

**CLAY ELECTRIC COOPERATIVE, INC. AND THE CITY OF OCALA'S
RESPONSE TO STAFF'S FIRST DATA REQUEST (NOS. 1- 18)
Docket No. 20190137-EU**

1. Paragraph 5 of the petition refers to Exhibit A depicting modified territorial boundaries (pages 11 and 12 of the submittal). Please provide clearly defined, legible service area maps.

Response:

Please see the attached Exhibit 1. Pink areas are being transferred to CEC. Green areas are being transferred to Ocala.

2. Paragraph 5 of the petition states that this proposed amendment will not change the duration or renewal terms of the Agreement. What is the expiration date of the current Agreement

Response:

As noted in request 18, the prior agreement expired in 2012. Since that time the parties have continued to honor the terms of the prior agreement. This proposed agreement aims to formalize the continued practice of the parties pursuant to the prior agreement and does not affect the terms of duration or renewal of that prior agreement.

3. Please state the specific reason(s) for this proposed amendment of the Clay Electric Cooperative, Inc. (CEC) and City of Ocala Electric Utility (Ocala) territorial agreement

Response:

The proposed territorial agreement is being entered into for the following reasons:

- a. To enter into a new agreement similar to the prior one. .
 - b. To make modest modifications to the services boundaries between the parties in order to make for more efficient and reliable distribution of electric service. The modifications to the service area boundaries are meant to more accurately reflect the way that the area has been developed and the realities of the development on the ground since the last agreement.
4. Paragraph 6 of the petition states that the customer transfers will be completed within 36 months of the effective date of the agreement. Please explain the steps of the transfer process and the reasons for the 36-month transfer time frame.

Response:

The customers/members will be mostly transferred on a change-in-use or on a change-in-customer basis. After a disconnect, when a customer or member applies for new service at a particular service address, the customer will apply for service with the party taking over the transferred service area. This is the reason for the longer transfer time. The parties anticipate that most customers will be transferred this way. Any customers not transferred in this method will be transferred before the expiration of the 36 month period.

5. Paragraph 7 of the joint petition states that 30 customers will be transferred from CEC to Ocala and five (5) customers will be transferred from Ocala to CEC. Please explain why these customers are being transferred

Response:

The main reason for transferring these customers is to make servicing them more efficient while providing for an even exchange in terms of service provision, revenue, and facilities being transferred. In most cases the customers being transferred are in areas that are more easily served by the distribution system of the other party.

6. Will any CEC facilities be transferred or purchased by Ocala in order to serve the 30 transitioning customers? If yes, please explain which type of facilities will be transferred or purchased and their associated transfer or purchase costs. If no facilities are transferred or purchased, does Ocala currently have the capacity and ability to reliably serve the additional customers without negatively impacting Ocala's existing customer base?
7. Will any Ocala facilities be transferred or purchased by CEC in order to serve the 5 transitioning customers? If yes, please explain which type of facilities will be transferred or purchased and their associated transfer or purchase costs. If no facilities are transferred or purchased, does CEC currently have the capacity and ability to reliably serve the additional customers without negatively impacting CES's existing customer base?

Response to Requests 6 and 7:

Some facilities will be transferred. All facilities that are being transferred in the agreement are for secondary service. They have been depreciated by and have little or no value due to their age and condition. There will be no purchase price for the transfer. The parties are exchanging the facilities between them on a like kind basis. This will involve the transfer of the end-line local distribution facilities close to and near the service locations, but not any substations or larger portions of transmission facilities. Each party has the capacity and ability to serve the transferred areas. In fact each are in a better position to serve the areas transferred to them, one of the reasons the transfers are taking place to begin with. The transfers will not negatively effect the existing customer base and should actually make the service of the current and transferred customers more efficient.

8. What is the cost of connecting the new accounts to the electric system for CEC and for Ocala?

Response:

The parties anticipate minimal costs for connecting the new accounts to their systems over what would be typical for any new customer as they each already have service adjacent or near to the transferred areas.

9. Paragraph 7 of the petition states that if any negative responses to the customer notifications are received, they will be provided to the Commission as a supplemental filing. Since the joint filing of the petition on July 2, 2019, have the petitioners received any negative responses? If yes, please provide them to the Commission as part of this data request.

Response:

No.

10. Please list the differences, if any, between the current and the proposed territorial agreement.

Response:

There are no significant differences between the agreements except for the change in territory outlined in the maps and descriptions and the renewal of the agreement.

11. What is the degree of customer acceptance level of this proposed agreement and customer transfer? Please provide a list indicating the number in favor of and the number opposed to the transfer

Response:

There have been no indications from customers or members either way to either party.

12. Section 2.5 of the Agreement (on page 4) states that either party could provide bulk power to wholesale customers for resale regardless of where the customers are located. Can Section 2.5 be interpreted that this provision allows for bulk power sales to extra territorial customers per Section 2.5? Please explain.

Response:

Limiting the answer to the confines of the agreement without comment as to governing law or regulations, yes, the parties have agreed that either party could provide extra-territorial bulk power sales. The purpose of the language is to make sure that this agreement does not apply to

wholesale power transactions and not retail customers. This agreement is only meant to apply to retail customers, not to bulk power transactions governed by FERC.

13. The customer notification letter from CEC to its customers transferring to Ocala (on page 28 of the petition) is dated November 2016. Page 1 of the Agreement indicates that the Agreement was entered into on July 26, 2018. Please state why the customer notifications were mailed almost two years prior to the agreement being signed.

Response:

The letters were sent in 2018. The notification letter attached was a sample draft letter and the 2016 date is in err.

14. Please provide copies of each utility’s most recent customer notification letter indicating estimated bill comparisons for residential and general service commercial customers.

Response:

Attached as Exhibits 2 & 3.

15. Please provide a comparison of current rates for both CEC and Ocala at representative consumptions for residential and general service commercial classes.

Response:

CEC		
Residential service	Monthly Access Charge	\$23.00
	Energy Charge per kWh (for first 1,000 kWh)	\$0.0725
	Energy Charge per kWh (over 1,000 kWh)	\$0.0913
General Service	Monthly Access Charge	\$23.00
	Energy Charge per kWh	\$0.0813
Ocala		
Residential Service	Service Charge	\$13.00
	Energy Charge per kWh	\$0.08520
General Service	Service Charge	\$15.00
	Energy Charge per kWh	\$0.08623

16. When the 30 CEC customers are transferred to Ocala, will those customers be billed pursuant to Ocala's approved tariffs? Do you anticipate a special or temporary rate for the 30 transferred customers? Please discuss.

17. When five Ocala customers are transferred to CEC, will those customers be billed pursuant to CEC's approved tariffs? Do you anticipate a special or temporary rate for the five transferred customers? Please discuss.

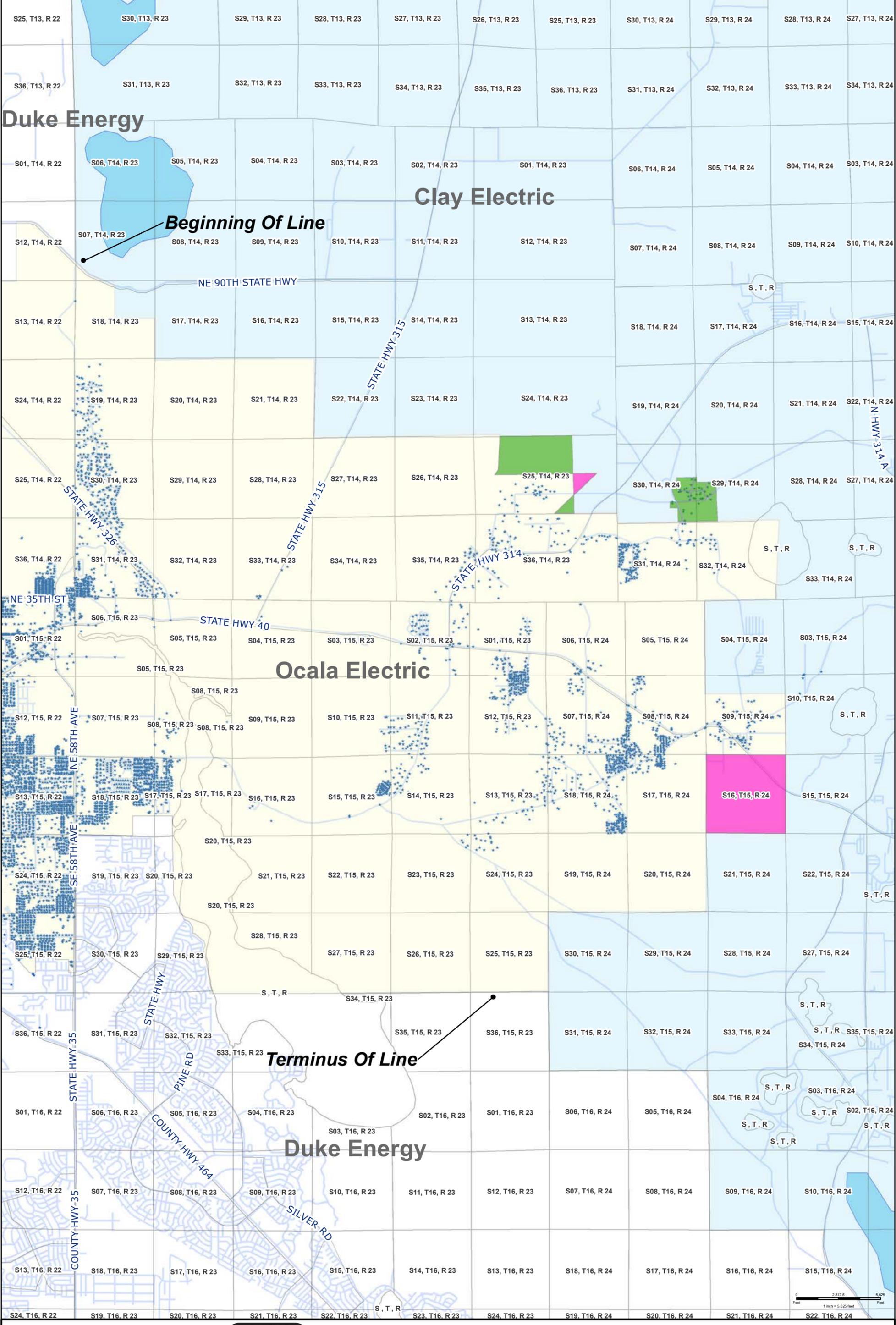
Response to Requests 16 and 17:

Yes, those customers will be billed at the approved tariffs. No special or temporary rate is anticipated.

18. Commission records indicate that the joint petitioners' original territorial agreement with a duration period of 25 years (Consummating Order No. 17080 in Docket No. 19860658) expired on January 7, 2012. Please discuss if the joint petitioners renewed the agreement since 2012 and if not, how the agreement was honored by the two utilities.

Response:

The agreement has not been renewed since then. However, the parties have acted in accordance with the agreement and as if it had continued in full force and effect.



Duke Energy

Clay Electric

Ocala Electric

Duke Energy

Beginning Of Line

Terminus Of Line

[REDACTED]

Dear Member:

Clay Electric Cooperative, Inc. (CEC) and The City of Ocala (Ocala) have entered into a new territorial agreement that designates electric service boundary lines for both electric utilities in and around the City of Ocala and Marion County. The new agreement comes after negotiating changes to the previous agreement and will be sent to the Florida Public Service Commission (FPSC) for approval. To make the process as easy and simple for our respective customers and members, the utilities have agreed not to immediately transfer any customers. If approved by the FPSC, your electric service will be transferred to Ocala either when your service is transferred into a different Customer or Member name or when you apply to change the type of use of your existing account, such as from a residential to a commercial account.

This territorial agreement will enable each electric utility to service its customers more reliably and economically. The FPSC recognizes the benefits of territorial agreements and encourages utilities to enter into this type of agreement to avoid duplication of electric facilities and unsafe conditions.

To provide you a rate comparison, from the most recent published rate available on the FPSC website, the residential rate of CEC for 1,000 Kilowatt Hours (kWh) for June was \$112.90. For the same month, Ocala's residential rate for 1,000 Kilowatt Hours (kWh) was \$114.64. The rates of both utilities are subject to change.

If you have any questions or concerns about the agreement, please contact me at 352-682-2111.

Sincerely,

Jim Beeler
Salt Springs District Manager





August 2, 2018



Dear Customer:

Clay Electric Cooperative, Inc. (CEC) and The City of Ocala Electric Utility (OEU) have entered into a new territorial agreement that designates electric service boundary lines for both electric utilities in and around the City of Ocala and in Marion County. The new agreement comes after negotiating changes to the previous agreement and will be sent to the Florida Public Service Commission (FPSC) for approval.

To make the process as easy and simple for their respective customers and members, the utilities have agreed not to immediately transfer any customers. If approved by the FPSC, your electric service will be transferred to CEC when both utilities agree it is reasonably practical to make the transfer. You will be notified prior to any transfer. Neither utility will impose any additional burden, such as an increased deposit, on the transferred customers.

This territorial agreement will enable each electric utility to service its customers more reliably and economically. The FPSC recognizes the benefits of territorial agreements and encourages utilities to enter into this type of agreement to avoid duplication of electric facilities and unsafe conditions. To provide you a rate comparison, from the most recent published rate available on the FPSC website, the residential rate of CEC for 1,000 Kilowatt Hours (kWh) was \$112.90. For the same month, Ocala's residential rate for 1,000 Kilowatt Hours (kWh) was \$114.64. The rates of both utilities are subject to change.

If you have any questions or concerns about the agreement, please contact me at (352) 351-6600.

Sincerely,

Mike Poucher
Director, Electric Utility
Ocala Electric Utility