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August 9, 2018

Art Graham, Chairman
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 20180055-GU
In re: Petition to Resolve Territorial Dispute in
Sumter County and/or Lake County with City
of Leesburg and/or South Sumter Gas Company
Gas Company, LLC by Peoples Gas System

Dear Chairman Graham and Commissioners:

This letter is submitted by Florida Power & Light Company and Florida City Gas in support of the policy positions advocated by Peoples Gas System (“Peoples”) in this docket. Florida City Gas and Florida Power & Light Company (hereinafter the “NextEra Companies”) are subsidiaries of NextEra Energy, Inc.

The NextEra Companies are not in a position to comment on the factual allegations at issue in the docket. However, as matters of statewide policy, we are concerned as to the manner in which this territorial dispute arose and, in particular, with the commercial arrangement between the City of Leesburg (“Leesburg”), and South Sumter Gas Company, LLC (“SSGC”) that has led to this dispute. Specifically, we would offer the following:

- (1) We believe this dispute can be resolved in accordance with well settled regulatory principles governing territorial disputes, if a negotiated solution is not achieved;

- (2) The commercial arrangement between Leesburg and SSGC potentially could lead to customers being served by an unregulated monopoly with little or no customer protections and, in this case and potentially others, with no representation regarding how rates are established and service is delivered; and
- (3) The arrangement involving SSGC and through which Leesburg intends to provide natural gas distribution service to customers outside of its municipal boundaries could have adverse consequences for the electric and gas industries and their customers, potentially fostering the propagation of numerous unregulated utility monopolies in both industries.

The NextEra Companies believe that well settled principles governing territorial disputes can be applied in this case. Those criteria reflect the goal of avoiding the uneconomic duplication of facilities and other inefficiencies, the cost of which is ultimately borne by customers. Exclusive service territories are fundamental to the regulatory construct in Florida and the Commission is well equipped to decide disputes that are not resolved through negotiation. This is largely a factual determination and, as noted, the NextEra Companies are not in a position to comment on the facts as alleged.

The NextEra Companies are concerned that the commercial arrangement between Leesburg and SSGC, facilitated by The Villages, could lead to customers potentially being served by an unregulated monopoly with little or no customer protections. Customers of the Leesburg/SSGC hybrid service model who reside within unincorporated Sumter County would have no ability to participate in City of Leesburg municipal elections and, therefore, would have no voice in how rates are established or service is delivered. In effect, these customers would be served by an unregulated monopoly. The NextEra Companies respectfully submit that such a result is not in the public interest.

Further, if allowed, the precedent of this hybrid service model could have an adverse effect on the gas and electric industries in Florida and the customers that they serve. There would be little to prevent other municipalities or other types of governmental agencies or special districts throughout the state from entering into similar arrangements with developers – who in

exchange for a portion of the utility's revenues could construct gas and/or electric infrastructure outside the municipality's boundaries. If not otherwise precluded based on the resolution of a territorial dispute, such an approach could result in the propagation of unregulated monopoly gas and electric entities throughout Florida, leaving customers disenfranchised and undermining the Commission's ability to perform its role as a regulator.

For the foregoing reasons, the NextEra Companies support the above-referenced policy positions advocated by Peoples Gas System in this docket.

Thank you for your consideration of these matters.

Sincerely,



R. Wade Litchfield

Cc: Commissioner Julie Brown
Assistant Katherine Fleming
Commissioner Gary Clark
Assistant Forrest Boone
Commissioner Donald Polmann
Assistant Ana Ortega
Commissioner Andrew Giles Fay
Assistant Eddie Phillips
Braulio L. Baez, Executive Director
Keith Hetrick, General Counsel
Counsel of Record