

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: September 11, 2019

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Sevini K. Guffey, Public Utility Analyst II, Division of Economics *S.K.G.*

RE: Docket No. 20190142-EU: Joint petition for approval of amendment to territorial agreement in Nassau County, by Florida Power & Light Company and Okefenoke Rural electric Membership Corporation.

Please place the attached email containing follow-up information from the utility in the subject docket file.

Thank you.

RECEIVED-FPSC
2019 SEP 11 PM 2:15
COMMISSION
CLERK

Sevini Guffey

From: Tripp Coston
Sent: Monday, September 09, 2019 4:29 PM
To: Elisabeth Draper; Sevini Guffey; Bart Fletcher; Curt Mouring
Subject: FW: FPL-OREMC Territorial Amendment

From: Adams, Lynne [<mailto:Lynne.Adams@fpl.com>]
Sent: Monday, September 09, 2019 4:23 PM
To: Tripp Coston
Subject: FPL-OREMC Territorial Amendment

Tripp,
Below is some follow-up information that I wanted to provide from our discussion earlier today.

As outlined in the Joint Petition, FPL and OREMC have filed this petition requesting Commission approval to approve the clarification and modification of the existing territorial agreement in the area of the Crawford Diamond in Nassau County, Florida. As we indicated in our response to Staff's First Data Request No. 6, FPL is not currently seeking the recovery of any costs associated with this agreement. To add to that, and to respond to a question raised on our call, FPL is also not seeking a prudence determination at this time. In the event the Commission approves the requested relief (i.e., clarification and modification of the territorial agreement), and the costs to construct the substation are ultimately incurred, FPL may seek recovery of those costs by including them in a future base rate filing. When this filing is made by FPL, we believe that is when the Commission will be asked to make a prudence determination regarding FPL's activities and a reasonableness determination on the costs. This would include a review of the costs associated with the transmission substation assets that FPL would retain and the distribution substation assets that would be transferred to OREMC.

Additionally, I would like to elaborate a bit further on the questions related to the \$10 figure related to the sale of the substation identified in the MOU and explained in FPL's response to Staff's Second Data Request No. 3. The \$10 figure was selected as the nominal consideration in the bill of sale simply to satisfy the requirement for consideration in a bill of sale. To be clear, OREMC has not been asked to make any other payment or to provide any additional consideration to FPL, nor will they be doing so. OREMC has agreed to resolve the discrepancies in the territorial maps on file with the Commission and agree – subject to Commission approval – that FPL will become the sole service provider within the areas identified on the maps that have been submitted as part of this Joint Petition. In exchange, FPL has agreed – again subject to Commission approval - to build and transfer title to the substation to OREMC. This is the essence of the agreement between the joint petitioners, the quid quo pro. As outlined in the filings, FPL has sizable property ownership in the Crawford Diamond area and sees value in the resolution of the map discrepancies in the near term, with the hope and expectation that the site can be developed in the future, adding customers who will contribute revenues to the general body of customers.

Please let me know if you have any additional questions.

Thank you,
Lynne