

State of Florida



Public Service Commission

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

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

DATE: January 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Guffey) *JGH*
Office of the General Counsel (Lacrisson) *JSC*

RE: Docket No. 20210170-EU – Joint petition for approval of amendment to territorial agreement in Sumter County, by Sumter Electric Cooperative, Inc. and City of Bushnell.

AGENDA: 02/01/22 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Passidomo

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On October 29, 2021, Sumter Electric Cooperative, Inc. (SECO) and the City of Bushnell (City or Bushnell) filed a joint petition for approval of an amendment (First Amendment) to their currently effective territorial agreement (2020 Territorial Agreement) in Sumter County. In Order No. PSC-2020-0258-PAA-EU, the Florida Public Service Commission (Commission) approved the joint petitioners' currently effective agreement.¹ The proposed First Amendment is to accommodate three customer-driven requests. The proposed First Amendment and associated maps are included in Attachment A to this recommendation.

¹ Order No. PSC-2020-0258-PAA-EU, issued July 24, 2020, in Docket No. 20200138-EU, *In re: Joint petition for approval of territorial agreement in Sumter County, by Sumter Electric Cooperative, Inc. and City of Bushnell.*

Docket No. 20210170-EU

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During the review process, staff issued a data request to the joint petitioners, to which the response was received on December 22, 2021. The Commission has jurisdiction over this matter pursuant to Section 366.04, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission approve the proposed First Amendment to the 2020 Territorial Agreement in Sumter County between SECO and Bushnell?

Recommendation: Yes, the Commission should approve the proposed First Amendment to the 2020 Territorial Agreement in Sumter County between SECO and Bushnell. The approval of this First Amendment will enable SECO and Bushnell to redefine their existing service boundary to better serve their existing and future customers in Sumter County, and will not be a detriment to the public interest. (Guffey, Lherisson)

Staff Analysis: Pursuant to Section 366.04(2)(d), F.S., and Rule 25-6.0440(2), Florida Administrative Code (F.A.C.), the Commission has the jurisdiction to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities. Unless the Commission determines that the First Amendment to the 2020 Territorial Agreement will cause a detriment to the public interest, the First Amendment should be approved.²

The Proposed First Amendment to the Territorial Agreement

Through this proposed First Amendment, the joint petitioners seek to modify the existing territorial boundary in Sumter County to address service needs of three customers. The proposed amendment will result in lower capital expenditure to serve each of the three customers. The first request is from a new customer seeking to construct and operate a large industrial facility in the City's service area. However, the City is unable to serve the large industrial customer without significant capital investment and construction of new facilities. After review of the customer's needs, the parties agreed that SECO is able to serve the customer with less new investment and facilities.

The second customer request is for security lighting service within the City's service territory where electric service is not currently available and the City is unable to provide the required service without significant costs and facility extensions. SECO is able to provide the security lighting service with less new investment and less costly extension of existing facilities. The City has agreed to allow SECO to provide the security lighting service to the customer.

The third customer request is from an existing recreational vehicle (RV) park owner, served by the City, who is planning to expand the RV park to an area within SECO's service territory. Although the RV park is expanding within SECO's service territory, the specific area currently does not have electric service. SECO would require extensive capital investment and construction of new facilities to provide electricity to the proposed RV expansion area. The RV park customer desires that the City provide electric service for the expanded area and the City is able to provide the needed electric service with less expenses and facility enhancements than SECO.

² *Utilities Commission of the City of New Smyrna Beach v. Florida Public Service Commission*, 469 So. 2d 731 (Fla. 1985).

In order to provide electricity to the three customers discussed above in an efficient manner, the parties have agreed to exchange certain territorial area parcels and modify the boundary of the currently effective territorial agreement. Paragraph 7 of the First Amendment states that the proposed boundary modifications will meet the customers' needs and will eliminate uneconomic duplication of facilities, and will not cause a decrease in reliability of electric service to existing or future customers of either party.

The proposed First Amendment also asserts that the territorial areas subject to this amendment currently do not have electric service, and therefore there are no customers to be notified or customer accounts to be transferred between the two parties. Pursuant to Paragraph 4 of the petition, the proposed First Amendment to the 2020 Territorial Agreement will become effective upon the issuance of an Order by the Commission approving the First Amendment in its entirety.

Conclusion

After review of the joint petition, staff believes the First Amendment to the Territorial Agreement will not cause a detriment to the public interest, will eliminate any potential uneconomic duplication of facilities, and will not cause a decrease in reliability of electric service to the present or future customers of SECO or Bushnell. Therefore, staff recommends that the Commission should approve the proposed First Amendment to the 2020 Territorial Agreement between SECO and Bushnell in Sumter County.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of the Consummating Order. (Lherisson)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of the Consummating Order.

**FIRST AMENDMENT
TO
TERRITORIAL AGREEMENT
BETWEEN
SUMTER ELECTRIC COOPERATIVE, INC.
AND
CITY OF BUSHNELL, FLORIDA**

THIS FIRST AMENDMENT TO TERRITORIAL AGREEMENT (“First Amendment”), dated as of October 5, 2021, by and between **SUMTER ELECTRIC COOPERATIVE, INC.**, a Florida rural electric cooperative (“SECO”) and **CITY OF BUSHNELL**, a Municipal Government organized and existing under the laws of the State of Florida (“Bushnell” or the “City”) (collectively, “Parties” or individually a “Party”), and this shall become effective upon the approval of the Florida Public Service Commission (“Commission” or “PSC”).

WHEREAS, SECO and Bushnell are parties to an existing Territorial Agreement dated September 24, 2019, (the “Current Agreement”), which was approved by PSC Order No. PSC-2020-0258-PAA-EU, issued July 24, 2020 (the “Order”), and effective August 19, 2020, by Consummating Order No PSC-2020-0281-CO-EU issued August 19, 2020; and

WHEREAS, the Parties desire, pursuant to Article V, Section 5.1, to amend the Current Agreement to modify the Territorial Boundary Line to address the service and financial needs of three customers with a corresponding exchange of service Territorial Areas.

NOW THEREFORE, the Parties agree as follows:

1. The final territorial boundary modifications agreed to by the Parties are set forth in Exhibit A, which is incorporated herein by reference.
2. The changes in Exhibit A are driven by a new customer within the Territorial Area of Bushnell (“New Customer”) that has sought electric service for a new, large industrial plant whose service demands would require significant capital investment and construction of new facilities by the City to provide the requisite electric service to the New Customer.
3. Upon review of the demand requirements of this customer, the Parties agree that SECO can serve the New Customer with less new investment and less costly extension of facilities than Bushnell.
4. To timely meet the short-term and long-term needs of the New Customer, the Parties have entered into this First Amendment to modify the Territorial Boundary Line (see the detail reflected on Exhibit B, Page 6, which is PDF page 2, and is the larger of the two areas being transferred to SECO from Bushnell) so that the New Customer will be located within the Territorial Area of SECO. Further, to meet the immediate and temporary construction needs of the New Customer, the Parties, contemporaneously with this First Amendment, have also entered into a

ATTACHMENT A
Page 2 of 3

temporary service agreement that would allow SECO to serve the New Customer until such time as the Commission may approve this First Amendment.

5. In addition to the foregoing customer-driven request, another Bushnell Territorial Area customer is requesting security light service for an area where there is no current electric service by the City, and which would require a significant and costly extension of facilities by the City to provide such security light service. SECO is able to provide the security light service with less new investment and less costly extension of existing facilities. Upon agreement of the Parties, Bushnell has allowed SECO to provide temporary service to this customer, subject to Commission approval of such temporary service and a Boundary Line change that would place this customer's security light service temporarily within the Territorial Area of SECO. Such Boundary Line change is reflected on Exhibit B, Page 6 (PDF page 2) as the smaller area at the top left of the map.

6. The Parties have also received a further customer-driven boundary modification request to transfer some of the existing SECO Territorial Area that currently has no customers (see the detail reflect on Exhibit B, Page 8, which is PDF page 3) to Bushnell to facilitate an existing-City-electric-customer's intent to expand its recreational vehicle ("RV") park facilities to an adjacent area within SECO's current Territorial Area (the "RV Park Customer"). The RV Park Customer desires the City to provide electric service for this expansion. Electric service to the RV Park Customer for the expansion would require significant capital investment and construction of new facilities by SECO. The City is able to provide electric service to the RV Park Customer for the expansion with less new investment and less costly extension of existing facilities than SECO.

7. The Parties agree, based on sound economic, engineering and other relevant considerations, the boundary line modifications identified herein will meet the respective customers' needs and will eliminate the uneconomic duplication of facilities. The proposed boundary line changes will not cause a decrease in the reliability of electrical service to existing or future customers of either Party.

8. Attached hereto as Exhibit A are an updated Florida Department of Transportation ("FDOT") General Highway map and a complete set of revised SECO and Bushnell Territorial Maps (the changes are shown on PDF pages 7 and 9 of this Exhibit).

9. Upon approval by the Commission, this First Amendment shall be in full force and effect, shall amend the Current Agreement as specified herein, shall have a duration coterminous with the term of the Current Agreement, and shall remain in effect until and unless either Party provides written notice of termination as provided in the Current Agreement.

IN WITNESS WHEREOF, each Party hereto has executed this First Amendment by their duly authorized representative on the day and year first above written.

[SIGNATURES CONTINUED NEXT PAGE]

ATTACHMENT A
Page 3 of 3

SUMTER ELECTRIC COOPERATIVE, INC.

ATTEST:

By James P. Duncan
James P. Duncan, Chief Executive Officer

Joyce Anderson
Secretary

(SEAL)



CITY OF BUSHNELL

By Bil Spaude
Bil Spaude, Mayor

Christina Dacia
City Clerk

APPROVED AS TO FORM AND LEGALITY:

By Felix M. Adams
Felix M. Adams, Legal Counsel to the
City of Bushnell

By Scott A. Gerken
Scott A. Gerken, Legal Counsel to
Sumter Electric Cooperative, Inc.































