administrative Services