

Docket No. 20200106-EU
Joint Response to Staff's First Data Requests (Nos. 1-13)
re. Joint Petition to Approve Territorial Agreement in Sumter, Lake, Marion, Levy, and
Citrus Counties by Sumter Electric Cooperative, Inc., and Duke Energy Florida, LLC

Please refer to the Joint Petition for the following question:

1. Paragraph 4 states that all planned customer and facility transfers will be completed “as sound engineering, customer growth and development, and other economic considerations allow.” Please describe the steps involved in facility transfers, and approximate time frame necessary for the petitioners to complete facility transfers.

Joint Response:

The customer transfer procedure is a multi-step process and requires extensive planning and coordination across multiple departments within each utility. After approval of the amended agreement by the Commission, detailed engineering and customer communication plans are developed for the customer transfers. After approval of the amended agreement, SECO and DEF will perform the necessary analyses to determine whether to purchase facilities in order to serve the extra-territorial customers. Additional field reviews are completed to determine engineering requirements for the customer transfers. Individual engineering work requests are designed for each customer transferring. If new facilities must be built to serve the new customers that cannot be purchased from the other utility, the facilities are designed and built. Mapping inputs for parcels and facilities transferring to each utility are entered into the respective GIS systems prior to customer transfers. Customer data for customers to be transferred to each utility is obtained and provided to the other utility in order to build the new customer accounts for the receiving utility. Multiple coordination meetings occur to determine the day of the customer transfers. Coordinated scheduling occurs with each utility to determine a date of transfer. Customers are sent communications noting the exact day of transfer at least two weeks prior to the transfer date. Any customer subject to transfer is provided a contact name at each utility for any questions. After the actual day of customer transfers, each utility must finalize any asset purchases and respond to any final reporting follow up to the Commission.

The approximate time frame necessary for the petitioners to complete facility transfers is addressed in Question 2.

2. Paragraph 5 states that 546 customers will be transferred from DEF to SECO and 49 customers will be transferred from SECO to DEF. Please discuss if the customer transfers will be conducted in phases and if so, in how many phases, number of customers per phase, and length of time to complete the phased customer transfers.

Joint Response:

A majority of the customers to be transferred from DEF to SECO are in an apartment complex (379) and will be transferred in the first year after the agreement is approved by the PSC. SECO will target completing the transfer of all customers within 3 years after the agreement is approved. DEF intends to acquire the 49 customers from SECO within 36 months. The transfer of customers to DEF will be completed in up to six phases, based on geographic locations and by operation centers.

3. Please explain which facilities, if any, will be transferred by DEF to SECO and the associated transfer costs.

Joint Response:

As set forth in Section 3.3.2, the Parties may elect to purchase the electric facilities used exclusively for providing electric service to the transferred customers using a common engineering cost estimation methodology such as the Handy-Whitman index. Should the proposed Agreement be approved, the Parties intend to purchase certain facilities in order to serve the extra-territorial customers under the proposed agreement. The facilities valuation process is time-consuming and extremely detailed in nature, often taking 12 months or more to complete. For this reason, the analysis is not undertaken until a proposed agreement is approved but the Parties plan to do so as soon as practical should the proposed Agreement be approved.

4. Please explain which facilities, if any, will be transferred by SECO to DEF and the associated transfer costs.

Joint Response:

As set forth in Section 3.3.2, the Parties may elect to purchase the electric facilities used exclusively for providing electric service to the transferred customers using a common engineering cost estimation methodology such as the Handy-Whitman index. Should the proposed Agreement be approved, the Parties intend to purchase certain facilities in order to serve the extra-territorial customers under the proposed agreement. The facilities valuation process is time-consuming and extremely detailed in nature, often taking 12 months or more to complete. For this reason, the analysis is not undertaken until a proposed agreement is approved but the Parties plan to do so as soon as practical should the proposed Agreement be approved.

5. Please discuss if the petitioners currently have the capacity and ability to reliably serve the additional customers who are being transferred without negatively impacting their existing customer base?

Joint Response:

Yes. SECO and DEF have worked collaboratively to construct the proposed agreement and believe the agreement is in the public interest as it furthers the goals of avoiding duplication of services and wasteful expenditures, achieving operational efficiency, as well as protecting the public health and safety from potentially hazardous conditions. A crucial part of the process in constructing and reviewing the proposed amended territorial agreement is an engineering review. SECO and DEF would not have entered into an agreement they believed, based on the results of their reviews, would negatively impact the reliability of service to customers.

Please refer to the territorial agreement for the following questions:

6. Section 0.7 desire to avoid and eliminate duplication of facilities and hazardous conditions. Please discuss what circumstances have given rise to duplication of facilities and what future circumstances would result in potential duplication of facilities and hazardous conditions in the future.

Joint Response:

Over the years, utility company service areas may overlap, which results in duplicate facilities such as power poles and lines in the same communities. While this is not unusual it means both companies can have facilities in the same communities. For example, due to the split territorial boundaries, DEF could serve customers on one side of a road and SECO could be on the opposite side of the road, creating duplicate facilities. The intent of this new territorial agreement is to prevent duplication of facilities, correct any encroachments where one utility is serving in the other utilities' areas and have one service provider in residential developments where possible. Moreover, avoiding duplication of services enhances aesthetics, safety and reliability, and reduces restoration times and safety concerns during a storm event by avoiding a situation where multiple utilities have service crews in the same area at the same time.

While SECO and DEF have done extensive analysis to avoid the duplication of future facilities, at times it may be necessary to have generation, transmission and distribution lines with the service territory of the other utility in order to service customers which may result in duplicate facilities.

7. Sections 1.8, 2.3, 2.3.3, and 2.4 relates to temporary customers and temporary electric service:
- a. Please explain the reasons for temporary nature of the customers and service and for how long would these temporary customers remain in temporary status.
 - b. Would these temporary customers eventually become permanent customers of DEF or SECO or do the parties contemplate the transfer of these customers back to their original service provider?

Joint Response:

- a. Temporary service customers are those customers who are being temporarily served by the utility who does not service that territorial area. Customers are temporarily served for various reasons, including operational feasibility, safety and reliability issues, the owner utility not having facilities nearby to serve the customer, etc. After an extensive field review, SECO and DEF identified these temporary service customers that are noted on Exhibit C and D. SECO and DEF plan to transfer the customers as set forth in Question 2.
- b. The temporary service customers will become permanent customers of SECO and DEF, respectively, once transferred.

8. Section 4.3 refers to DEF facility or facilities located in SECO's service territory. What are the types of DEF facilities to be located in SECO's service territory and reasons for DEF facilities to be located in SECO's service territory?

Joint Response:

Under Section 4.3, nothing shall prevent or in any way inhibit the right and authority of DEF to serve any DEF facility located in SECO's Territorial Area when that facility is used exclusively in connection with DEF's business as an electric utility. This refers to any existing points of delivery and includes any generating plant, transmission line, substation, distribution line or related equipment provided that DEF shall construct, operate, and maintain said lines and facilities in such manner as to minimize any interference with the operation of SECO in the SECO Territorial Area. SECO is afforded the same protection under Section 4.2 for any SECO facility located in DEF's service territory.

9. Section 4.4 refers to limited retail service to be allowed in the other party's service territory.
- a. Does the proposed agreement contemplate specific or targeted retail accounts to be served in this manner?
 - b. Please explain why such accounts would not be transferred to either of the utility [sic] so as to avoid extra-jurisdictional service.

Joint Response:

- a. The proposed agreement does not contemplate specific or targeted retail accounts to be served in this manner at this time.
- b. These accounts would be subject to transfer to the utility who serves that territorial area unless economic considerations and good engineering practices make it not operationally and economically feasible for the utility that serves that territorial area to serve such customers. However, as stated above, SECO and DEF do not contemplate specific or targeted retail accounts to be served in this manner at this time.

10. Page 12 includes two sections labeled 2.5. Please remedy the scrivener's error.

Joint Response:

Section 2.5: Reallocation of Areas should correctly be labeled as Section 2.6.

Please refer to the consumer correspondence (Document No. 01969-2020) filed on April 15, 2020 for the following questions:

11. Please confirm that DEF owns the overhead facilities which are labeled as such, in the attachments to the consumer correspondence.

Joint Response:

Duke Energy does own the facilities which are labeled as such in the consumer correspondence.

12. If so, please confirm that the pictured facilities are maintained in DEF's tree trimming cycle. Additionally, approximately how many customers are served by each of these facilities?

Joint Response:

The pictured facilities are maintained in DEF's tree trimming cycle and scheduled for trimming in the second quarter of 2020. The two poles pictured do not individually serve a customer(s) but are part of a line that serves multiple streets. In this area, the approximate customer count is 25.

13. Please confirm that DEF would continue to use the underground facilities currently providing service to SECO customers who would be subject to transfer, pending Commission approval. Could this require an additional transfer of overhead facilities?

Joint Response:

DEF has a pole on the customer's property line and would be able to attach to SECO's existing underground facilities. This would not require an additional transfer of overhead facilities.