

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 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Clark, Barrett) *JP*
Office of the General Counsel (Thompson) *MT*

RE: Docket No. 20250124-EU – Joint petition to extend phase one territorial settlement agreement in Hernando, Citrus, and Pasco Counties, by Duke Energy Florida, LLC and Withlacoochee River Electric Cooperative, Inc.

AGENDA: 02/03/26 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Passidomo Smith

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On October 14, 2025, Duke Energy Florida, LLC (DEF) and Withlacoochee River Electric Cooperative (WREC) (collectively, joint petitioners) filed an amended joint petition to extend the effective date of their territorial agreement for Citrus, Hernando, and Pasco counties for five years through October 10, 2030.¹ The current agreement between the joint petitioners expired on October 10, 2025,² and represented a comprehensive resolution of territorial issues in a three-county area (Citrus, Hernando, and Pasco) and involved the transfer of approximately 5,000 customers. Because of the comprehensive nature of the agreement between the utilities and numerous customer transfers, the Commission allowed a two-phase approach to implement the

¹ The amended filing replaced in its entirety an earlier filing that was incomplete (Document No. 14445-2025, filed on October 10, 2025).

² Document No. 15310-2025, DEF and WREC's Response to Staff's First Data Request, No. 4.

agreement.³ The Commission approved the first phase of the agreement by Order No. PSC-05-0965-PAA-EU⁴ and the second phase by Order No. PSC-06-0202-PAA-EU.⁵

As for the two phases of the agreement, the Commission directed the utilities to file a status report on the transfer of customers every six months. The phase one transfers were completed as of the joint status report filed on February 19, 2007.⁴ For phase two, the utilities petitioned for an extension on the date of which all transfers were to be completed and was approved by the Commission by Order No. PSC-08-0502-PAA-EU.⁶ Due to operational constraints and improved engineering practices, the utilities petitioned to amend the agreement to allow 117 customers to remain in WREC's service territory and 33 customers to be transferred from DEF to WREC. The Commission approved the amended agreement by Order No. PSC-10-0246-PAA-EI, which resulted in the completion of the phase two transfers.

On May 12, 2010, DEF and WREC petitioned to modify their territorial boundaries because of a requirement by Citrus County for DEF to vacate the County's right-of-way that crossed a runway within the Crystal River Airport due to permitting reasons. The Commission approved the modification by Order No. PSC-10-0559-PAA-EU and resulted in the transfer of 31 customers to WREC.⁷

The instant pleading seeks Commission approval to extend the current agreement for an additional five years. The Commission has jurisdiction over this matter pursuant to Sections 366.04, Florida Statutes (F.S.), and Rule 25-6.0440, Florida Administrative Code (F.A.C.).

³ At the time the agreement was entered into, DEF was operating as Progress Energy Florida, Inc.

⁴ Order No. PSC-05-0965-PAA-EU, issued October 10, 2005, in Docket No. 20040133-EU, *In re: Petition of Withlacoochee River Electric Cooperative, Inc. to modify territorial agreement or, in the alternative, to resolve territorial dispute with Progress Energy Florida, Inc. in Hernando County*.

⁵ Order No. PSC-06-0202-PAA-EU, issued March 14, 2006, in Docket No. 20040133-EU, *In re: Petition of Withlacoochee River Electric Cooperative, Inc. to modify territorial agreement or, in the alternative, to resolve territorial dispute with Progress Energy Florida, Inc. in Hernando County*.

⁶ Order No. PSC-08-0502-PAA-EU, issued August 8, 2008, in Docket No. 20080206-EU, *Re: Petition for approval to amend territorial agreement regarding extension of time to finalize Phase II of customer transfers, by Progress Energy Florida, Inc. and Withlacoochee River Electric Cooperative*.

⁷ Order No. PSC-10-0559-PAA-EU, issued September 7, 2010, in Docket No. 20100282-EU, *In re: Joint petition for approval of amended territorial agreement in Citrus County by Progress Energy Florida, Inc. and Withlacoochee River Electric Cooperative*.

Discussion of Issues

Issue 1: Should the Commission approve the joint petition to extend the effective date of the territorial agreement between Duke Energy Florida, LLC and Withlacoochee River Electric Cooperative, Inc. for five years through October 10, 2030?

Recommendation: Yes, the Commission should approve the amended joint petition to extend the effective date of the territorial agreement between Duke Energy Florida, LLC and Withlacoochee River Electric Cooperative, Inc. The five-year extension date of the agreement should begin on October 10, 2025, and run through October 10, 2030, as requested by the joint petitioners. (Clark)

Staff Analysis: Although the current agreement has expired, the joint petitioners assert their commitment to continue adhering to the terms, conditions, maps, and boundaries set forth in the agreement.⁸ Consequently, the joint petitioners' sole request in this docket is for a five-year extension of the effective date of the territorial agreement they are currently operating under. All other provisions remain unchanged. In response to Staff's First Data Request, the joint petitioners stated that:

The parties intend to continue ongoing discussions to file, as needed, an amended territorial agreement based on any changes within the territorial areas of the parties that occurred since the latest amendment. It is the intention of the parties to complete this process as efficiently as possible.⁹

In its joint petition, the parties request an extension of five years through October 10, 2030. No changes to the terms, conditions, maps, and boundaries were proposed. Staff believes the parties have acted in good faith as all relevant customer transfers included in the first and second phases have been completed along with those associated with Order No. PSC-10-0559-PAA-EU.¹⁰

Rule 25-6.0440(2), F.A.C., provides factors for the Commission to consider when reviewing territorial agreements. Those factors were evaluated and approved by the Commission in Docket No. 20040133-EU.¹¹ As such, staff believes – in the absence of changes to the agreed-upon terms, conditions, maps, and boundaries – the Commission can consider the instant request without embarking upon a renewed evaluation of critical components of Rule 25-6.0440, F.A.C., including the purchase price of facilities, reliability of electric service, or the potential for uneconomic duplication of facilities.¹² Staff believes extending the effective date of parties' agreement advances the public's interest since doing so would assist the parties in their efforts to develop and file a revised territorial agreement at the end of the five-year period.

⁸ Document No. 14548-2025, Amended Joint Petition to Extend Settlement Agreement.

⁹ Document No. 15310-2025, DEF and WREC's Response to Staff's Data Request, No. 1.c.

¹⁰ Document No. 15310-2025, DEF and WREC's Response to Staff's First Data Request, Nos. 1, 2, and 3.

¹¹ Order Nos. PSC-05-0965-PAA-EU and PSC-06-0202-PAA-EU in Docket No. 20040133-EU, *In re: Petition of Withlacoochee River Electric Cooperative, Inc. to modify territorial agreement or, in the alternative, to resolve territorial dispute with Progress Energy Florida, Inc. in Hernando County*.

¹² Order No. PSC-08-0502-PAA-EU, issued on August 8, 2008, in Docket No. 20080206-EU, *In re: Petition for approval to amend territorial agreement regarding extension of time to finalize Phase II of customer transfers, by Progress Energy Florida, Inc. and Withlacoochee River Electric Cooperative*.

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Conclusion

Staff recommends the Commission approve the amended joint petition to extend the effective date of the territorial agreement between the joint petitioners. DEF and WREC have represented that they have and will continue to abide by the terms and conditions of the current agreement while they pursue efforts to complete a revised agreement. The present parties have also shown good faith in having completed the ordered customer transfers. The five-year extension date of the agreement should begin on October 10, 2025, and run through October 10, 2030, as requested by the joint petitioners.

Issue 2: Should this docket be closed?

Recommendation: Yes, this docket should be closed upon the issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action. (Thompson)

Staff Analysis: This docket should be closed upon the issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action.