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**From:** Karen Culpepper <Karen.Culpepper@fmpa.com>  
**Sent:** Friday, October 18, 2013 2:46 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** New Electronic Filing  
**Attachments:** Pet. to Approve Terr. Agrmt - 20131018.pdf

Attached for filing is a *Joint Petition for Approval of Territorial Agreement* from the petitioners, Peoples Gas System and the City of Jacksonville Beach d/b/a Beaches Energy Services. The document is 11 pages and is attached in pdf format.

Please call me at (850) 297-2011 or email if you have any questions.

Thank you for your assistance.

*Karen R. Culpepper, CP, FRP*

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Community Power. Statewide Strength.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition for approval of territorial boundary agreement in Duval and St. Johns Counties, by Peoples Gas System and Beaches Energy Services

DOCKET NO. \_\_\_\_\_

FILED: October 18, 2013

**JOINT PETITION FOR APPROVAL OF  
TERRITORIAL AGREEMENT**

Petitioners, Peoples Gas System ("Peoples") and the City of Jacksonville Beach, Florida, doing business as Beaches Energy Services (the "BES") (collectively, "Petitioners"), by their respective undersigned attorneys and pursuant to section 366.04(3)(a), Florida Statutes (2012), and rule 25-7.0471 of the *Florida Administrative Code*, jointly file this petition for an order approving a territorial boundary agreement between them in portions of Duval and St. Johns Counties (the "Territorial Boundary Agreement" or the "Agreement"). A copy of the Territorial Boundary Agreement is attached to this joint petition as Exhibit A. In support of this joint petition, Petitioners state as follows:

1. The names and mailing addresses of Petitioners are:

Peoples Gas System  
Post Office Box 2562  
Tampa, Florida 33601-2562

Beaches Energy Services  
11 North 3rd Street  
Jacksonville Beach, Florida 32250

2. The names and mailing addresses of the persons authorized to receive notices and communications with respect to this joint petition are:

FOR PEOPLES GAS SYSTEM:

Andrew M. Brown, Esq.  
Macfarlane Ferguson & McMullen  
Post Office Box 1531  
Tampa, Florida 33601-1531

Paula K. Brown  
Peoples Gas System  
Post Office Box 2562  
Tampa, Florida 33601-2562

FOR BEACHES ENERGY SERVICES:

Frederick M. Bryant  
General Counsel and Chief  
Legal Officer  
Jody Lamar Finklea, B.C.S.  
Assistant General Counsel |  
Manager of Legal Affairs  
OFFICE of the GENERAL COUNSEL  
Florida Municipal Power Agency  
2061-2 Delta Way  
Tallahassee, Florida 32303-4240

Roy Trotter  
Director of Beaches Energy Services  
Beaches Energy Services  
11 North 3rd Street  
Jacksonville Beach, Florida 32250

3. Each of Petitioners owns and operates natural gas distribution facilities in Duval and St. Johns Counties, and each is a natural gas utility subject to the Commission's jurisdiction under section 366.04(3), Florida Statutes, for the purposes of resolving territorial disputes and approving territorial agreements.

4. Peoples provides natural gas service to approximately 20,000 customers in Duval and St. Johns Counties, Florida. The St. Johns County customers are located primarily west of the intracoastal waterway in the areas of U.S. Highway 1, County Road 210, International Golf Parkway, and Nocatee Parkway. Peoples plans to continue expanding its distribution system in both Duval and St. Johns Counties as provided in the extension of facilities policy contained in its tariff on file with the

Commission. BES has, since June 2010 also operated a natural gas distribution system in select locations in Duval and St. Johns Counties. BES also plans to continue expanding its distribution system consistent with the demand for natural gas service within the areas in which BES operates.

5. The parties seek Commission approval of the Territorial Boundary Agreement presented with this joint petition. The Agreement stipulates that approval by the Commission is a condition precedent to its effectiveness. Any modification to the service areas described in the agreement must be reviewed and approved by the Commission. Prior to the second anniversary of the Commission's approval of the Agreement, and no less frequently than every five years thereafter, Petitioners will meet to review the status of the agreement and provide a written status report to the Commission.

6. Both Peoples and BES represent that approval and implementation of the Territorial Boundary Agreement will not cause a decrease in the availability or reliability of natural gas service from either of Petitioners, or to the existing or future ratepayers of either of them, and that the Commission's approval of the Agreement would be consistent with the standards set forth in section 366.04(3)(b), Florida Statutes (2012), and rule 25-7.0471.

7. No customers of either party will be transferred upon the approval and effectiveness of the Territorial Boundary Agreement. However, pursuant to section 2.5 of the Agreement, a customer transfer from Peoples to BES may occur in the future. When that future customer transfer occurs, both Peoples and BES hereby confirm that

they will jointly submit a report to the Commission that provides substantially the information required by rule 25-7.0471(1)(c)-(e),<sup>1</sup> or whatever successor or other rule is applicable to customer transfers at the time.

8. All terms and conditions pertaining to the Territorial Boundary Agreement, and the implementation thereof, are set forth in the Agreement.

9. Absent the Commission's approval of the Agreement, the plans of Peoples and BES for providing retail natural gas service in the portions of Duval and St. Johns Counties covered by the agreement might overlap. Petitioners submit that approval of the Agreement by the Commission will assist in avoiding future uneconomic duplication of facilities, will expedite the handling of applications for service by future potential natural gas customers, and that the agreement is therefore in the public interest.

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<sup>1</sup> Fla. Admin. Code R. 25-7.0471(1)(c)-(e).

WHEREFORE, Peoples and BES respectfully request that the Commission enter its order approving the Territorial Boundary Agreement.

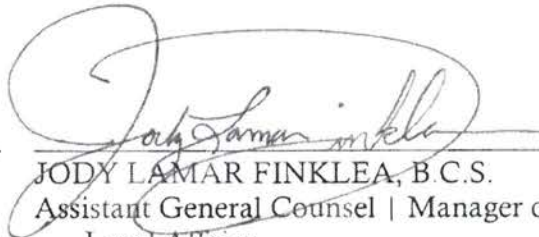
Respectfully submitted,

FREDERICK M. BRYANT  
General Counsel and Chief Legal Officer



ANDREW M. BROWN  
Florida Bar No. 611610  
Macfarlane Ferguson & McMullen  
Post Office Box 1531  
Tampa, Florida 33601-1531  
Telephone No. (813) 273-4209  
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*Counsel for Peoples Gas System*



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jody.lamar.finklea@fmpa.com

Also serving as General and Regulatory  
Counsel to Florida Municipal Electric  
Association, Inc.

*Counsel for Beaches Energy Services*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition for approval of territorial boundary agreement in Duval and St. Johns Counties, by Peoples Gas System and Beaches Energy Services

DOCKET NO. \_\_\_\_\_

FILED: October 18, 2013

**JOINT PETITION FOR APPROVAL OF  
TERRITORIAL AGREEMENT**

EXHIBIT A

Territorial Boundary Agreement

between

PEOPLES GAS SYSTEM, a division of Tampa Electric Company, a Florida Corporation

and

CITY OF JACKSONVILLE BEACH, FLORIDA,

dated September 11, 2013.

## TERRITORIAL BOUNDARY AGREEMENT

THIS TERRITORIAL BOUNDARY AGREEMENT (this "Agreement") is made and entered into this 11 day of September, 2013, by and between Peoples Gas System, a division of Tampa Electric Company, a Florida corporation ("PGS"), and the City of Jacksonville Beach, Florida, a municipality organized and existing under the laws of the State of Florida ("City"). PGS and City are hereinafter sometimes referred to singularly as a "party" and collectively as the "parties."

PGS is presently providing natural gas service throughout the State of Florida, including portions of Duval and St. Johns Counties near the City of Jacksonville Beach; and

City has constructed a natural gas distribution system within the service area in which City currently provides electric utility services, and provides natural gas service to its customers through such distribution system; and

There is a potential for disputes between PGS and City regarding service to potential natural gas customers located in Duval and St. Johns Counties; and

PGS and City desire to preclude any potential disputes between them in order that present and future applicants for natural gas service may expeditiously obtain such service from one or the other of them; and

The respective areas of service of the parties are contiguous in certain areas with the result that duplication of service facilities is likely to occur in the future unless such duplication is precluded by virtue of this Agreement; and

The parties recognize that any duplication of said service facilities may result in needless and wasteful expenditures and investments that are detrimental to the public interest; and

The parties desire to avoid and eliminate the circumstances giving rise to the aforesaid potential duplications and toward that end have entered into this Agreement to delineate their respective service areas in the localities where such potential duplications are likely; and

The Florida Public Service Commission (the "FPSC") is empowered by the legislature of the State of Florida, pursuant to Section 366.04(3)(a), *Florida Statutes*, to approve and supervise territorial agreements between and among natural gas utilities; and

The parties' execution of this Agreement is not conditioned upon the acceptance of, or agreement to, any other contractual arrangements pending or contemplated by or between the parties.

In fulfillment of the purposes and desires aforesaid, and in consideration of the mutual covenants and agreements herein contained, which shall be construed as being interdependent, the parties, subject to and upon the terms and conditions herein set forth, hereby agree as follows:



**ARTICLE I**  
**TERM OF AGREEMENT**

**Section 1.1** After this Agreement becomes effective pursuant to Sections 3.4 and Section 3.5 hereof, it shall continue in effect until modifications are mutually agreed upon by the parties and approved by the FPSC, or until termination or modification shall be mandated by a governmental entity or court with appropriate jurisdiction.

**ARTICLE II**  
**BOUNDARY PROVISIONS**

**Section 2.1** The map attached hereto and labeled Exhibit A depicts boundary lines delineating, as between the parties, a natural gas service area reserved to the City with respect to service to natural gas customers. Said boundary lines are more specifically described as follows:

**Western Boundary:** Intracoastal Waterway

**Southern Boundary:** Guana Dam Drive

**Northern Boundary:** South side of Atlantic Boulevard (SR 10)

**Eastern Boundary:** Atlantic Ocean

That area in Duval and St. Johns Counties lying outside of the boundaries described in this Section 2.1 is reserved (as between PGS and the City) to PGS with respect to service to natural gas customers.

**Section 2.2** Each of the parties agrees that it will not, except as provided in Section 2.3, provide or offer to provide natural gas service to customers within the territory herein reserved to the other party.

**Section 2.3** To help facilitate the provision of natural gas service to customers and to minimize costs and delays in providing such service, a party to this Agreement which has a gas main installed on its side of a boundary line established in Section 2.1 of this Agreement may temporarily serve customers located on the other side of such boundary line in territory herein reserved to another party; provided, however, that when such temporary service is contemplated by a party, it shall give written notice, setting forth the details of such contemplated service, to the party in whose territory the customer is located under Section 2.1 of this Agreement, before installing any additional facilities needed for the provision of such temporary service. At such time as the party in whose territory such customers are located under Section 2.1 has a gas main available for providing natural gas service to such customers, the party providing temporary service pursuant to this section shall surrender any such customers upon the request of the party in whose territory such customers are located, and shall convey to such other party, at depreciated book value, such gas mains, service lines, and appurtenances thereto (previously used by the party in providing temporary service and located in the territory of the party which will provide service thereafter) as may be required by the party to serve such customers. Any customer who receives temporary natural gas service under the provisions of this section shall be notified in advance that when service is available from the party in whose territory such customer is located, the customer will be

required to receive service from such party at such party's then-current rates, and that such temporary service is provided only as a temporary convenience to the customer.

**Section 2.4** Nothing in this Agreement is intended to affect the gate stations, regulators, or gas mains of one party which are located in the service area of the other party, and any problems between the parties involving these types of facilities shall be settled at the senior management level of the parties. No such facilities shall be used by one party to provide natural gas service to customers located in the service area of the other party except as may be necessary to implement the provisions of Section 2.3 hereof.

**Section 2.5** PGS is currently providing natural gas service to customers located in Neptune Beach (the "Existing Customers"), which is situated within territory reserved under this Agreement to the City. Provided this Agreement has become effective pursuant to Section 3.4, PGS shall transfer such Existing Customers to the City within 90 days following receipt of written notice from the City that the City's natural gas distribution system is capable of providing natural gas service to the Existing Customers. At the time of such transfer, PGS shall also convey to the City such lateral gas mains (excluding mains used by PGS in providing natural gas service to customers other than the Existing Customers and customers located outside the territory herein reserved to the City), service lines and appurtenances thereto (the "Neptune Facilities") previously used by PGS in providing service to the Existing Customers. The Neptune Facilities shall be conveyed in total to the City, whether or not any particular part of the Neptune Facilities is necessary for the provision by the City of natural gas service to the Existing Customers. At the time of such conveyance, the City shall pay to PGS the depreciated book value of the Neptune Facilities for the Existing Customers.

### **ARTICLE III** **MISCELLANEOUS PROVISIONS**

**Section 3.1** The failure of either party to enforce any provision of this Agreement in any instance shall not be construed as a waiver or relinquishment on its part of any such provision but the same shall nevertheless be and remain in full force and effect.

**Section 3.2** This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

**Section 3.3** This Agreement shall be governed by the laws of the State of Florida.

**Section 3.4** The parties hereto recognize and agree that each of them is subject to the jurisdiction of the FPSC with regard to the subject of their respective territories as set forth in this Agreement and further agree that this Agreement shall have no force or effect unless and until it is submitted to and approved by the FPSC in accordance with applicable procedures. The parties further agree that this Agreement, if and when approved by the FPSC, shall be subject to the continuing jurisdiction of the FPSC and may be terminated or modified only by order of the FPSC. No modification or termination of this Agreement by the parties hereto shall be effective unless and until approved by the FPSC (or any successor agency with power to consider approval or modification hereof). Each party agrees to promptly notify the other in writing of any petition, application or request for modification of this Agreement made to the FPSC and to serve upon the other party copies of all pleadings or other papers filed in connection therewith.

**Section 3.5** This Agreement shall be effective on the date it is approved by the FPSC in accordance with Section 3.4 hereof. As soon as practicable following the effective date of this Agreement, each party agrees to file any revisions to its tariffs (if any) on file with the FPSC which may be required as a result of the FPSC's approval hereof, and shall provide a copy of any such tariff revisions to the other party.

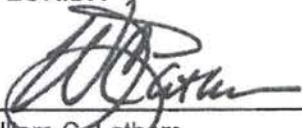
**Section 3.6** Prior to the second anniversary of the effective date of this Agreement and no more than every fifth anniversary thereafter, the parties shall confer to review the status of this Agreement and shall submit a joint status report to the FPSC (or any successor agency with power to consider approval or modification hereof).

**Section 3.7** This Agreement may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date and year first above stated.


**THE CITY OF JACKSONVILLE  
BEACH, FLORIDA**

By: \_\_\_\_\_

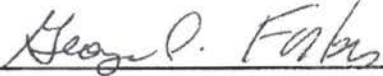
  
William G. Latbam  
Mayor

**PEOPLES GAS SYSTEM, a division  
of Tampa Electric Company**

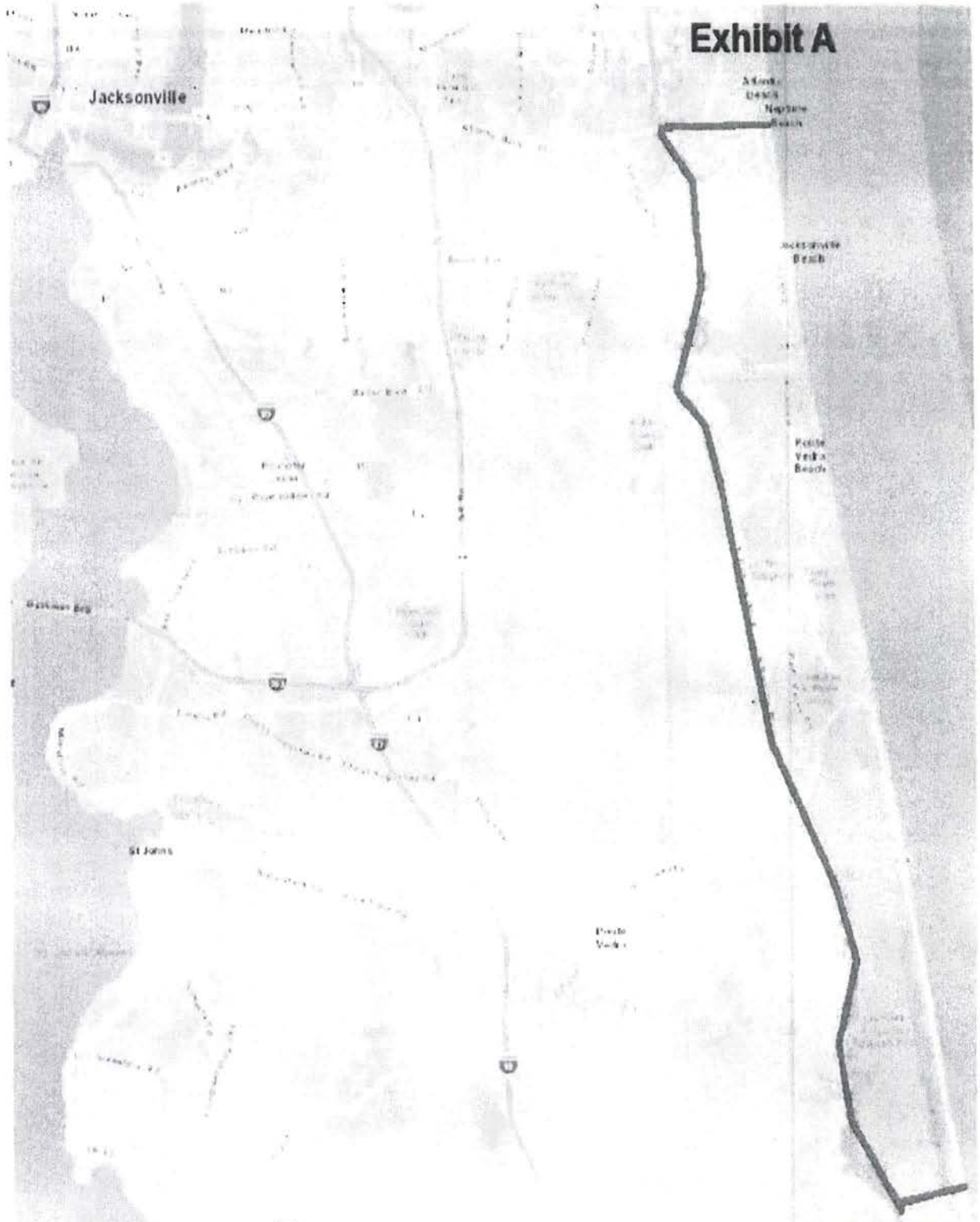
By: \_\_\_\_\_

  
Bruce Narzissenfeld  
Vice President

By: \_\_\_\_\_

  
George D. Forbes  
City Manager

# Exhibit A



Source: Esri, DeLorme, NAV  
2013 Esri, DeLorme, NAVTEC