

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

M E M O R A N D U M

April 30, 1998

RECEIVED

APR 30 1998

11:10
FPSC - Records/Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF LEGAL SERVICES (C. KEATING) WCK RVE
DIVISION OF ELECTRIC & GAS (BOHRMANN) Tb Rvb JJJ

RE: DOCKET NO. 980274-EU - PETITION OF FLORIDA POWER & LIGHT
COMPANY FOR APPROVAL OF AMENDMENT NO. 2 TO ITS
TERRITORIAL AGREEMENT WITH PEACE RIVER ELECTRIC
COOPERATIVE, INC.

AGENDA: 05/12/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\LEG\WP\980274EU.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant the Petition of Florida Power & Light Company for Approval of Amendment No. 2 to Its Territorial Agreement with Peace River Electric Cooperative, Inc.?

RECOMMENDATION: Yes. The Commission should grant Florida Power & Light Company's (FPL) petition to amend its territorial agreement with Peace River Electric Cooperative, Inc. (Peace River). Amendment No. 2 will minimize cost to future customers in the affected territory, will avoid placing undue financial burden upon FPL's and Peace River's ratepayers, and will be in the public interest.

STAFF ANALYSIS: The Commission approved FPL and Peace River's original territorial agreement in Order No. 18332, issued October 22, 1987, which became final and effective through Order No. 19140, issued April 13, 1988. By Order No. 24671, issued June 17, 1991, this territorial agreement was amended upon request by FPL and Peace River to modify the territorial boundary between the two utilities in Manatee County, Florida.

DOCUMENT NUMBER-DATE

04852 APR 30 88

FPSC-RECORDS/REPORTING

DOCKET NO. 980274-EU
DATE: April 30, 1998

Section 1 of the original Territorial Agreement provides in relevant part:

Section 1 - Term. This Agreement shall become effective upon approval as a territorial agreement by the Florida Public Service Commission and shall continue in effect until termination, or until supplemented or amended by mutual written agreement of the parties and approval of the Florida Public Service Commission...

Section 6 of the original Territorial Agreement provides in relevant part:

Section 6 - Elimination of Overlapping Services. FPL and PRECO agree to use reasonable efforts to eliminate, during the term of the Agreement, electric service by either party in the retail service areas of the other party. This effort shall include the identification of potential customer and facilities transfers which would eliminate duplication of facilities or avoid hazardous conditions. Any transfers shall be subject to review and approval by the Florida Public Service Commission.

By petition filed February 23, 1998, FPL, with the concurrence of Peace River, seeks approval of Amendment No. 2 to the territorial agreement, which is attached hereto as Attachment A. This amendment reflects a minor change in the parties' territorial boundary in Manatee County, Florida. The specific area affected by this amendment is Phase I of a residential subdivision called Saddlebag Creek Ranches (Saddlebag Creek or subdivision).

Saddlebag Creek currently straddles the existing territorial boundary between the utilities' service areas with the majority of the lots lying within FPL's service area. Amendment No. 2 would transfer 13 lots which are located north of the existing territorial boundary from Peace River to FPL. FPL has sufficient distribution facilities in the area to serve the entire subdivision. Neither FPL nor Peace River will exchange or transfer any electrical facilities or existing customers under Amendment No. 2.

FPL estimates that the cost of providing electric service to the 13 lots would be approximately \$12,525 in materials, labor, and overhead. FPL stated that it will not impose a contribution in aid of construction on the subdivision's developer. FPL currently has a distribution line that runs parallel to State Road 70. This distribution line is directly across State Road 70 from the subdivision. FPL has indicated that it will extend service to the subdivision from this distribution line.

DOCKET NO. 980274-EU
DATE: April 30, 1998

Conversely, Peace River has estimated that the total cost of building an extension from its nearest distribution facilities to the subdivision will be approximately \$35,100. Peace River has indicated that it would impose a \$29,100 contribution in aid of construction on the developer. Therefore, the net cost to Peace River's members would be approximately \$6,000.

Amendment No. 2 will promote the more efficient use of, and avoid uneconomic duplication of, FPL's and Peace River's facilities within and near the subdivision. Additionally, Mr. Jarvis Williams, the subdivision developer, supports this amendment to the FPL-Peace River territorial agreement. Staff believes that Amendment No. 2 is consistent with the original FPL-Peace River territorial agreement and Commission policy on territorial agreements. Therefore, staff recommends that the Commission approve Amendment No. 2 to the territorial agreement between FPL and Peace River.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests are affected by the Commission's proposed agency action files a protest within 21 days of the order, this docket should be closed.

STAFF ANALYSIS: If no person whose substantial interests are affected by the Commission's proposed agency action files a request for hearing within 21 days of the order, no further action will be required and this docket should be closed.

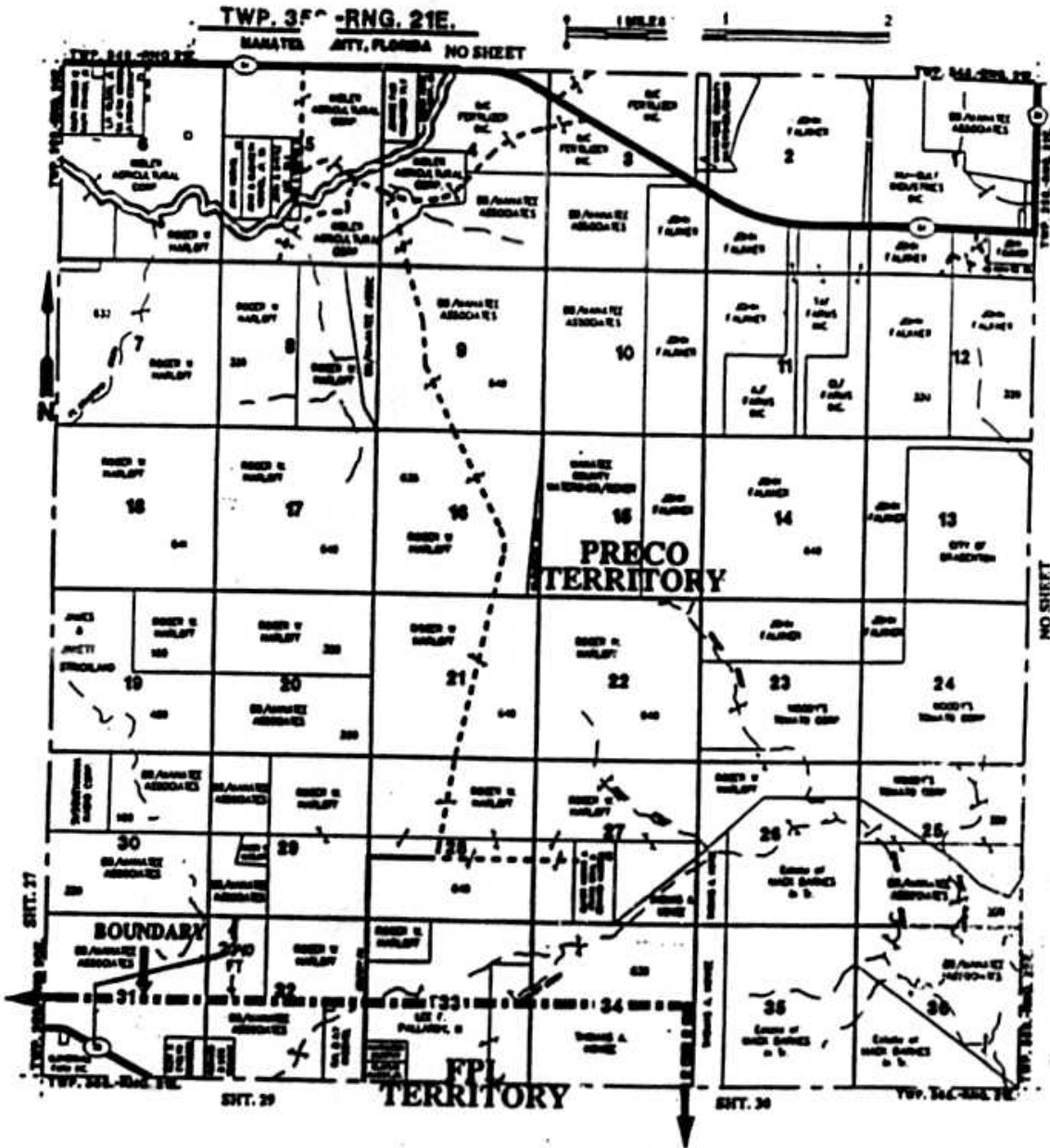
AMENDMENT NO. 2 TO TERRITORIAL AGREEMENT
BETWEEN
FLORIDA POWER & LIGHT COMPANY
AND
PEACE RIVER ELECTRIC COOPERATIVE, INC.

Florida Power & Light Company ("FPL") and Peace River Electric Cooperative, Inc. ("PRECO") hereby amend, subject to the approval of the Florida Public Service Commission ("FPSC"), the Territorial Agreement between FPL and PRECO (i) entered on July 17, 1987, and approved by the FPSC on October 22, 1987, by Order No. 18332, and subsequently finalized by the FPSC on April 13, 1988, by Order No. 19140, and (ii) amended on January 28, 1991, and approved by the FPSC on June 17, 1991, by Order No. 24671, as set forth below:

1. The Territorial Agreement between FPL and PRECO, as amended and approved by the FPSC pursuant to Orders Nos. 18332, 19140 and 24671, remains in full force and effect except as further amended herein.
2. This Amendment No. 2 is to again modify Section 2 - Scope of the FPL-PRECO Territorial Agreement, which identified multiple-paged Exhibit A as the maps depicting the FPL-PRECO territorial boundaries in DeSoto, Hardee, Manatee and Sarasota Counties.
3. Pursuant to this Amendment No. 2, the territorial boundary identified on Page 28 of 33 of Exhibit A to the original FPL-PRECO Territorial Agreement is to be modified as depicted

(highlighted) on Amendment No. 2 -- Exhibit A. The area highlighted on Amendment No. 2 -- Exhibit A is a residential subdivision called Saddlebag Creek Ranches, and represents Phase I of that development. As depicted on this map, Phase I of Saddlebag Creek Ranches straddles the existing territorial boundary between FPL's and PRECO's service areas. The majority of the lots in Phase I lie within FPL's service area. This Amendment No. 2 would transfer the highlighted area north of the existing territorial boundary from PRECO to FPL to enable FPL, which already has distribution facilities in the area, to serve the entire development. No electrical facilities or existing customers will be exchanged or transferred by either FPL or PRECO. A metes and bounds description of the area to be transferred is set forth on Amendment No. 2 -- Exhibit B. Amendment No. 2 -- Exhibits A and B are incorporated herein by reference.

4. Upon FPL's and PRECO's execution of this Amendment No. 2, FPL and PRECO will seek approval hereof by filing a petition for such approval with the FPSC.
5. This Amendment No. 2 shall become effective upon its approval by the FPSC.



DOCKET NO. 980274-EU
APRIL 30, 1998

ATTACHMENT A
PAGE 5 OF 5

LAND DESCRIPTION OF NORTHERN PORTION OF SADDLEBAG CREEK RANCHES:

A PARCEL OF LAND LOCATED IN SECTIONS 31 AND 32, TOWNSHIP 35 SOUTH, RANGE 21 EAST, MANATEE COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT A FOUND 4"X4" CONCRETE MONUMENT (#1735) MARKING THE NORTHEAST CORNER OF THE WEST ONE-HALF OF THE SOUTHEAST ONE-QUARTER OF SECTION 32, TOWNSHIP 35 SOUTH, RANGE 21 EAST, MANATEE COUNTY, FLORIDA, THENCE ALONG THE NORTH LINE OF SAID WEST ONE-HALF NORTH 89°32'48" WEST A DISTANCE OF 2081.41 FEET TO A FOUND 4"X4" CONCRETE MONUMENT (#1324) MARKING THE POINT OF BEGINNING, THENCE CONTINUE NORTH 89°32'48" WEST A DISTANCE OF 5086.81 FEET TO A POINT, THENCE NORTH 01°41'14" EAST A DISTANCE OF 398.11 FEET TO A POINT, THENCE SOUTH 89°16'41" EAST A DISTANCE OF 956.25 FEET TO A FOUND REBAR AND CAP (#2230) MARKING THE SOUTHWEST CORNER OF MARKS PROPERTY AS PER OFFICIAL RECORDS BOOK 1385; PAGE 652, THENCE ALONG THE SOUTHEASTERLY LINE OF SAID MARKS PROPERTY NORTH 77°59'41" EAST A DISTANCE OF 3203.75 FEET TO A FOUND REBAR AND CAP (#2230), THENCE NORTH 00°18'10" WEST A DISTANCE OF 1416.69 FEET TO A POINT, THENCE NORTH 88°20'50" EAST A DISTANCE OF 998.67 FEET TO A SET REBAR AND CAP (#3524), THENCE SOUTH 00°07'43" WEST A DISTANCE OF 2538.00 FEET TO THE POINT OF BEGINNING, CONTAINING 119.18 ACRES MORE OR LESS.

AMENDMENT NO. 2 - EXHIBIT B