



Public Service Commission

RECORDS AND REPORTING

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: JULY 9, 1998

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

FROM: DIVISION OF LEGAL SERVICES (C. KEATING) *WAX RVE*
DIVISION OF ELECTRIC AND GAS (BOHRMANN) *TB God JDJ*

RE: DOCKET NO. 980597-EU - JOINT STIPULATION AND PETITION BY FLORIDA POWER CORPORATION AND WITHLACOOCHEE RIVER ELECTRIC COOPERATIVE, INC. FOR APPROVAL OF AMENDMENT NUMBER ONE TO TERRITORIAL AGREEMENT IN PASCO COUNTY

AGENDA: 07/21/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\LEG\WP\980597.RCM

CASE BACKGROUND

Pursuant to Section 366.04(2)(d), Florida Statutes, the Commission has jurisdiction "to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities under its jurisdiction." As an exercise of its jurisdiction, the Commission approved Florida Power Corporation (Florida Power) and Withlacoochee River Electric Cooperative, Inc.'s (WREC) original territorial agreement by Order No. 19610, in Docket No. 880234-EU, issued July 5, 1988.

On April 29, 1998, Florida Power and WREC filed a joint stipulation and petition for approval of Amendment Number One to the territorial agreement. The proposed amendment is attached hereto as Attachment A. Florida Power and WREC request this amendment for the following reasons: (1) to continue each utility's efforts and policies to avoid uneconomic duplication of service

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facilities and (2) to avoid and eliminate circumstances which may cause potential duplications and possible hazards.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant the joint stipulation and petition by Florida Power Corporation and Withlacoochee River Electric Cooperative, Inc., for approval of Amendment Number One to their territorial agreement in Pasco County?

RECOMMENDATION: Yes. The Commission should grant Florida Power Corporation and Withlacoochee River Electric Cooperative, Inc.'s joint stipulation and petition for approval of Amendment Number One to their territorial agreement in Pasco County. This amendment minimizes cost to the affected ratepayers, avoids placing undue financial burden upon Florida Power's and WREC's ratepayers, and is in the public interest.

STAFF ANALYSIS: Florida Power and WREC have agreed to two changes to their territorial boundaries in Pasco County. First, Florida Power would transfer one ratepayer to WREC. WREC currently serves this ratepayer, the City of New Port Richey's pump station at the Magnolia Valley subdivision, at the request of Florida Power. Florida Power has not received any response from the ratepayer concerning whether the ratepayer supports or opposes the territorial agreement amendment.

Second, Florida Power and WREC have agreed to transfer eight ratepayers to Florida Power. On approximately November 1, 1998, WREC will transfer the eight ratepayers to Florida Power after Florida Power has relocated its facilities due to the planned widening of Rowan Road. Rowan Road forms the western boundary of the territory to be transferred. As provided by Section 1.2 of the territorial agreement amendment, WREC shall also transfer to Florida Power all secondary facilities used exclusively to serve these ratepayers when the transfers occur. WREC has not received any responses from the eight ratepayers concerning whether the ratepayers support or oppose the territorial agreement amendment.

As provided in Section 1.3 of the territorial agreement amendment, neither utility will pay the other utility any compensation for the transfer of facilities or ratepayers. WREC

has indicated that it will not incur any incremental costs for the transfer of either the one ratepayer from Florida Power or the eight ratepayers to Florida Power. To transfer the eight ratepayers from WREC, however, Florida Power has indicated that it will incur costs of \$3,000 to install one additional pole and secondary extensions to connect these ratepayers to Florida Power's distribution system.

When two utilities transfer ratepayers between each other, the utilities should minimize the impact on the affected ratepayers. Therefore, each utility has agreed to waive the initial deposit for the transferred ratepayers usually imposed on new ratepayers. Florida Power will maintain the right to impose a deposit on ratepayers who subsequently do not maintain excellent credit. In addition, WREC has indicated that it will pay the eight transferred ratepayers the appropriate amount of capital credits on an annual basis as if they were still WREC ratepayers. Moreover, based upon data provided by each utility, the eight ratepayers transferred from WREC to Florida Power should not experience a significant reduction in reliability due to the proposed amendment. Finally, the City's pump station will not experience any change in reliability because WREC already provides service to it.

This amendment promotes the more efficient use of Florida Power and WREC's facilities within and near the affected areas. Also, this amendment should allow Florida Power and WREC to avoid uneconomic duplication of their facilities. Moreover, this amendment is consistent with the original Florida Power-WREC territorial agreement and Commission policy on territorial agreements. Therefore, the Commission should approve Amendment Number One to the territorial agreement between Florida Power and WREC.

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.

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**AMENDMENT NUMBER ONE TO TERRITORIAL AGREEMENT
BETWEEN WITHLACOOCHEE RIVER ELECTRIC COOPERATIVE, INC.
AND FLORIDA POWER CORPORATION
IN WEST PASCO COUNTY**

Section 0.1 This is an Agreement made and entered into as of the 26th day of January, 1998, by and between Withlacoochee River Electric Cooperative, Inc. ("WREC") an electric cooperative organized and existing under the laws of the State of Florida and Florida Power Corporation ("FPC"), a private corporation organized and existing under the laws of State of Florida. This Agreement constitutes Amendment Number One to the Territorial Agreement between WREC and FPC dated October 9, 1986, and approved by order of the Florida Public Service Commission in Order No. 19610, in Docket No. 880234-EU issued on July 5, 1988.

WITNESSETH

Section 0.2 WREC and FPC desire to make minor changes to the cooperative territorial area and the company territorial area referred to in Section 1.2 and 1.3 of the territorial agreement. Specifically, WREC and FPC have agreed on two (2) changes, the first to Exhibit A, page 24, and the second to Exhibit A, page 45 of the territorial agreement.

Section 0.3 The purpose of the two (2) changes is to continue the efforts and policies of both utilities to avoid the uneconomic duplication of service facilities and to continue to avoid and eliminate circumstances giving rise to potential duplications and possible hazards.

Section 0.4 This Agreement shall not be binding on the parties, and shall have no force and effect unless and until it is approved by order of the Florida Public Service Commission.

Section 0.5 The terms and conditions of the Agreement between the parties for modification of the territorial agreement are set forth as follows:

Section 1.1 Amendment to Exhibit A, page 24. The attached Exhibit 1 to this Amendment shows the current territorial area of the parties in the area defined on that Exhibit. A detail to that Exhibit is attached hereto as Exhibit 1-A "Existing Supplement to Page 24". Exhibit 1-B shows the agreed on change to the boundary line and territorial area between the parties which would transfer one customer identified by the service location number of 80-65 from FPC to WREC. This customer is currently being served by WREC at the request of FPC.

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Section 1.2 Amendment to Exhibit A, page 45. The parties have agreed to modify the territorial boundary shown on Exhibit A, page 45 of the territorial agreement as shown on the attached Exhibits 2-A and 2-B. Exhibit 2-A shows the existing territorial area and boundary between the two parties. The triangle shaped area on page 45 color coded blue is currently served by WREC. The parties have agreed to transfer the service to those customers to FPC, and to therefore amend page 45 of Exhibit A as shown on Exhibit 2-B attached hereto. There are eight (8) customers currently served in that area by WREC who would be transferred to FPC. These customers will be transferred at the time of FPC's facilities relocation necessitated by the planned widening of Rowan Road. At the time of the transfer, WREC shall also transfer to FPC all of its secondary facilities used exclusively to serve these customers.

Section 1.3 Upon full execution of this Agreement by the parties, the customers affected by the transfer, a list of which is attached hereto as Exhibit 3, will be notified by the appropriate utility that the parties have entered into this Amendment to the territorial agreement and that it has been submitted to the Florida Public Service Commission for approval. A comparison of the rates of the two utilities will be furnished to the affected customers. Neither party shall pay the other any compensation for any transfer of facilities or customers contemplated herein.

Section 1.4 Prerequisite approval. The provisions of this Agreement amending the territorial agreement are subject to the regulatory authority of the Florida Public Service Commission and appropriate approval of that body of the provisions of this Agreement shall be a prerequisite to the validity and applicability hereof, and neither party shall be bound hereunder until that approval has been obtained.

Section 1.5 Except to the extent as modified herein, the original agreement shall remain in full force and effect according to its terms.

Withlacoochee River Electric
Cooperative, Inc.

By: C. M. Overstreet
Its President

Attest:

Richard M. Buckingham
Secretary

Dated: 4/21/98

Florida Power Corporation

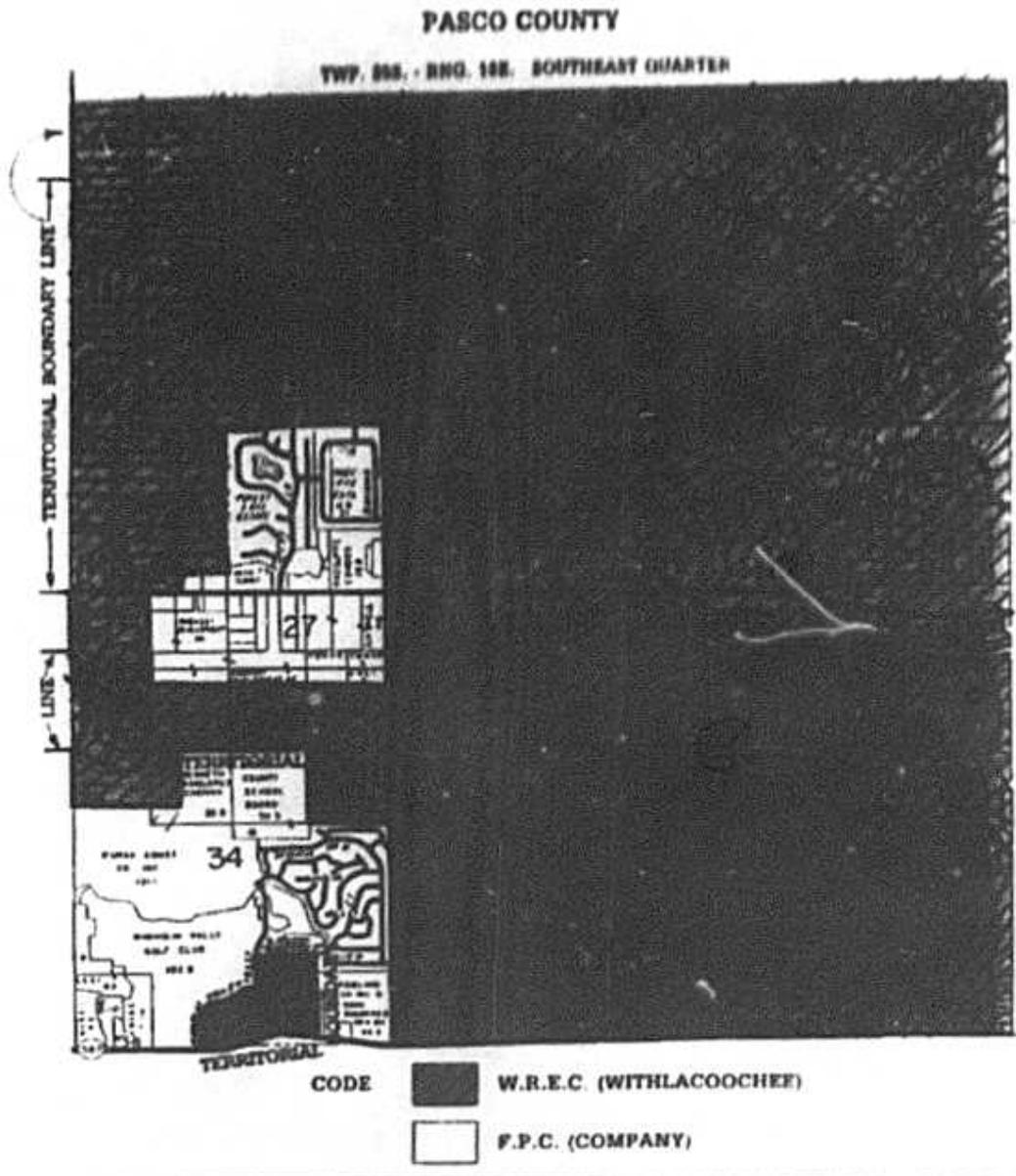
By: Conice B. Case
Its Senior Vice-President

Attest:

Deborah K. White
Assistant Secretary

Dated: 1/26/98

Approved
11/2/99
JBY



**TERRITORIAL AGREEMENT
BETWEEN
WITHLACOOCHEE RIVER ELECTRIC COOP. INC. and FLORIDA POWER CORP. INC**

Date Oct 9 1986 Exhibit 24 of 61 Total Exhibits

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EXHIBIT 1
to Amendment Number One to
Territorial Agreement between
Florida Power Corporation and
Withlacoochee River Electric
Cooperative, Inc.

EXISTING

SUPPLEMENT TO PAGE 24

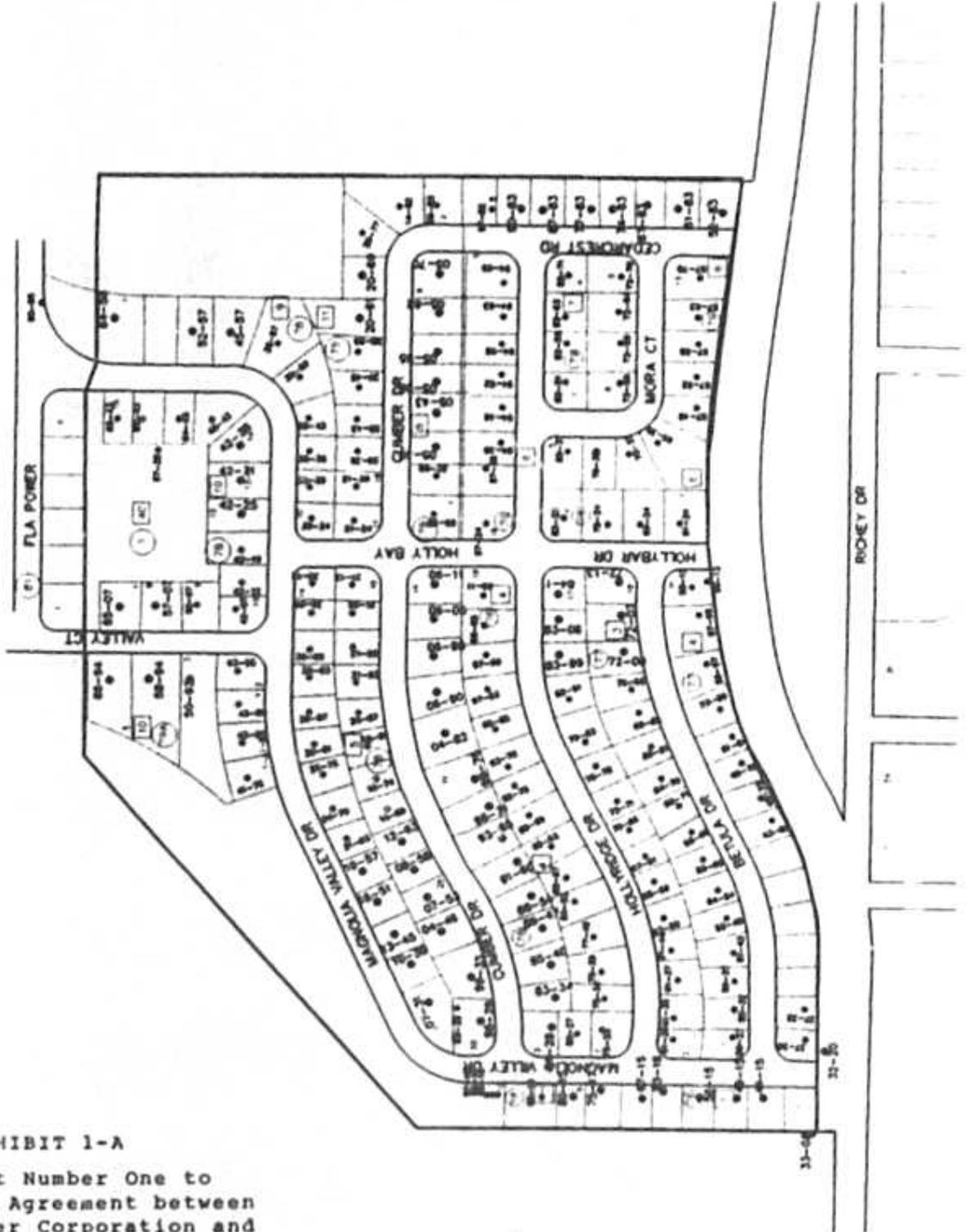


EXHIBIT 1-A

to Amendment Number One to
Territorial Agreement between
Florida Power Corporation and
Withlacoochee River Electric
Cooperative, Inc.

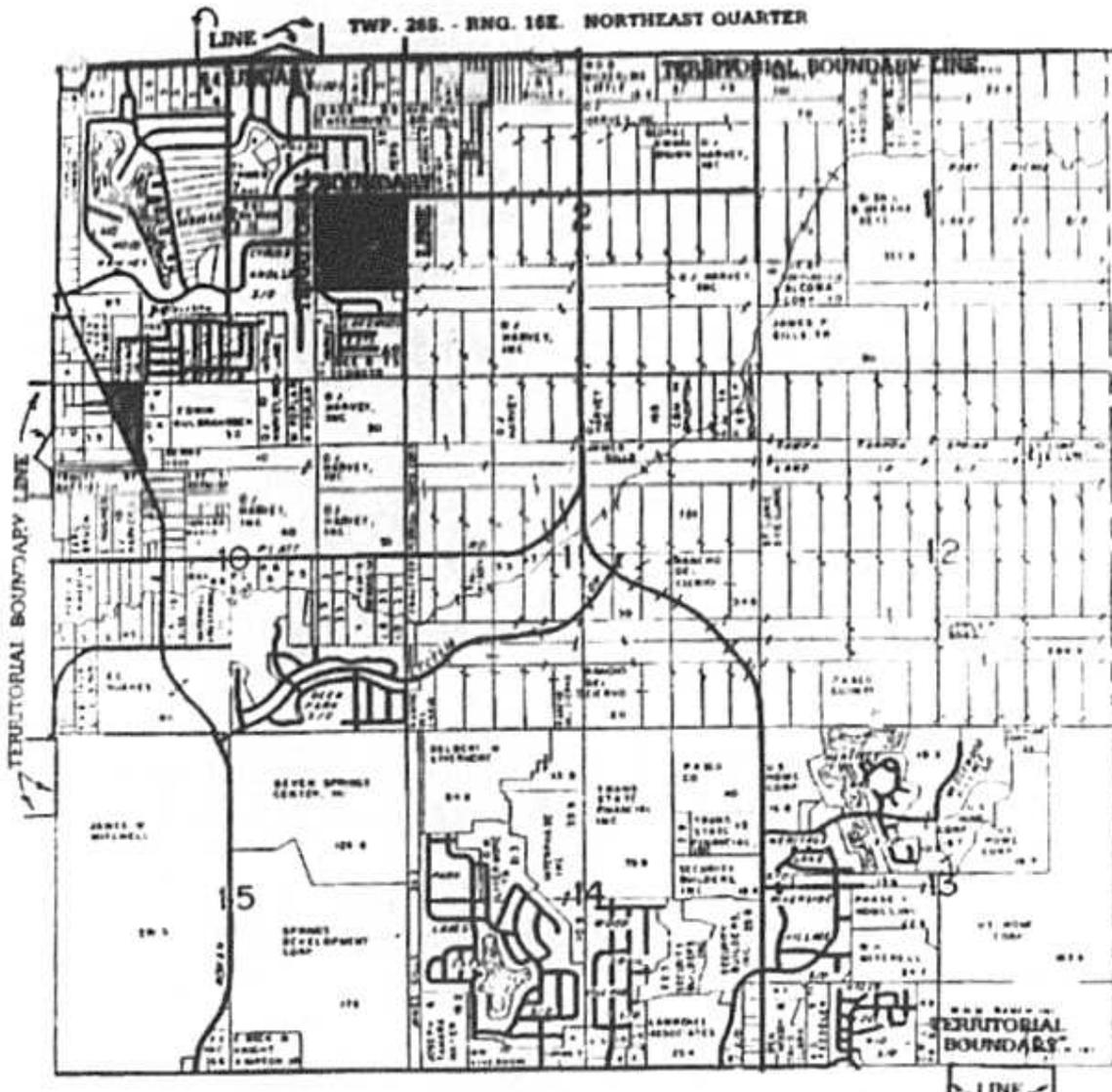
PROPOSED
SUPPLEMENT TO PAGE 24



EXHIBIT 1-B

to Amendment Number One to
Territorial Agreement between
Florida Power Corporation and
Withlacoochee River Electric
Cooperative, Inc.

PASCO COUNTY



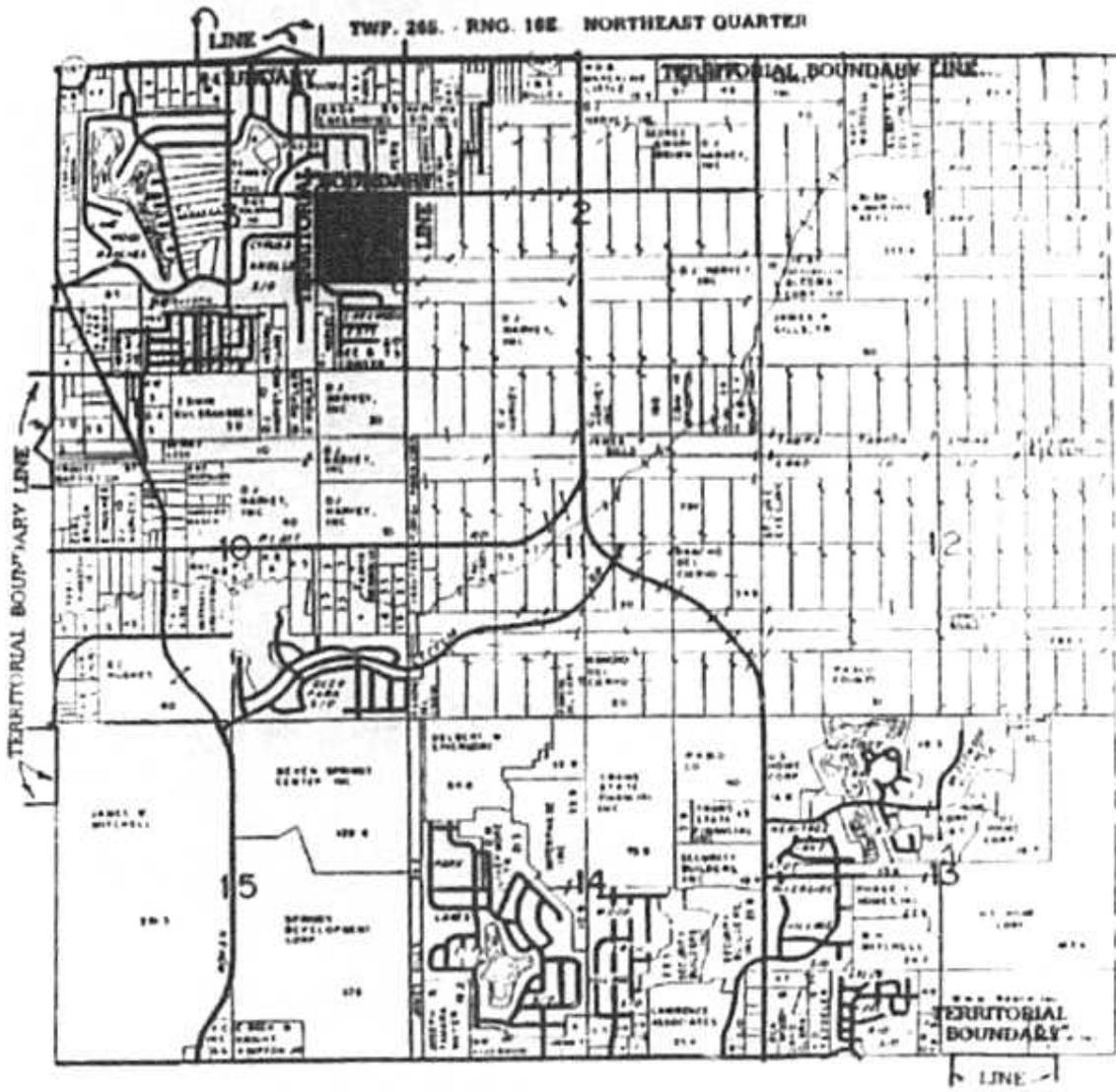
CODE  W.R.E.C. (WITHLACOOCHEE)
 F.P.C. (COMPANY)

**TERRITORIAL AGREEMENT
 BETWEEN
 WITHLACOOCHEE RIVER ELECTRIC COOP. INC. and FLORIDA POWER CORP. INC.**

Date DEC 9 1966 Exhibit 45 of 61 Total Exhibits

EXHIBIT 257

PASCO COUNTY



CODE  W.R.E.C (WITHLACOOCHEE)
  F.P.C (COMPANY)

**TERRITORIAL AGREEMENT
 BETWEEN
 WITHLACOOCHEE RIVER ELECTRIC COOP INC and FLORIDA POWER CORP INC**

Date Oct 9 1998 Exhibit 45 of 61 Ex. 1000