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August 23, 2023

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JAMES F. LANG
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Via Email: sguffey@psc.state.fl.us

Ms. Sevini Guffey
Public Utility Analyst IV
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20230087-EU: Joint Petition for Renewal of Territorial Agreement and approval of a First Amendment, in Monroe County, by Florida Keys Electric Cooperative Association, Inc. and Utility Board of the City of Key West

Dear Ms. Guffey:

In response to your letter of August 10, 2023, the joint responses of Florida Keys Electric Cooperative Association, Inc. (FKEC) and the Utility Board of the City of Key West (KEYS) are as follows:

1. Joint Petitioners' respective service territories are well-defined, both legally and geographically, and the rights and responsibilities with regard to each other are clear. Petitioners have not had any disputes related to the terms of the Territorial Agreement in several decades. Until the emergence of the instance scenario with Pigeon Key, which necessitated Petitioners' request for a First Amendment, Petitioners have not had occasion to refer to the terms of the Territorial Agreement other than noting it is an auto-renewal. With this Petition, Petitioners are seeking, albeit belatedly, the Commission's approval of the Agreement's auto-renewal.

2. With the exception of the territorial issue which is the subject of this docket, Petitioners have in all respects abided by the conditions of the agreement since its expiration in 2021.

3. Pigeon Key Foundation has utilized generator power for 29 years prior to FKEC's service, per Kelley McKinnon, the Foundation's Executive Director. The reasons why the Foundation wanted central station service, according to Mr. McKinnon, are as follows: (i) a financial decision due to excessive fuel costs and (ii) supporting the Foundation's mission to be as environmentally friendly as possible.

4. Cost estimates are attached. It should be noted that not only was Option (a) projected to be the most economical, but options (b) and (c) are most likely not practicable.

With regard to option (b), the petition addresses issues related to coordination and permitting, as well as seafloor disturbance within the Florida Keys National Marine Sanctuary.

KEYS maintains distribution conductor attached to the Niles Channel Bridge further South in its service area. In order to accommodate maintenance and improvement work on the bridge, KEYS de-energizes the attached distribution line and provides power to affected areas by alternate feeders. De-energization of a distribution line to accommodate work on the Seven Mile Bridge would necessarily sever service to the Pigeon Key Foundation, as no alternate feeder exists.

With regard to option (c), the Petition addresses issues related to in-water boring in the Florida Keys National Marine Sanctuary. Directional boring carries significant environmental risks which, even if permitting could be obtained, would require significant cost and effort to mitigate.

5. The total costs incurred by FKEC to add facilities for Pigeon Key Foundation's service was \$6,011.53. This cost included material, labor and overhead fees. Material for the project included an overhead 75 KV 240/120 V transformer, transformer bracket, conduit and 500 MCM aluminum secondary wire. FKEC completed the construction on May 26, 2021.

6. FKEC is currently providing an underground single-phase (240/120 V) service to Pigeon Key Foundation. The account is set up on a general service demand rate.

7. FKEC plans on recovering its costs to extend the service over time through its electric service charges and has not charged and will not charge a CIAC.

8. The Foundation's cost breakdown of the \$500,000: the Pigeon Key Foundation provided FKEC with the following statement: "The Foundation spent approximately \$500,000 for conduit, wire, labor, engineering fees, underground construction on the island, transformers, and a power pole." If you would like us to, we can ask the Foundation to specifically identify each one of those items as to cost. Any maintenance and repair of those items is the sole responsibility of the Foundation.

9. FKEC and KEYS have no knowledge of any formal agreement between the Department of Transportation and Pigeon Key regarding the ownership, use and maintenance of the privately constructed facilities on a publicly owned bridge. We can pursue that issue with the Foundation if needed.

10. A copy of the notification showing the differences in rates and tariffs provided to the Foundation is attached hereto.

11. Please refer to paragraph 10, the Foundation will be paying FKEC tariff rates on its general service demand rate.

12. As per Mr. McKinnon, the CEO of the Foundation, there were two driving factors for switching to central station service: (1) a financial decision due to excessive fuel costs and (2) supporting the Foundation's mission to be as environmentally friendly as possible. The Foundation hired BCC Engineering for the engineering design and hired a general contractor (Cekra) for the construction.

13. There is no agreement between the Foundation and FKEC for the Foundation's facilities to be transferred to FKEC.

14. Petitioners believe that the territorial boundary line on the new map does in fact show that the line diverts from the current boundary line out to Pigeon Key and back to the current line, so that it only encounters and affects Pigeon Key. Petitioners do not desire to move the rest of the boundary line farther west, since that could include other properties/territory that is not intended to be served by FKEC. If you feel a more magnified view of that departure from the existing line out to Pigeon Key and back is needed, we can provide that to you.

Please feel free to contact either of us if you have any questions regarding these responses.

Respectfully submitted,

/s/ John H. Haswell

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/s/ Nick Batty

Nick Batty
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1001 James Street
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cc: Office of Commission Clerk clerk@psc.state.fl.us

Pigeon Key Line Extension Cost Estimates - Option B (Distribution lines attached to Seven Mile Bridge)

Total Cost Estimate including engineering, materials, labor, permitting, environmental mitigation:

\$6,581,839

Materials Calculations:

Project	Extension Length	Conduit Cost / Foot	Conduit Extended Cost (26,136 length)	1/0 Cable Cost per Foot	1/0 Cable Extended Cost	Splice Enclosure Cost per Each	Splice Enclosure Extended Cost (15)	Pole Cost (Blended Labor /Materials)	Pole Cost Extended (2 poles)	Total
2023 Seven Mile Bridge Attachment	26,136 ft.	\$65.97*	\$1,724,191	\$4.45**	\$116,305	\$20,000***	\$300,000	\$433,000****	\$866,000	
Total Extended Cost			\$1,724,191		\$116,305		\$300,000		\$866,000	
Total (No Cost Adjust):										\$3,006,496
Cost Adjust (Time)		+75%	\$3,017,334	N/A	\$116,305	N/A	\$300,000	+30%	\$1,125,800	
Total:										\$4,559,439

*2011 cost/foot KEYS No Name Key Bridge 2,250 ft. Line Extension

**KEYS current stock contract (bid) cost/foot, 2,500 ft. reel

***Current market research

****2017 post-Irma in-water pole replacement cost

[Labor and Miscellaneous Continues on Next Page.]

Labor Conduit/Insulator/Cable Installation Calculations:

No. Workers	Worker Cost / Hour	Estimated Crew Hours	Total
8	\$127*	1400	
			\$1,422,400

*Lineman Cost (no supervisor costs), KEYS 2022 insulator replacement bid

Miscellaneous Calculations:

Type	Estimated Cost	Total
Engineering*	\$250,000	
Permitting	\$200,000	
Environmental Mitigation/Restoration	\$150,000	
		\$600,000

*Engineering costs may be significantly higher. To joint petitioners' knowledge, a direct bridge attachment of this length has not been performed and may entail significant engineering, safety, and logistics issues.

Pigeon Key Line Extension Cost Estimates - Option C (Directional Bore)

Total Cost Estimate (Boring Only):

\$25,872,000+*

Extension Length	Directional Boring Cost / Foot	Extended Cost	Total
25,872 ft.	\$1,000**	\$25,872,000	
Total			\$25,872,000

*Calculations only include estimates for directional boring. Due to boring cost, KEYS did not perform additional calculations for materials.

**2023 rough cost. Florida Keys Aqueduct Authority is currently scoping/bidding directional boring beneath the Fleming Key Bridge (approximately 370 linear feet) and provided a verbal estimate.

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June 6, 2023

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Pigeon Key Foundation, Inc.
ATTN: Kelly McKinnen, CEO
P.O. Box 500130
Marathon, FL 33050-0130

Re: Notification of differences in electric service costs and rates for Florida Keys Electric Cooperative Association, Inc. (FKEC) and Keys Energy Services (KES) regarding service to Pigeon Key Foundation, Inc.

Dear Mr. McKinnen:

Attached hereto are the applicable tariffs of KES and FKEC in order to show the differences in the applicable rates that FKEC is currently charging Pigeon Key Foundation and the applicable rates that KES would charge if it were the power supplier. Those tariffs are attached as Exhibits A and B.

Other comparative costs include the cost to each utility to extend service to Pigeon Key Foundation. For FKEC, that cost was \$6,011.53, which FKEC expended without any charge to Pigeon Key Foundation. For KES, that cost would be \$6,036,018.96 and would require the Pigeon Key Foundation to advance the total cost of the construction.

Additional costs are:

1. KES
 - (a) A deposit of \$3,200.00
 - (b) Impact fee of \$5,563.00
 - (c) Meter fee of \$635.00

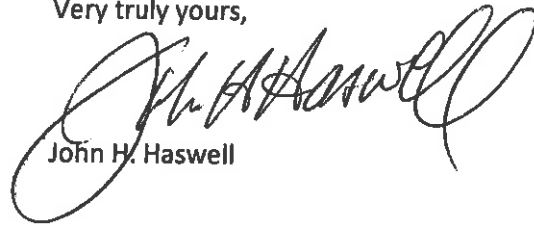
2. FKEC
 - (a) A deposit of \$400.00
 - (b) Impact fee of \$ - None
 - (c) Meter fee of \$300.00

This information and notice is part of the proceeding that FKEC and KES will be filing with the Florida Public Service Commission to approve service by FKEC.

Pigeon Key Foundation, Inc.
June 6, 2023
Page 2

Please let me know if you have any questions regarding this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "John H. Haswell". The signature is fluid and cursive, with a large loop at the end.

John H. Haswell

JHH/bh

Enclosures

cc: Nick Batty
Scott Newberry

LARGE COMMERCIAL SERVICE

SCHEDULE: L

RATE: 214

AVAILABLE:

This schedule is available throughout the entire territory served by KEYS.

APPLICATION:

This schedule applies to energy used in any commercial establishment having a maximum demand as determined by KEYS to be greater than 20 kilowatts (20 kW).

SERVICE:

Energy delivered under this schedule shall be single-phase or three-phase, 60 cycle, alternating current at 120, 208, 240, 480, 7,970 or 13,800 nominal voltages, at the option of KEYS per the class of service available. Service shall be provided through one meter.

KEYS shall not be obligated under the terms of this schedule to deliver energy to the customer at any time the power factor of the customer's load is below 90 percent (90%). When the power factor of the customer's load shall fall below 90 percent (90%), as indicated by a meter installed to measure power factor for three-phase installations or as determined by KEYS for single-phase installations, the billing demand shall be determined by taking 90 percent (90%) of the actual demand as measured by the demand meter, and dividing this amount by the actual power factor determined by measurement.

STANDARD MONTHLY CHARGES:

Customer Charge: \$95.00

Energy Charge:

First 5,000 kWh: \$0.1258 per kWh

All Additional kWh: \$0.1027 per kWh

Demand Charge:

First 20 kW: \$0.00 per kW

All Additional kW: \$12.50 per kW

Storm Surcharge: \$0.00135 per kWh

Power Cost Adjustment: See Sheet 5.12

Applicable State and Local Taxes: See Sheet 5.16

Gross Receipts Tax: See Sheet 5.17

The minimum monthly fee shall be the Customer Charge.

ADDITIONAL MONTHLY FEES & CREDITS:

Non-Standard Meter Fee: See Sheet 5.14

Net-Metering Service For Renewable Generation System: See Sheets 5.15.1-5.15.3

Issued by:



023

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.

GENERAL SERVICE - DEMAND - RATE SCHEDULE GSD
RATE CODE 3

APPLICABILITY:

Applicable to commercial, industrial, multiple use and other purposes where measured monthly demand exceeds 35kw, subject to the established rules and regulations of the Seller.

CHARACTER OF SERVICE:

Single or three phase, 60 cycles, at available secondary voltages.

All service required on premises by consumer shall be furnished through one meter.

Standby or resale service not permitted hereunder.

MONTHLY SERVICE RATE:

Daily System Access Charge
\$2.50 per day.

Demand Charge
First 35 kw @ No Charge
Over 35 kw @ \$5.65 per kw

Energy Charge
All kwh @ \$.023

MINIMUM MONTHLY CHARGE:

The minimum monthly charge shall be \$70.00.

TERM OF SERVICE:

Not less than one year.

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

Issued by: Scott Newberry
Chief Executive Officer

(Continued on Sheet No. 5.6)
Effective: October 1, 2011

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
(continued from Sheet 5.5)

Rate Schedule GSD cont'd.

POWER FACTOR ADJUSTMENT:

The consumer agrees to maintain unity power factor as nearly as possible. Demand charges will be adjusted for consumers with 35 kw or more of measured demand to correct for peak power factors lower than 90 percent. Such adjustment will be made by increasing the measured demand 1% for each 1% by which the average power factor is less than 90 percent.

POWER COST CALCULATION (PCC):

The above rates shall be increased by power cost in accordance with the formula specified in the "Power Cost Calculation" section incorporated as a part of this rate schedule.

FORMULA REVENUE REQUIREMENT RIDER SCHEDULE FRR-1:

The above rates may be increased or decreased in accordance with the terms of the "Formula Revenue Requirement Rider Schedule FRR-1" section incorporated as part of this rate schedule.

LOAD MANAGEMENT:

The above rates shall be reduced for all customers with load management devices installed, as specified in the "Load Management" section incorporated as part of this Rate Schedule.

TAX ADJUSTMENT:

The above rates shall be increased by the tax adjustment in accordance with the terms of the "Tax Adjustment Clause" section incorporated as part of this rate schedule.

CONDITION OF SERVICE:

1. All wiring, pole lines and other electrical equipment beyond the metering point shall be considered the distribution system of the consumer and shall be furnished and maintained by the consumer.

2. If service is furnished at Seller's primary line voltage, a discount of seven (7) percent shall apply to the demand and energy charge. The delivery point shall be the point of attachment of Seller's primary line to consumer's transformer structure unless otherwise approved by the Seller. All wiring, pole lines and other electric equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

GENERAL:

These rates do not apply for standby service for which a separate contract will be negotiated.

Issued by: Scott Newberry
Chief Executive Officer

Effective: July 11, 2007