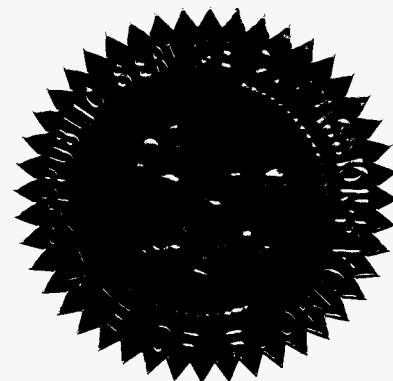


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080632-EU

In the Matter of:

JOINT PETITION FOR APPROVAL OF AMENDED  
TERRITORIAL AGREEMENT IN SUMTER, LAKE,  
MARION, CITRUS, AND LEVY COUNTIES BY  
SUMTER ELECTRIC COOPERATIVE, INC. AND  
PROGRESS ENERGY FLORIDA, INC.



PROCEEDINGS: AGENDA CONFERENCE  
ITEM NO. 4

BEFORE: CHAIRMAN MATTHEW M. CARTER, II  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER KATRINA J. McMURRIAN  
COMMISSIONER NANCY ARGENZIANO  
COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, February 10, 2009

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR  
Official FPSC Reporter  
(850) 413-6732

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1 PARTICIPATING:

2           JOHN BURNETT, ESQUIRE, and GAIL SIMPSON, representing  
3 Progress Energy Florida.

4           BEN BRICKHOUSE and LEWIS STONE, representing Sumter  
5 Electric Cooperative.

6           RALPH JAEGER, ESQUIRE, and STAN RIEGER, representing  
7 the PSC staff.

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## P R O C E E D I N G S

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**CHAIRMAN CARTER:** Let's take a moment here, Commissioner. We've got a different staff. So let staff change out and we will be on Item 4 when staff gets adjusted here.

Staff, you're recognized.

**MR. JAEGER:** Commissioners, Ralph Jaeger of legal staff.

Item 4 is staff's recommendation concerning the joint petition for the approval of a territorial agreement between Progress Energy and the Sumter Electric Cooperative. Staff is recommending that the utilities' joint petition be approved. Mr. John Burnett and Ms. Gail Simpson are here for Progress; and Mr. Ben Brickhouse and Lewis Stone, I believe, are here for Sumter Electric to answer any questions.

**CHAIRMAN CARTER:** Commissioners, would you --

**MR. JAEGER:** Or they were here earlier this morning.

**CHAIRMAN CARTER:** They're still here.

Would you like to hear from the company?

**COMMISSIONER ARGENZIANO:** (Inaudible. Microphone off.)

**CHAIRMAN CARTER:** I will give you guys an opportunity to come in and just make an appearance, and that way if we have some questions we can ask. Let's take a moment here.

Let's start with Mr. Burnett. You're recognized.

1 Good morning.

2 **MR. BURNETT:** Thank you, sir. Good morning. John  
3 Burnett on behalf of Progress Energy Florida.

4 **MS. SIMPSON:** Gail Simpson on behalf of Progress  
5 Energy Florida. Good morning.

6 **MR. BRICKHOUSE:** Good morning. Ben Brickhouse on  
7 behalf of SECO.

8 **MR. STONE:** Lewis Stone on behalf of Sumter Electric.

9 **CHAIRMAN CARTER:** Thank you.

10 Commissioners, now we have the parties here and we  
11 have got this item before us. Staff has introduced it. Any  
12 questions for either of the parties?

13 Commissioner Argenziano, you're recognized.

14 **COMMISSIONER ARGENZIANO:** Thank you, Mr. Chair.

15 The reason I didn't want to move staff on this is  
16 because I have a concern with the notification process. And it  
17 appears to me that the notifications that went out are old,  
18 especially to the Sumter County customers who would be Progress  
19 Energy customers. And I'm very concerned that they have not  
20 been afforded the new information.

21 And I look at the SECO letter that went out. It is  
22 dated September 15th, 2008, and it has older information, so it  
23 would have been presented to those customers as old  
24 information. They are not aware of the rate increase that  
25 could be coming, or the rate increases that have occurred, and

1 that's the only problem I have with it is that I don't think  
2 that those customers have gotten the right information, the  
3 updated information, and how could we ever hear from them if  
4 they, you know, haven't gotten that information?

5 **MR. RIEGER:** Commissioners, Stan Rieger with staff.  
6 We know that there has been subsequent noticing, and although  
7 we don't have a current letter of more recent noticing, I'm not  
8 sure if the rates have been adjusted to reflect the current  
9 structure at that time. Perhaps we can get that information  
10 from the utilities.

11 **COMMISSIONER ARGENZIANO:** Well, that's the problem I  
12 have, Mr. Chairman. I wouldn't be comfortable moving forward  
13 until I knew that people got -- and it's a simple thing to ask,  
14 but it is just not fair to that customer to have old  
15 information. They may have no problems with it whatsoever, but  
16 they should have the right to look at that and to know what the  
17 new information could be. And until I know that that has  
18 occurred, and until it is front of me, and give those customers  
19 the opportunity to either call or not call, I wouldn't feel  
20 comfortable moving on.

21 **CHAIRMAN CARTER:** Have you guys updated that letter,  
22 for both parties, the notice to the customers from both  
23 territories? Mr. Burnett.

24 **MR. BURNETT:** Thank you, sir. My understanding is  
25 the last letter that went out was the September 2008, so that

1 would have been the last pricing information.

2           **COMMISSIONER ARGENZIANO:** And so you understand what  
3 I'm saying is those customers now -- I mean, they may have no  
4 problem with the updated information at all, but I'm sitting  
5 here and I have to figure out, okay, what do I do on this. And  
6 I think that they should be given that information. And then  
7 if we hear from no one and they don't have a problem, you know,  
8 and we may not hear from anybody, but I think that at least the  
9 very fair thing to do to those customers is to let them know  
10 what the possible rate changes would be.

11           **CHAIRMAN CARTER:** From the Cooperative, did you guys  
12 update the notice and get it out to the customers?

13           **MS. SIMPSON:** We did send some letters subsequently,  
14 more recently just prior to the filing, but those were to new  
15 customers that moved into the areas that have been transferred.  
16 So we have not sent updated letters since the September/October  
17 time frame, that's correct.

18           **COMMISSIONER ARGENZIANO:** Mr. Chair, I would defer  
19 until we have notification that that has occurred. I don't  
20 think it's fair to the customers, I just don't. It may sound  
21 very simple and simplistic, but I think it's only fair.

22           I don't know why you haven't sent them something new,  
23 but maybe you can, and maybe you will have no problems at all,  
24 but I think it's just -- who's going to speak up for the people  
25 that need that notice.

1           **MS. SIMPSON:** I think we're comfortable with doing  
2 that, that we could send an updated letter and we can get those  
3 out fairly quickly.

4           **COMMISSIONER ARGENZIANO:** I appreciate that.

5           **CHAIRMAN CARTER:** Okay. Well, let's do this, let's  
6 allow the company an opportunity to do that, update that, get  
7 it back to us, and we'll schedule this after staff got the  
8 letter and get it to all the Commissioners and we can review  
9 that and move forward.

10           Commissioner Skop.

11           **COMMISSIONER SKOP:** Just one point of information or  
12 question for staff with respect to the proposed transfer. Is  
13 that a statutory matter of right for the utilities to do that,  
14 or is there precedent for going either way?

15           **MR. JAEGER:** No, the Commission definitely has  
16 approval authority of these territorial agreements and it's  
17 only -- the main driving interest is public interest, and then  
18 it has in Rule 25-6.03440 three criterion that you consider. I  
19 could get that rule for you and read those three criteria.

20           **COMMISSIONER SKOP:** That's fine.

21           **CHAIRMAN CARTER:** We've got it.

22           **COMMISSIONER ARGENZIANO:** Mr. Chair.

23           **CHAIRMAN CARTER:** Commissioner Argenziano.

24           **COMMISSIONER ARGENZIANO:** The last part of the rule  
25 in (2)(c)(3) says the Commission may require additional

1 relevant information from the parties of the agreement if so  
2 warranted.

3           **CHAIRMAN CARTER:** That sounds relevant, the updated  
4 notice, and there has been some additional information. Maybe  
5 in the process of that notice you could let the customers know  
6 about the rates.

7           **COMMISSIONER ARGENZIANO:** And I just want to make it  
8 clear, I don't think you will have any problems. I just think  
9 it is a fairness issue and I think they should have an updated  
10 notice and I don't foresee any problems, but I think it's just  
11 the right thing to do. Thank you.

12           **MR. JAEGER:** Chairman Carter, what kind of  
13 response -- I'm not familiar with these letters, I'm going to  
14 have to look at them, but the response time for when they send  
15 out the notice. I guess we wait three weeks for the customers  
16 to respond, or what?

17           **CHAIRMAN CARTER:** The standard time frame for notice  
18 requirements, we'll adhere to that.

19           **MR. JAEGER:** Okay. We'll work that out.

20           **CHAIRMAN CARTER:** Okay. So, Commissioners, any  
21 objection to deferring? Okay. Item 4 is deferred.

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STATE OF FLORIDA )

: CERTIFICATE OF REPORTER


COUNTY OF LEON )

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 19th day of February, 2009.

  
\_\_\_\_\_  
JANE FAUROT, RPR  
Official FPSC Hearings Reporter  
(850) 413-6732