

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition for approval of territorial  
agreement in Marion County by Ocala Electric  
Utility and Progress Energy Florida, Inc.

DOCKET NO. 080724-EU  
ORDER NO. PSC-09-0409-PAA-EU  
ISSUED: June 8, 2009

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman  
LISA POLAK EDGAR  
KATRINA J. McMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING TERRITORIAL AGREEMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On December 23, 2008, Ocala Electric Utility (OEU) and Progress Energy Florida, Inc. (PEF) filed a joint petition for approval of a territorial agreement in Marion County. This agreement replaces a previous agreement which was approved in 1998 and originally scheduled to expire on March 30, 2008.<sup>1</sup> The current agreement is being modified to supersede all prior territorial agreements. We have jurisdiction over the matter pursuant to Section 366.04, Florida Statutes.

Attachment A to this Order contains the ten maps which the petitioners state reflect the current territorial agreement between PEF and OEU. Maps 3, 4, 7, 8, 9, and 10 reflect modifications to the service territories shown on prior maps filed with us in Docket No. 971543-EU. No existing customers will be transferred pursuant to the new agreement. The proposed territorial agreement between OEU and PEF recognizes that the retail service areas of the parties are contiguous in many places, and that the parties previously entered into a territorial agreement to avoid duplication of generation, transmission, and distribution facilities. The agreement provides that the parties have exclusive authority to furnish retail service for end use inside their respective service territories, and each will not knowingly serve or attempt to serve new customers whose end use facilities are located within the territorial area of the other.

<sup>1</sup> See Order No. PSC-98-0443-FOF-EU, issued March 30, 1998, in Docket No. 971543-EU, In re: Territorial agreement between Florida Power Corporation and City of Ocala.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

The agreement does recognize that in exceptional circumstances, economic constraints or good engineering practices may indicate that service cannot or should not be provided by the party in whose service territory the new customer's end use facilities are located. In those exceptional circumstances, the other party may agree in writing to provide temporary service to that customer. Temporary service lasting more than one year shall be submitted to us for approval. Also, the agreement allows either party to provide bulk power supply for resale purposes where the purchase for resale may be located.

Pursuant to section 366.04(2)(d), Florida Statutes, we have the jurisdiction to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities. Rule 25-6.0440(2), Florida Administrative Code, provides that in approving territorial agreements, we may consider the reasonableness of the purchase price of any facilities being transferred, the likelihood that the agreement will not cause a decrease in the reliability of electric service to existing or future ratepayers, and the likelihood that the agreement will eliminate existing or potential uneconomic duplication of facilities. Unless we determine that the agreement will cause a detriment to the public interest, the agreement shall be approved. Utilities Commission of the City of New Smyrna v. Florida Public Service Commission, 469 So. 2d 731 (Fla. 1985).

In this particular instance, modifications were made to the previous agreement to define the proposed territorial boundaries of the parties as shown on maps 3, 4, 7, 8, 9, and 10, which expired on March 30, 2008. The modifications will not require the transfers of any customers; and therefore, no customer notice is required. The agreement will avoid uneconomic duplication of facilities, and wasteful expenditures, and will provide for the safe and reliable provision of service to customers. The agreement supersedes all prior agreements between the parties defining the boundaries of their respective territorial areas within Marion County, Florida, and will be effective for ten years from the date of our final order approving the agreement. Accordingly, the proposed territorial agreement between Ocala Electric Utility and Progress Energy Florida, Inc. is in the public interest and is approved. The effective date of the agreement is the date this order becomes final and is no longer subject to judicial review.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the territorial agreement between Ocala Electric Utility and Progress Energy Florida, Inc. is approved. It is further

ORDERED that the maps contained in Attachment A represent the service areas of Ocala Electric Utility and Progress Energy Florida, Inc. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 8th day of June, 2009.



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ANN COLE  
Commission Clerk

(SEAL)

LCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 29, 2009.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

**EXHIBIT A**

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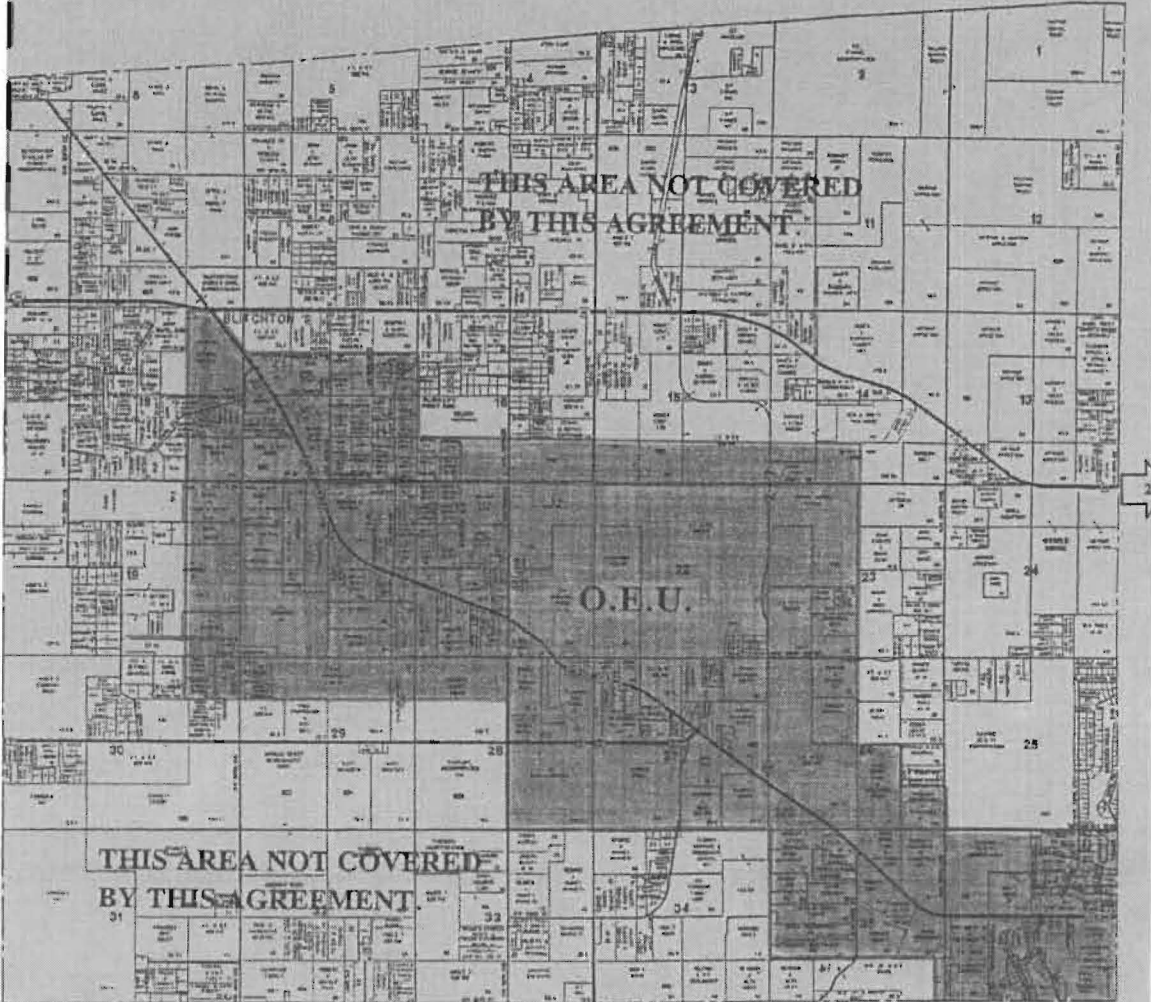
**MAPS DEPICTING THE  
TERRITORIAL BOUNDARY LINE  
AND SERVICE TERRITORIES  
OF THE CITY AND THE CORPORATION**

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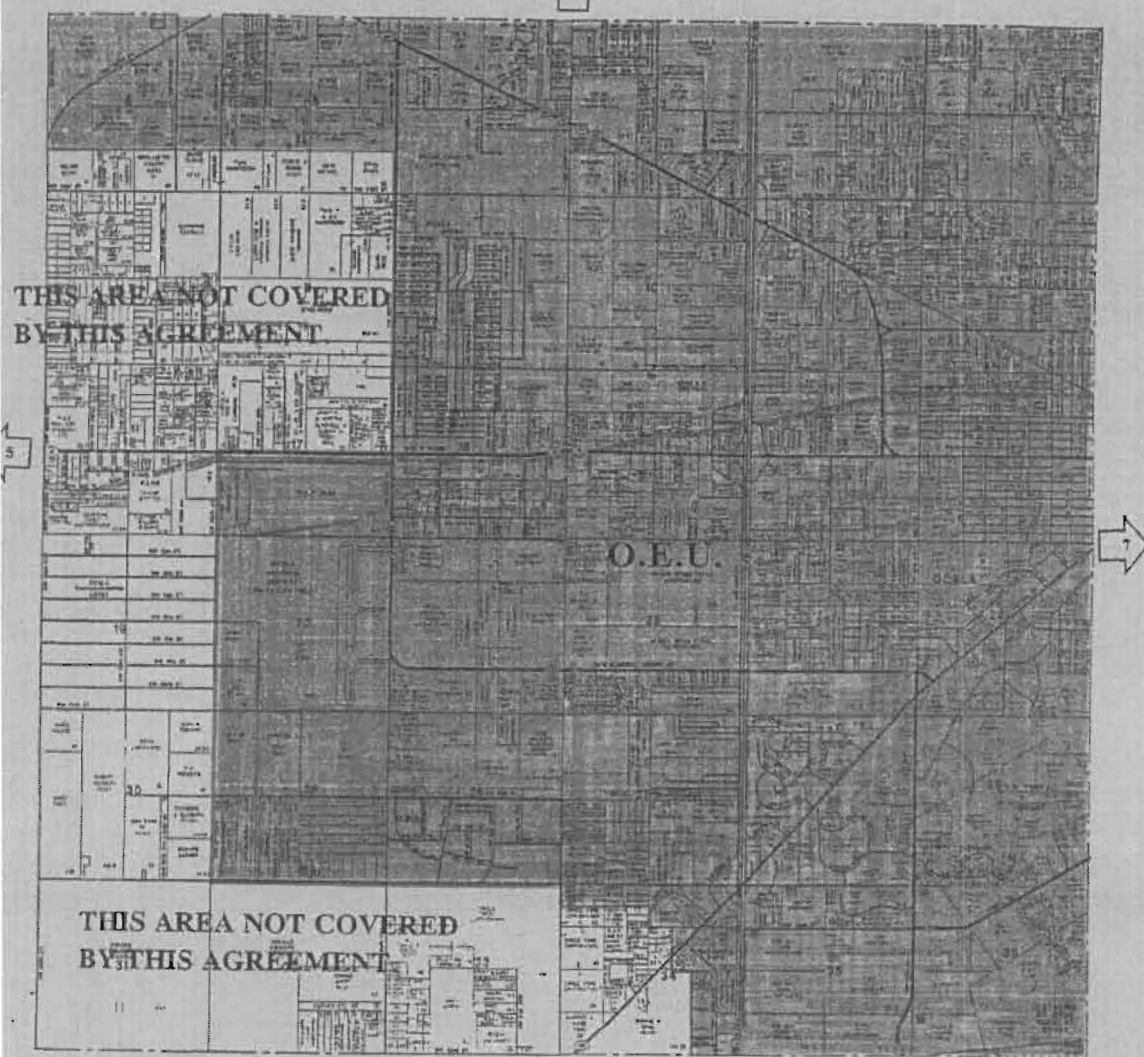
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 CITY of OCALA (O.E.U.)

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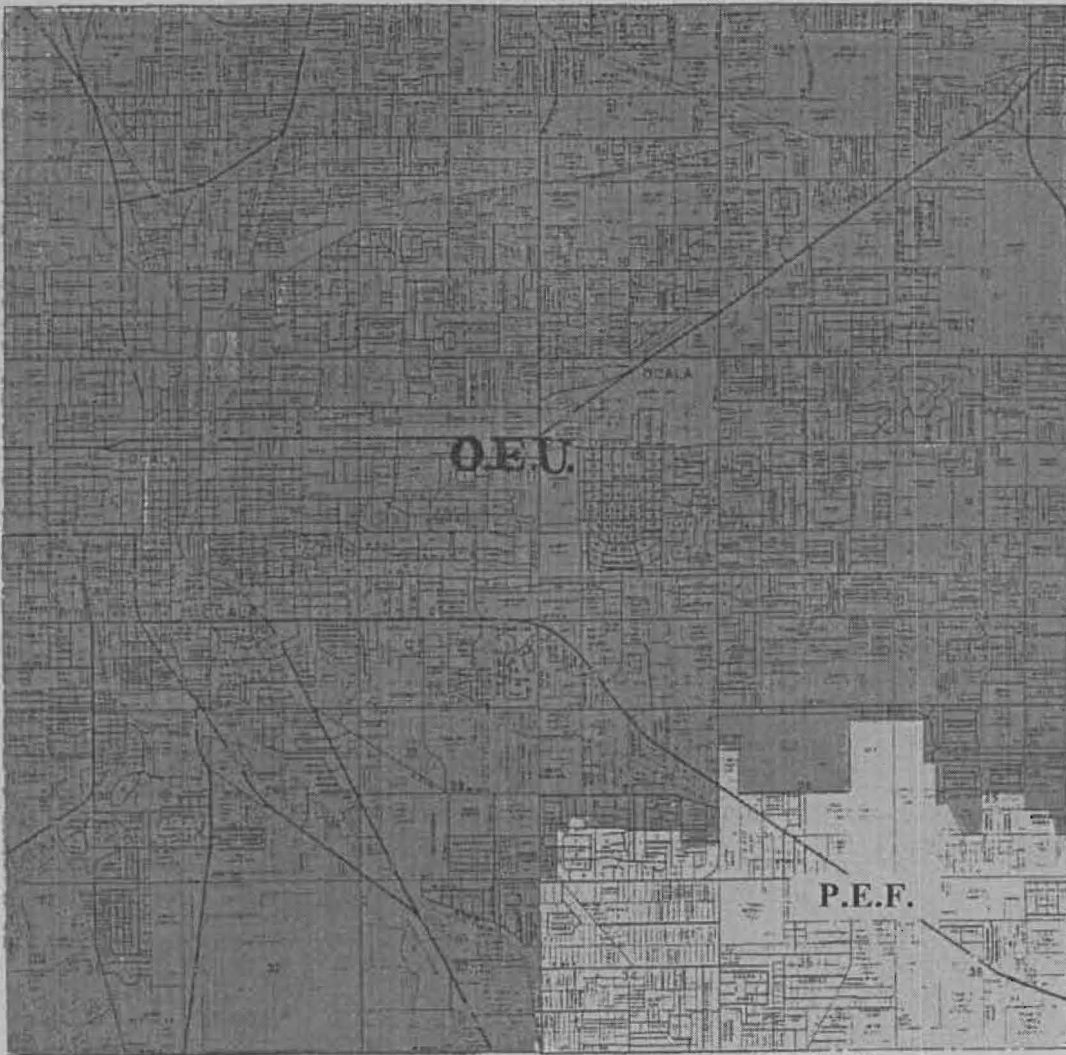
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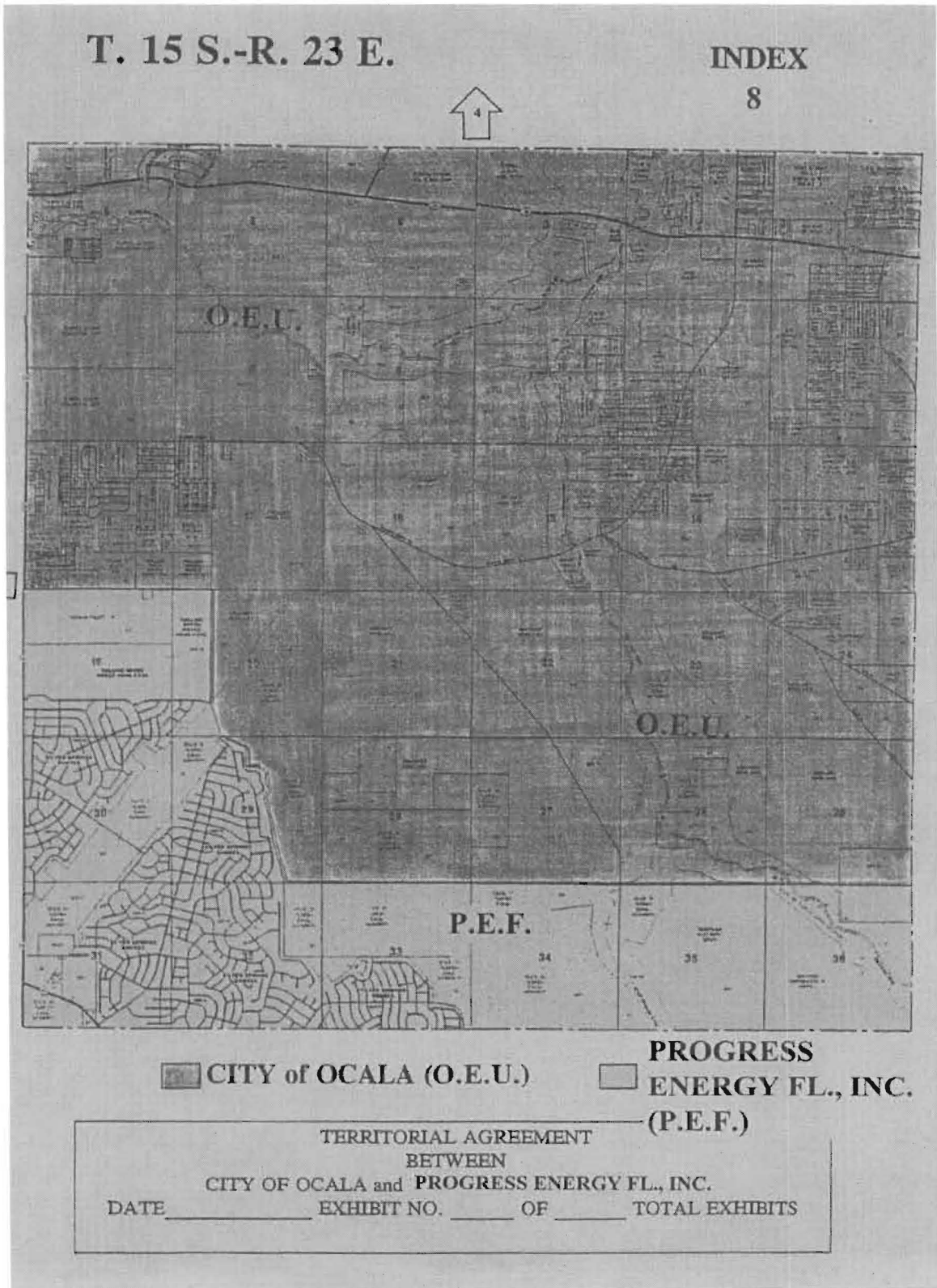
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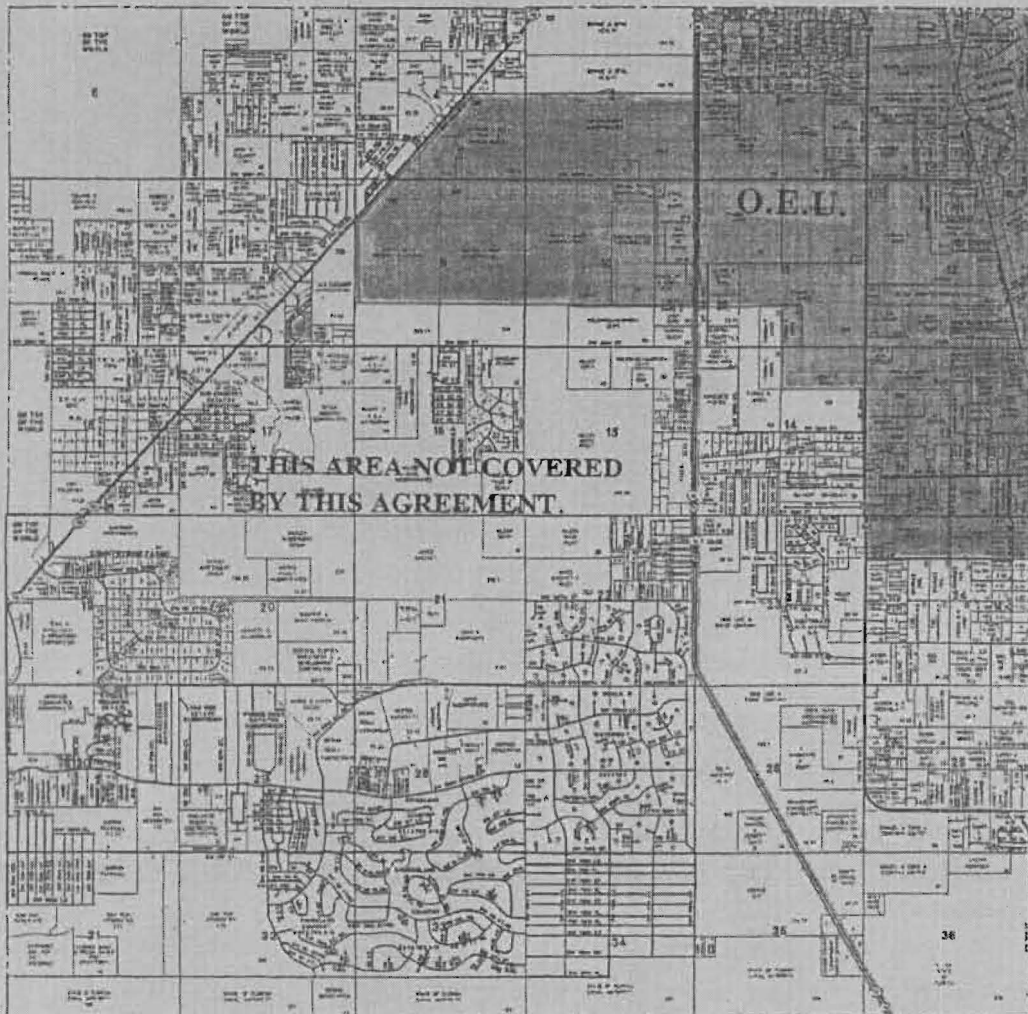






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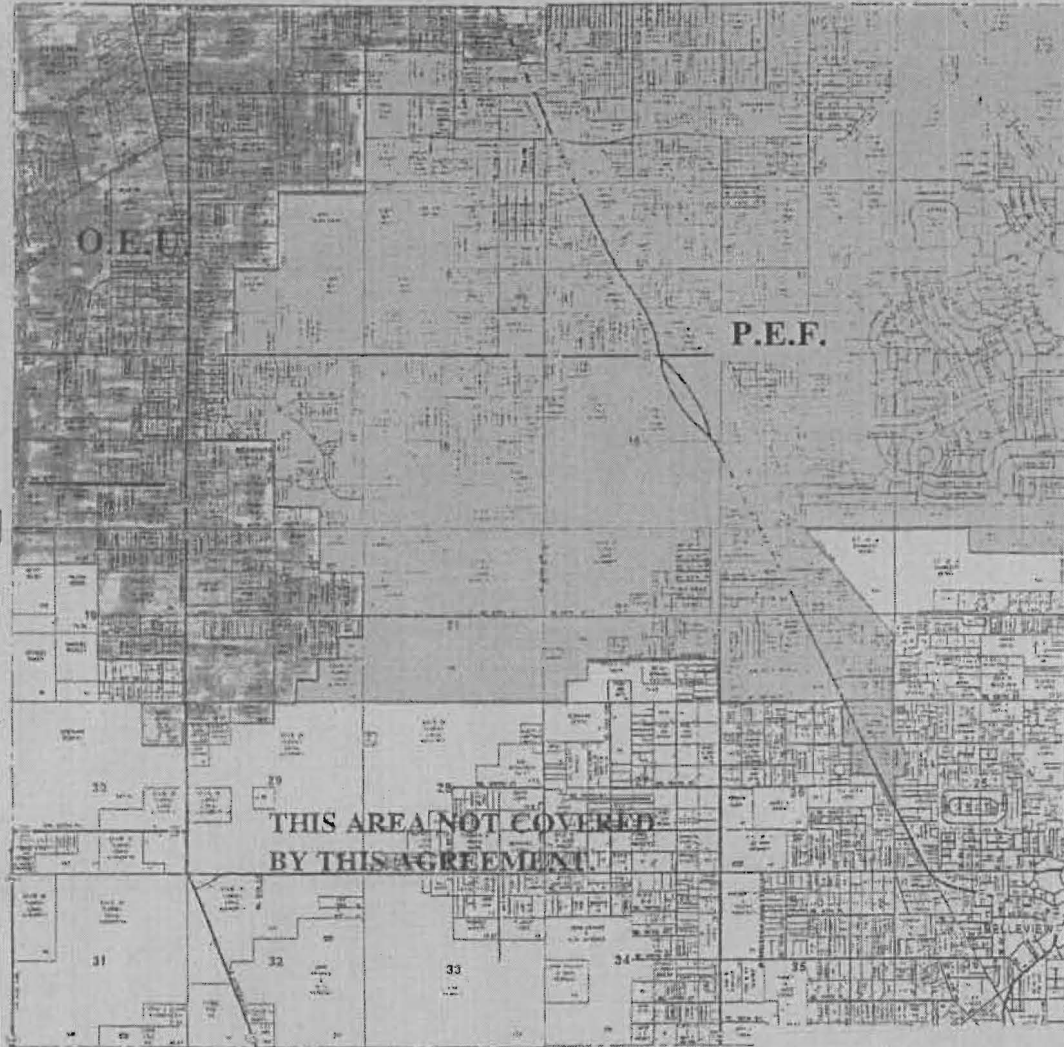
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