

ORIGINAL



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February 3, 2003

VIA HAND DELIVERY

RECEIVED - FPSC  
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COMMISSION  
CLERK

Ms. Blanca S. Bayó, Director  
Division of Commission Clerk and  
Administrative Services  
FLORIDA PUBLIC SERVICE COMMISSION  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

030117-EU

Re: Joint Petition for Approval of Territorial Agreement  
City of Ocala, Florida d/b/a Ocala Electric Utility (OEU) and  
Sumter Electric Cooperative, Inc. (SECO),

Dear Ms. Bayó:

Enclosed please find one (1) original and fifteen (15) copies of above referenced Joint Petition for Approval of Territorial Agreement (the Petition), submitted herewith for filing. Please also find the enclosed diskette, containing an electronic version of the Petition (without the maps attached to the Petition as Exhibits "A" through "G") in Word format.

A copy of the official Florida Department of Transportation (FDOT) General Highway County map, as required by Rule 25-6.0440(1) of the Florida Administrative Code, will be provided in a supplemental filing.

RECEIVED & FILED

R. V. P.

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER - DATE

F L O R I D A M U N I C I P A L P O W E R 01082 FEB-3 2003

FPSC-COMMISSION CLERK

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval of )  
Territorial Agreement between the Sumter )  
Electric Cooperative, Inc. and the City of )  
Ocala, Florida d/b/a Ocala Electric Utility )

030117-EU

DOCKET NO. \_\_\_\_\_  
FILED: February 3, 2003

COMMISSION  
CLERK

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**JOINT PETITION FOR  
APPROVAL OF TERRITORIAL AGREEMENT**

The City of Ocala, Florida d/b/a Ocala Electric Utility (OEU) and the Sumter Electric Cooperative, Inc. (SECO), by and through their undersigned attorneys, jointly petition the Florida Public Service Commission for approval of a territorial agreement between OEU and SECO dated September 24, 2002, and in support thereof state as follows:

1. OEU and SECO are electric utilities serving customers in Marion County, Florida. OEU's principal place of business is located in Ocala, Florida, and SECO's principal place of business is located in Sumterville, Florida.
2. Copies of all correspondence, notices, pleadings, and orders in this matter should be served upon the following:

FOR SUMTER ELECTRIC COOPERATIVE, INC

Mr. James P. Duncan  
CEO and General Manager  
SUMTER ELECTRIC COOPERATIVE, INC.  
330 South U.S. Highway 301  
Sumterville, Florida 33585-0301

Mr. Lewis W. Stone, Esquire  
STONE & GERKEN, P.A.  
Post Office Box 2048  
Eustis, Florida 32727-2048

DOCUMENT # 030117-001

01082 FEB-3 2

FPSC-COMMISSION CLERK

Ms. Blanca S. Bayó, Director  
Division of Commission Clerk and  
Administrative Services  
FLORIDA PUBLIC SERVICE COMMISSION  
February 3, 2003  
Page 2 of 2

Please acknowledge receipt of these documents by time/date stamping the enclosed additional copy of the Petition, as indicated.

Very truly yours,

  
Jody Lamar Finklea  
Attorney

Cc: James P. Duncan, SECO  
Lewis W. Stone, Esq.  
Dean Shaw, OEU  
W. James Gooding III, Esq.

FOR CITY OF OCALA, FLORIDA d/b/a OCALA ELECTRIC UTILITY

Mr. Dean Shaw, CPM  
Director of Electric Utility  
CITY OF OCALA  
2100 NE 30th Avenue  
Ocala, Florida 34470-4875

Mr. Frederick M. Bryant, Esquire  
Mr. Jody Lamar Finklea, Esquire  
2061-2 Delta Way  
Post Office Box 3209  
Tallahassee, Florida 32315-3209

Mr. W. James Gooding III, Esquire  
GILLIGAN, KING & GOODING, P.A.  
1531 SE 36th Avenue  
Ocala, Florida 34471-4936

3. In 1987, OEU and SECO entered into a territorial agreement, which has been in effect since approval of that agreement by the Florida Public Service Commission (the Commission). That previous agreement expired on October 21, 2002.

5. On September 24, 2002, OEU and SECO entered into the territorial agreement currently submitted for approval by the Commission. A copy of the September 24, 2002, territorial agreement is attached to this Petition as Exhibit "1."

6. There are no substantial changes in the September 24, 2002, territorial agreement, from the previous agreement approved by the Commission, other than minor modifications in the territorial boundaries and deletion of language specific to the territorial swap in the previous agreement.

7. The service territory of OEU and SECO are contiguous in many areas of Marion County, Florida. The September 24, 2002, territorial agreement is a part of the ongoing effort between OEU and SECO to prevent any duplication of services.

8. The September 24, 2002, territorial agreement creates boundary lines which define and delineate the retail service areas of OEU and SECO in Marion County. Such definition and delineation of service areas will help ensure there is no wasteful duplication of services by OEU and SECO.

9. The September 24, 2002, territorial agreement expressly provides that its effectiveness is contingent upon approval of the Commission.

10. Pursuant to Section 366.04(2)(d), Florida Statutes, the Commission has the power to approve territorial agreements by and between electric utilities, including municipal electric utilities and rural electric cooperatives under the Commission's jurisdiction. § 366.04(2)(d), Fla. Stat. (2002). To implement this power, the Commission has promulgated Rule 25-6.0440 of the Florida Administrative Code. In the past, the Commission has recognized the wisdom of such agreements, and has held that such agreements, when properly presented to the Commission, are advisable in proper circumstances, and, indeed, in the public interest. See In re: Joint petition for approval of amendment to territorial agreement between Clay Electric Cooperative, Inc. and City of Newberry, Docket No. 001834-EU, Order No. PSC-01-0566-PAA-EU, at 3 (F.P.S.C. Mar. 12, 2001) (consummated and made final by Order No. PSC-01-0881-CO-EU (F.P.S.C. Apr. 6, 2001)).

11. Attached to the September 24, 2002, territorial agreement as Exhibits "A" through "G" are maps defining the retail service area boundaries that OEU and SECO seek to have the Commission approve in this proceeding.

12. No existing customer of OEU or SECO will be transferred pursuant to the September 24, 2002, territorial agreement.

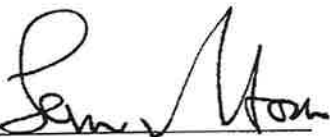
13. There is no reasonable likelihood that the September 24, 2002, territorial agreement will cause a decrease in the reliability of electric service to the existing or future ratepayers of OEU or SECO. See Fla. Admin. Code Ann. r. 25-6.0440(2) (2002). Further, the provisions of the September 24, 2002, territorial agreement will help avoid future uneconomic duplication of facilities and prevent future disputes and uncertainties.

*[Remainder of Page Intentionally Blank]*


14. The Commission's approval of the September 24, 2002, territorial agreement would also be consistent with the criteria set forth in section 366.04, and such approval would complement the objective of ensuring an adequate and reliable source of energy in Florida that avoids uneconomic duplication of facilities.

DATED this \_\_\_\_ day of February, 2003

STONE & GERKEN, P.A.

By   
Lewis W. Stone  
Post Office Box 2048  
Eustis, Florida 32727-2048  
Telephone No. (352) 357-0330  
Facsimile No. (352) 357-2474  
Florida Bar No. 281147

**Attorney for Sumter Electric  
Cooperative, Inc.**

  
Frederiek M. Bryant  
Florida Bar No. 0126370  
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Florida Bar No. 0336970  
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And

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1531 SE 36th Avenue  
Ocala, Florida 34471-4936  
Telephone No. (352) 867-7707  
Facsimile No. (352) 867-0237  
Florida Bar No. 355771

**Attorneys for City of Ocala, Florida  
d/b/a Ocala Electric Utility**

# **Exhibit “1”**

**Territorial Agreement  
by and between  
Sumter Electric Cooperative, Inc.  
and  
City of Ocala**

**Dated: September 24, 2002**



AGREEMENT

THIS AGREEMENT, made and entered into this 24 day of September, 2002, by and between SUMTER ELECTRIC COOPERATIVE, INC., an electric cooperative organized and existing under the laws of the State of Florida (herein called "SECO"), party of the first part, and the CITY OF OCALA, a Municipal Government organized and existing under the laws of the State of Florida, doing business as "Ocala Electric Utility" (herein called "Ocala"), party of the second part;

WITNESSETH:

WHEREAS, SECO, by virtue of Florida Statutes, Chapter 425 (1985), and the Charter issued to it thereunder, is authorized and empowered to furnish electricity and power to its members, private individuals, corporations and others, as defined by the laws of Florida, and pursuant to such authority, presently furnishes electricity and power to members customers in areas of Marion County, Florida, and elsewhere; and

WHEREAS, Ocala, by virtue of the laws of Florida, is authorized and empowered to furnish electricity and power to persons, firms and corporations in the County of Marion, State of Florida, and pursuant to such authority presently furnishes electricity and power to customers in areas of Marion County, Florida; and

WHEREAS, the respective areas of service of the parties hereto are contiguous in many places in Marion County, with the result that in the future duplication of service facilities may occur unless such duplication is precluded by a territorial agreement; and

WHEREAS, the Florida Public Service Commission has previously recognized that any such duplication of service facilities may result in needless and wasteful expenditures detrimental to the public interest; and

WHEREAS, the Florida Public Service Commission is empowered by Section 366.04, Florida Statutes (1985), to approve territorial agreements and resolve territorial disputes; and

WHEREAS, SECO and Ocala have previously entered into a Territorial Agreement which has been in effect since approval of the Florida Public Service Commission in October of 1987, which Agreement has controlled the parties' development and planning of their respective service areas; and

WHEREAS, said Agreement shall expire by its terms in October of 2002.

WHEREAS, the parties hereto desire to avoid and eliminate the circumstances giving rise to the aforesaid duplications and to that end desire to operate within delineated retail service areas; and

WHEREAS, in order to accomplish said area allocation as to future customers the parties have delineated boundary lines in portions of the aforementioned County, hereinafter referred to as "Boundary Lines," and said boundary lines define and delineate the retail service areas of the parties in portions of the aforementioned County;

NOW, THEREFORE, in fulfillment of the purposes and desires aforesaid, and in consideration of the mutual covenants and agreements herein contained, which shall be construed as being interdependent, the parties hereto, subject to and upon the terms and conditions herein set forth, do hereby agree as follows:

DEFINITIONS

Section 1.1 Territorial Boundary Lines - As used herein, the term "Territorial Boundary Lines" shall mean boundary lines which delineate the shaded areas on the county maps attached hereto as Exhibits "A" through "G", and which differentiate and divide SECO Territorial Area from Ocala Territorial Area.

Section 1.2 SECO Territorial Areas - As used herein, the term "SECO Territorial Areas" shall mean the geographic areas shown on Exhibits "A" through "G" as lying outside the shaded areas designated OEU.

Section 1.3 Ocala Territorial Areas - As used herein, the term "Ocala Territorial Areas" shall mean the geographic areas shown on Exhibits "A" through "G" as lying within the shaded areas designated OEU.

Section 1.4 Distribution Facilities - As used herein, the term "Distribution Lines" shall mean all lines and related facilities for the flow of electric energy of either party having a rating up to but not including 69 kV.

Section 1.5 Express Distribution Feeders - As used herein, the term "Express Distribution Feeder" shall mean a three phase line and related facilities, at distribution voltage, that transports power through the other party's territory but serves no load within such territory.

Section 1.6 Transmission Lines - As used herein, the term "Transmission Lines" shall mean all lines for the flow of electric energy of either party having a rating of 69 kV or over.

Section 1.7 New Customers - As used herein, the term "New Customers" shall mean all retail electric consumers applying for service, whether or not at a new or existing meter location, to either Ocala or SECO after the effective date of this Agreement, and located within the territorial area of either party at the time such application is made.

#### AREA DESIGNATIONS AND NEW CUSTOMERS

Section 2.1 Service Areas - The SECO Territorial Areas, as herein defined, are hereby set aside to SECO as its retail service areas for the term hereof; and the Ocala Territorial Areas, as herein defined, are hereby set aside to Ocala as its retail service areas for such period, and, except as otherwise

specifically provided herein, neither party shall deliver any Electric energy across any Territorial Boundary Line for use at retail in the territorial area of the other.

Section 2.2 New Customers - The parties shall each have the right and the responsibility to provide retail electric service to all New Customers within their respective territorial areas. Neither party shall hereafter serve or offer to serve a New Customer located in the territorial area of the other party except on an interim basis as provided in Section 2.3 below.

Section 2.3 Interim Service - Where a party entitled to serve a New Customer pursuant to Section 2.2 above believes that the extension of its facilities to such New Customer would be more appropriate or compatible with its operational requirements and plans at a future time, the party may, in its discretion, request the other party to provide service to the New Customer on an interim basis. Such request shall be made in writing and the other party shall promptly notify the requesting party of its election, in its sole discretion, to either accept or decline the request. If such request is accepted, the party providing interim service shall be deemed to do so only on behalf of the requesting party, who shall remain entitled to serve the New Customer to the same extent as if it had provided service in the first instance. The parties shall notify the Public Service Commission of any such agreement for interim service which is anticipated to last for more than one (1) year. Provided, however, the party providing interim service hereunder shall not be required to pay the other Party for any loss of revenue associated with the provision of such interim service. At such time as the requesting party elects to begin providing service directly to the New Customer, after reasonable written notice to the other party: (i) the party providing interim service shall cease providing interim service and, thereafter, service shall be

furnished to the New Customer in accordance with Section 2.1 and 2.2 above; and (ii) the requesting party shall pay the party providing interim service the depreciated cost (calculated on a straight line basis) for facilities installed by the party providing interim service exclusively for such New Customer.

Section 2.4 Bulk Power Supply for Resale - Nothing herein shall be construed to prevent either party from providing bulk power supply to another utility for resale purposes wheresoever they may be located. Further, no other provision of this Agreement shall be construed as applying to bulk power supply for resale.

#### OPERATION AND MAINTENANCE

Section 3.1 Facilities to Remain - All generating plants, transmission lines, substations, distribution lines and related facilities now used by either party in conjunction with their respective electric utility systems, and which are used directly or indirectly and are useful in serving customers in their respective service areas, shall be allowed to remain where situated and shall not be subject to removal hereunder; PROVIDED, HOWEVER, that each party shall operate and maintain said lines and facilities in such a manner as to minimize any interference with the operations of the other party.

Section 3.2 Joint Use - The parties hereto realize that it may be necessary, under certain circumstances and in order to carry out this Agreement, to make arrangements for the joint use of their respective service facilities. In such event arrangement shall be made by separate instruments incorporating standard engineering practices and providing proper clearance with respect thereto.

Section 3.3 New Facilities in Territory of Other Party - Neither party shall construct Distribution Facilities in the territory of the other party without the express written consent

of the other party. Express Distribution Feeders are exempt from this provision; provided, however, that the party shall construct, operate and maintain said Express Distribution Feeders in a safe manner so as to minimize any interference with the operation of the other party's facilities.

Section 3.4 Facilities to be Served - Nothing herein shall be construed to prevent or in any way inhibit the right and authority of Ocala or SECO to serve any of its own facilities if the party is obligated by law to provide the services which require the construction of the facilities and good engineering practice dictates that such facility be located in the other party's territory.

Either party shall notify the other party as soon as possible of any action which is specifically directed at that party and which may give rise to such an obligation.

Nothing herein shall be construed to prevent or in any way inhibit the right of either party to serve its own electric transmission or generation facilities wherever located.

Section 4.1 Annexed Areas - In the event any portion of the area within SECO's Territorial Area or Future Territorial Area is subsequently annexed by and into the city limits of Ocala, Ocala may (and currently does) impose a franchise fee upon Grantee in return for Ocala's permission to occupy Rights-of-Way within the city boundaries. Territories are not affected by annexation for purposes of service, provided however that those Customers annexed into the municipal boundaries of Ocala shall be subject to a franchise fee pursuant to such franchise.

#### ANNEXATIONS

#### PREREQUISITE APPROVAL

Section 5.1 Florida Public Service Commission - The provisions of this Agreement are subject to the regulatory authority of the Florida Public Service Commission, and

appropriate approval by that body of the provisions of this Agreement shall be a prerequisite to the validity and applicability hereof and neither party shall be bound hereunder until that approval has been obtained.

Section 5.2 Liability in the Event of Disapproval - In the event approval pursuant to Section 5.1 is not obtained, neither party will have action against the other arising under this Agreement.

Section 5.3 Reports - On or before the first anniversary of the date that this Agreement is approved by the Commission, and annually thereafter, the parties to this Agreement shall file a report with the Commission if interim service is being provided pursuant to Section 2.2 in excess of one (1) year.

#### DURATION

Section 6.1 - This Agreement shall continue and remain in effect for a period of fifteen (15) years from the date of the rendering of the Florida Public Service Commission's order approving this Agreement.

#### CONSTRUCTION OF AGREEMENT

Section 7.1 Intent and Interpretation - It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to eliminate and avoid the needless and wasteful expenditures, duplication of facilities and potentially hazardous situations, which might otherwise result from unrestrained competition between the parties operating in overlapping service areas.

#### MISCELLANEOUS

Section 8.1 Negotiations - Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only ones agreed upon are those set forth herein, and no alteration, modification, enlargement or

supplement to this Agreement shall be binding upon either of the parties hereto unless the same shall be in writing and hereto attached and signed by both parties.

Section 8.2 Successors and Assigns - Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon or give to any person or corporation other than the parties hereto any right, remedy or claim under or by reason of this Agreement or any provisions or conditions hereof; and all of the provisions, representations, covenants and conditions herein contained shall inure to the sole benefit of and shall be binding only upon the parties hereto and their respective representatives, successors and assigns.

Section 8.3 Notices - Notices given hereunder shall be deemed to have been given to SECO if mailed, by Certified Mail, postage prepaid, to General Manager, Sumter Electric Cooperative, Inc., Post Office Box 301, Sumterville, Florida 34267-0301 and to Ocala if mailed by Certified mail, postage prepaid, to: Director of Electric Utility, City of Ocala, 2100 N.E. 30th Avenue, Ocala, Florida 34470-4875. Such address to which such notice shall be mailed may be, at any time, changed by designating such new address and giving notice thereof in writing in the manner as herein provided.

Section 8.4 Severability - The invalidity or unenforceability of a particular provision of this Agreement shall not affect the other provision hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceability provision were omitted.

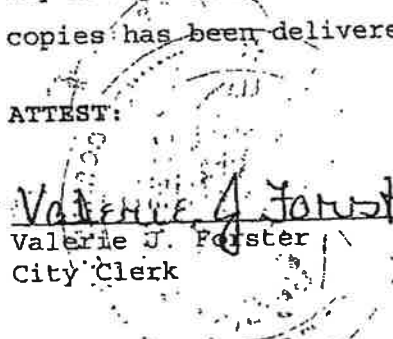
Section 8.5 Waiver of Jury Trial - The parties waive the right to a trial by jury and consent to a bench trial in the event trial becomes necessary to enforce this Agreement.

IN WITNESS WHEREOF, this Agreement has been caused to be executed in triplicate by SECO in its name by its President, and



its Corporate Seal hereto affixed by the Secretary of SECO, and by Ocala in its name by its President of the City Council, and its Seal hereto affixed and attested by its City Clerk, on the day and year first above written; and one of said triplicate copies has been delivered to each of the parties hereto.

ATTEST:

  
Valerie J. Forster  
Valerie J. Forster  
City Clerk

CITY OF OCALA

By: Michael S. Amsden  
Michael S. Amsden  
President, Ocala City Council

ATTEST:

By: Ray F. Vick  
Ray F. Vick  
As its Secretary

SUMTER ELECTRIC COOPERATIVE, INC.

By: Jerry D. Hatfield  
Jerry D. Hatfield  
As its President

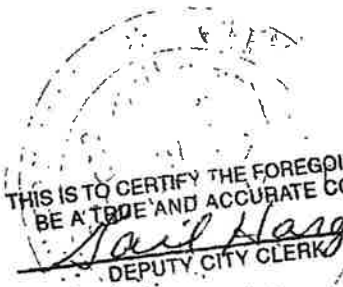
Approved as to form and  
legality:

Patrick G. Gilligan  
Patrick G. Gilligan  
City Attorney

Approved as to form and  
legality:

Lewis W. Stone  
Lewis W. Stone  
Attorney for Sumter Electric  
Cooperative, Inc.

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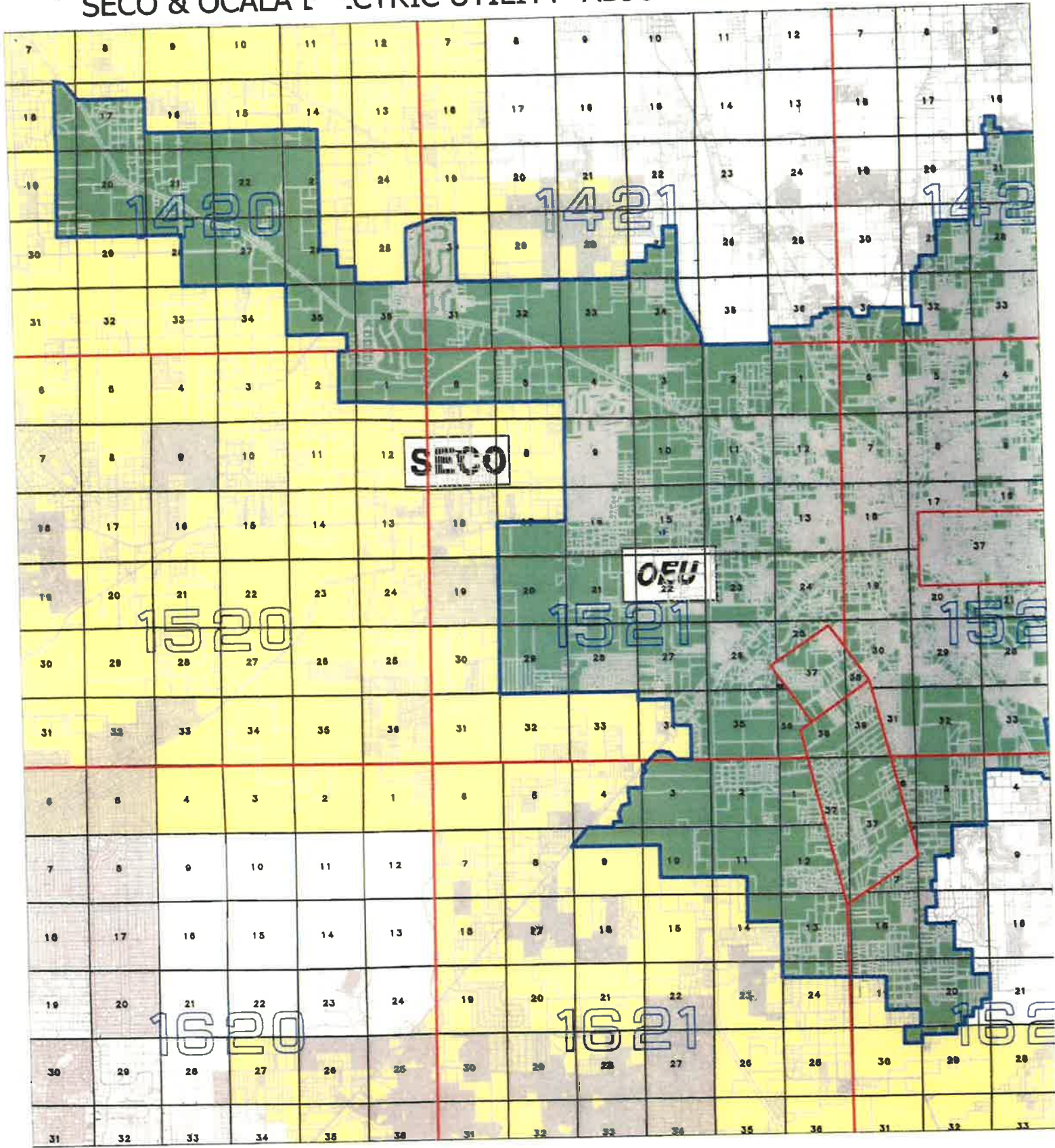
  
THIS IS TO CERTIFY THE FOREGOING TO  
BE A TRUE AND ACCURATE COPY  
Sail Hargreaves  
DEPUTY CITY CLERK

ACCEPTED BY CITY COUNCIL

September 24, 2002  
DATE

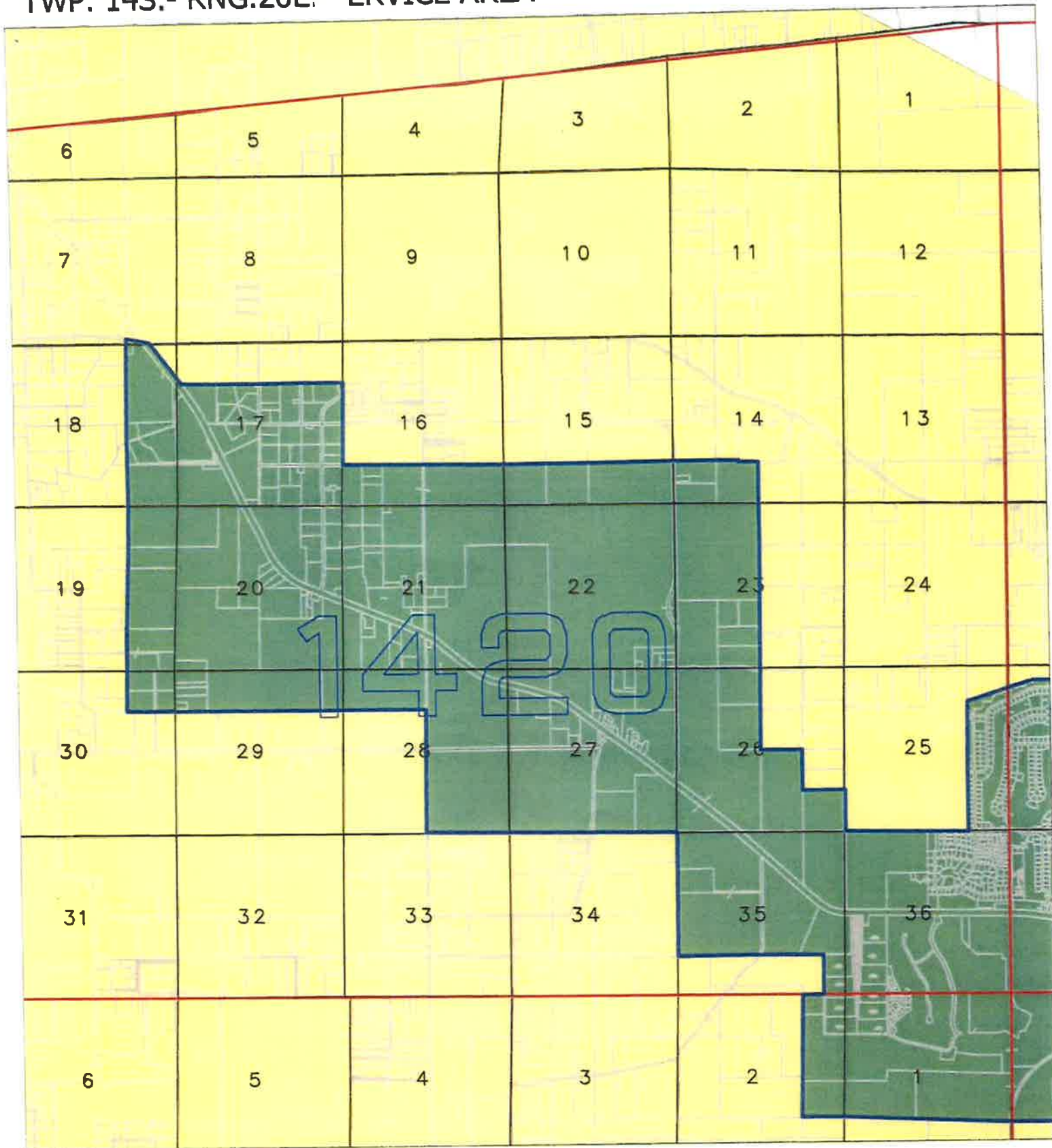
OFFICE OF THE CITY CLERK

# SECO & OCALA ELECTRIC UTILITY ADJOINING SERVICE AREA



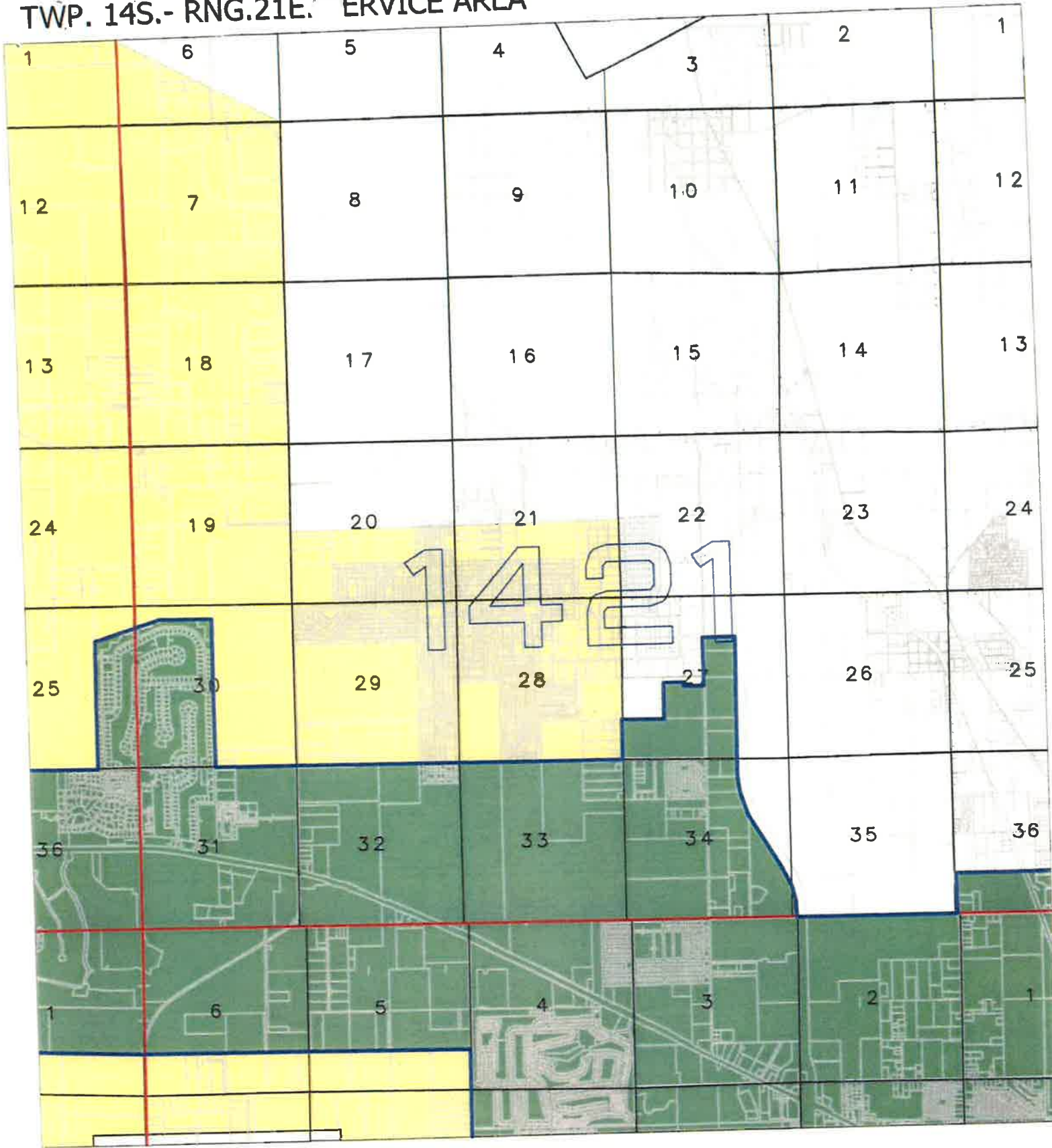
- OEU TERRITORY
- SECO TERRITORY
- SERVICE TERRITORY BOUNDARY

# TWP. 14S.- RNG.20E. SERVICE AREA



- OEU TERRITORY
- SECO TERRITORY
- SERVICE TERRITORY BOUNDARY

# TWP. 14S.- RNG.21E. SERVICE AREA



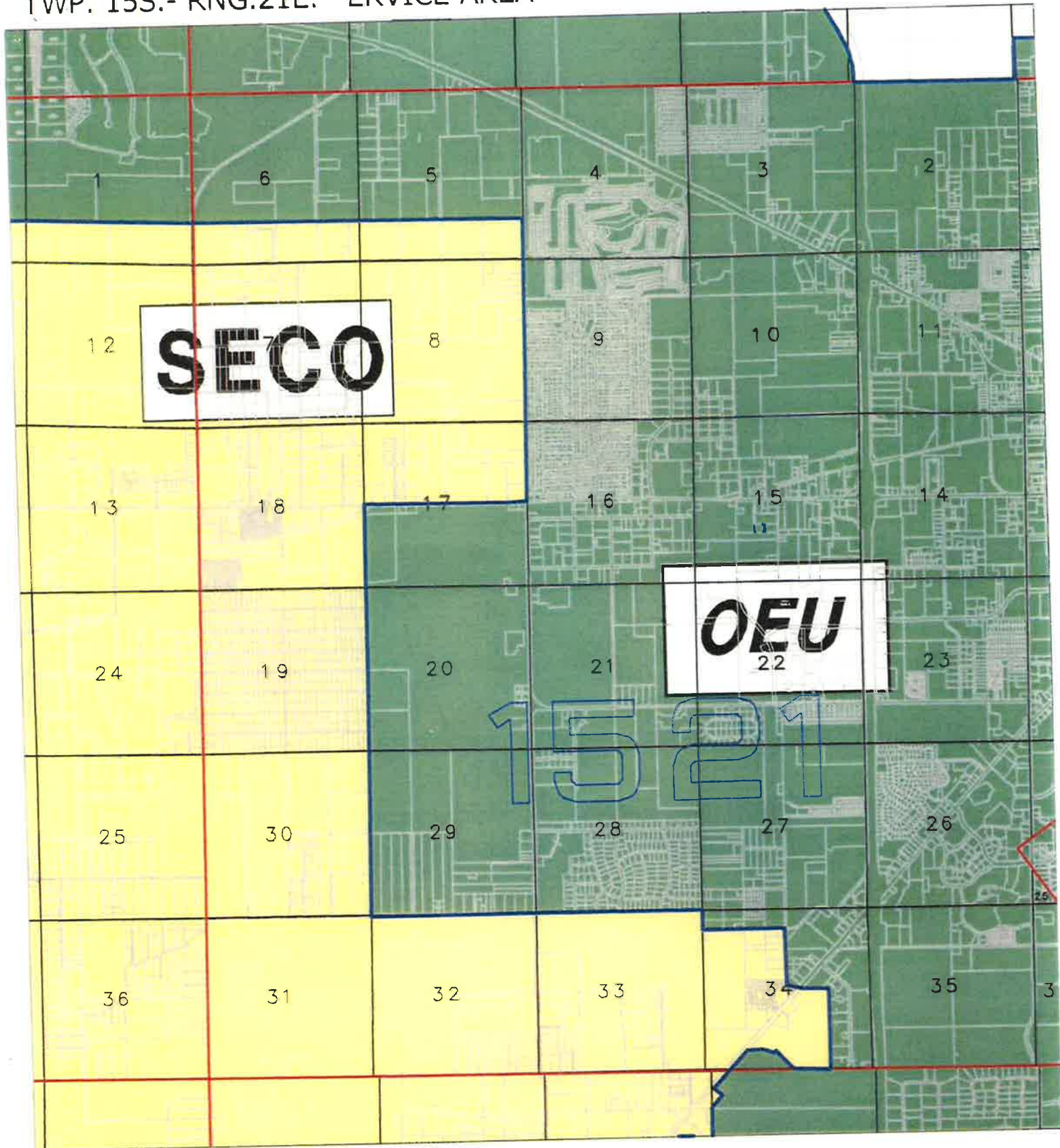
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- SERVICE TERRITORY BOUNDARY

TWP. 15S.- RNG.20E. SERVICE AREA



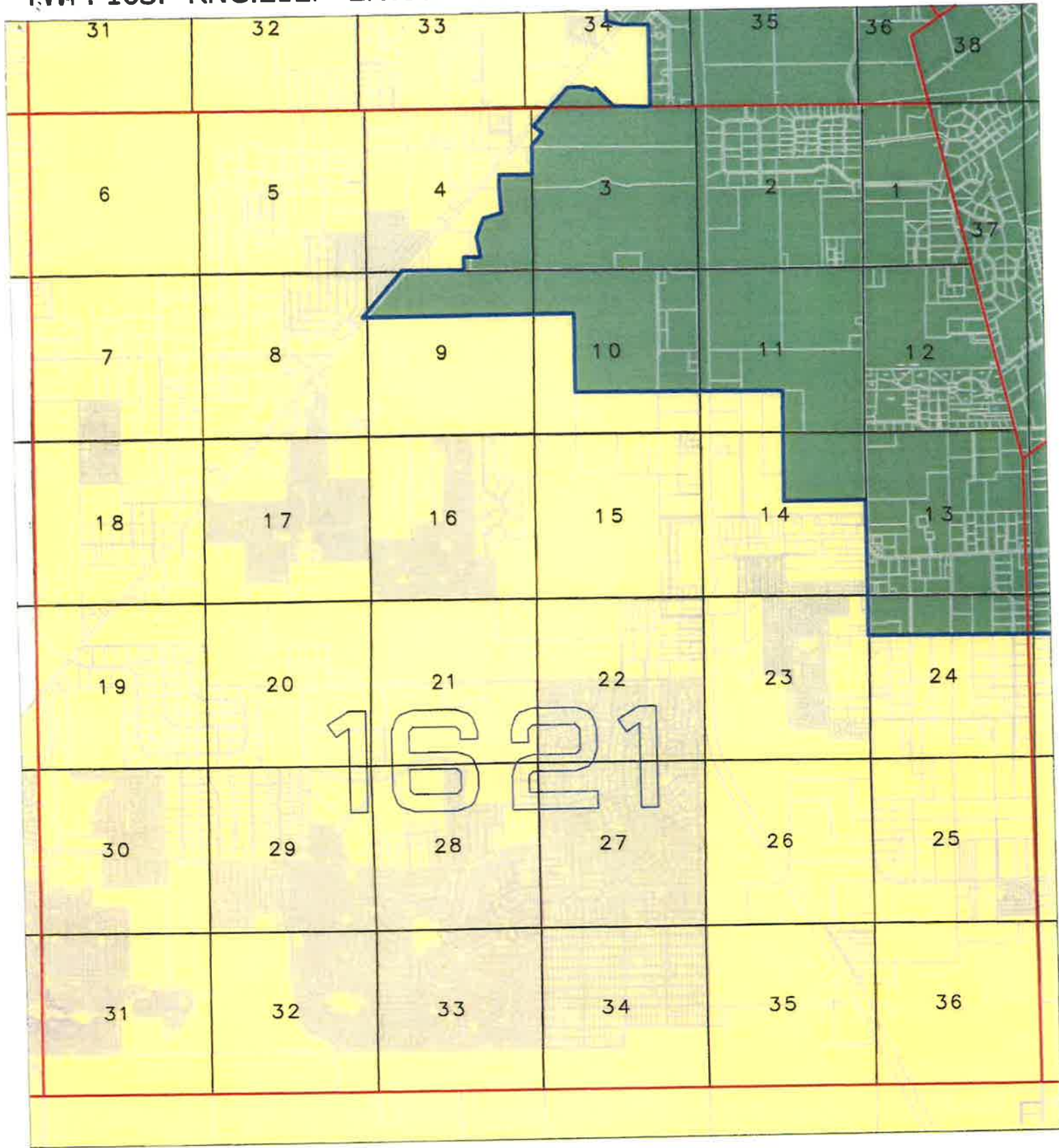
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- SECO TERRITORY
- SERVICE TERRITORY BOUNDARY

TWP. 15S.- RNG.21E. SERVICE AREA



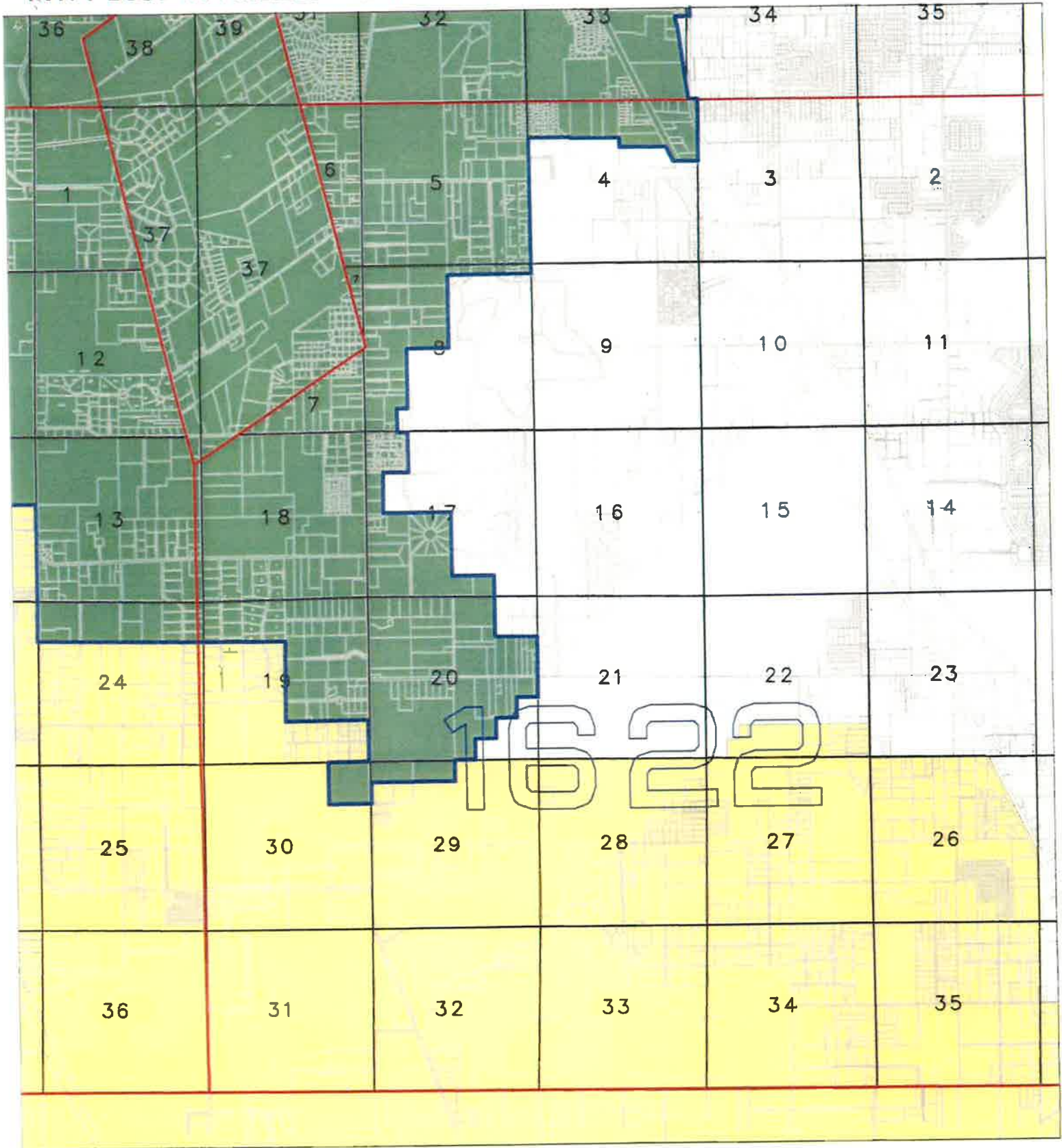
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- SERVICE TERRITORY BOUNDARY

# TWP. 16S.- RNG.21E. SERVICE AREA



- OEU TERRITORY
- SECO TERRITORY
- SERVICE TERRITORY BOUNDARY

# TWP. 16S.- RNG.22E. SERVICE AREA



- OEU TERRITORY
- SECO TERRITORY
- SERVICE TERRITORY BOUNDARY