Case No. 81,076

Before the
Florida Public Service Commission

In re: Joint Petition of Florida Power Corporation and Sebring Utilities Commission for Approval of Certain Matters in Connection with Sale of Assets by Sebring Utilities Commission to Florida Power Corporation.	**Docket No. _____** **Filed: September 18, 1992**

EXHIBIT 1

Florida Power
CORPORATION

DOCUMENT NUMBER-DATE
10859 SEP 18 1992
FPSC-RECORDS/REPORTING

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AGREEMENT FOR PURCHASE AND SALE OF ELECTRIC SYSTEM

among

FLORIDA POWER CORPORATION,

SEBRING UTILITIES COMMISSION,

and

CITY OF SEBRING, FLORIDA

Dated as of August 28, 1992

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AGREEMENT FOR PURCHASE AND SALE OF

ELECTRIC SYSTEM

THIS AGREEMENT FOR PURCHASE AND SALE OF ELECTRIC SYSTEM (this "Agreement") is made and entered into as of the 28th day of August, 1992, by and between **FLORIDA POWER CORPORATION** ("Buyer"), a Florida corporation, and **SEBRING UTILITIES COMMISSION** ("Seller"), a body corporate and politic under the laws of the State of Florida, and the **CITY OF SEBRING, FLORIDA** ("City"), a Florida municipal corporation, has entered into this Agreement for the purposes set forth below.

BACKGROUND

Buyer is a corporation in the business of generating, transmitting, and distributing electric power. Seller is a body corporate and politic created pursuant to Chapter 23535, Laws of Florida, Special Acts of 1945, as amended (the "Act"), and operates, inter alia, an electrical transmission and distribution system in the County of Highlands, Florida (the "Electric System"). Pursuant to the Act, Seller is authorized and empowered to sell, convey, transfer, and lease its assets, including the transfer of its customers and service area, only with the approval and consent of a majority of the members of the City Council of City, to be evidenced by a resolution of the City Council adopted after a public hearing, notice of which has been published one time in a newspaper of general circulation in the City of Sebring at least 10 days prior to the date of the public hearing. Buyer desires to buy, and Seller desires to sell, the Electric System, subject to the terms and conditions set forth in this Agreement.

OPERATIVE TERMS

NOW, THEREFORE, in consideration of the foregoing premises and the covenants, agreements, representations, and warranties contained herein, the parties hereto agree as follows:

ARTICLE I

ASSETS AND LIABILITIES

1.1 **Acquired Assets**. Subject to the terms and conditions set forth in this Agreement, at the Closing (as hereinafter defined) Seller shall sell, convey, transfer, assign, and deliver to Buyer and Buyer shall purchase, and accept from Seller all of Seller's assets and properties of every kind, character, and description, whether tangible, intangible, or mixed and wherever located, including, without limitation, the assets described in this Section 1.1 below, but not including the Excluded Assets described in Section 1.2.

(a) The exclusive right, as between Seller and Buyer, to operate an electrical distribution system in Seller's service area, as evidenced by the Amendment to Territorial Agreement and Termination of Settlement Agreement, a copy of which is attached hereto as Schedule 1.1(a), which has been executed as of the date hereof by Seller and Buyer;

(b) The fee simple title to the land described in Schedule 1.1(b) (the "Land");

(c) All (1) buildings, plants, facilities, construction work-in-progress, and other structures and improvements whether located on the Land or

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elsewhere, including, without limitation, those assets described in Schedule 1.1(c) hereto, and the administrative office building located at 321 Mango Street, in Sebring, Florida; (2) privileges, hereditaments, and appurtenances appertaining thereto or to any of such buildings, plants, facilities, construction work-in-progress, or other structures or improvements; (3) to the extent constituting real property under applicable law, all fixtures, installations, equipment, and other property located on the Land or elsewhere; and (4) all of Seller's right, title, and interest in an oral lease with the Kahn family or one of its entities with respect to the parking lot adjacent to Seller's offices (the "Parking Lot");

(d) All Seller's right, title, and interest in all easements, appurtenances, rights of way, licenses, and other real property rights (collectively, the "Easements"); Seller's present recorded easements are described on Schedule 1.1(d);

(e) All tangible personal property, including without limitation, all furniture, furnishings, and equipment, including, without limitation:

(1) the office furniture, furnishings, and equipment described in Schedule 1.1(e)(1);

(2) the tools, shop and garage equipment, and other miscellaneous equipment described in Schedule 1.1(e)(2);

(3) the communication equipment described in Schedule 1.1(e)(3); and

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(4) the transportation and power operated equipment described in Schedule 1.1(e)(4);

(f) All current assets, as described in Schedule 1.1(f) attached hereto;

(g) All general intangibles, including, without limitation:

(1) rights to amounts owed to Seller on the Closing Date for electricity provided but not yet billed; and

(2) contract rights (other than accounts receivable), including, without limitation, those general intangibles and contracts described on Schedule 1.1(g) (collectively, the "Assigned Contracts");

but not including any Funds and Accounts mentioned in the Bond Resolution, as defined in Section 2.1(a), to the extent used for the purposes provided in Section 2.3;

(h) Subject to the provisions of this Section 1.1 below, all of Seller's books, records, and correspondence with respect to payroll, worker's compensation, other personnel matters, customers, and environmental matters; and all other books, records, and correspondence which are necessary for, or which relate to, the continuing operation of the Electric System as it has heretofore been conducted and will be conducted prior to the Closing;

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(i) All transferable rights of Seller under express and implied warranties from Seller's contractors and suppliers pertaining to the Electric System; and

(j) To the extent assignable, all licenses, permits, and governmental authorizations pertaining to the Electric System.

The assets described in this Section 1.1 above are collectively referred to hereinafter as the "Acquired Assets." Seller shall permit Buyer to inspect the books, records, and correspondence described in Subsection (h) above at any and all reasonable times on and prior to the Closing Date in a manner that does not unreasonably interfere with Seller's operations and Buyer shall be entitled to obtain copies of any such books, records, and correspondence at Seller's reasonable out-of-pocket cost for such copies.

In the event that Seller is required by law to retain any of such books, records, and correspondence described in subparagraph (h) above (collectively, the "Retained Records"), Seller shall, on the Closing Date: (1) transfer the Retained Records to City; (2) City shall accept and retain, on behalf of Seller, such Retained Records, as required by law; (3) City shall permit Buyer to inspect such Retained Records at any and all reasonable times; and (4) Buyer shall be entitled to obtain copies of any of such Retained Records at City's reasonable out-of-pocket cost for such copies.

1.2. Excluded Assets. Notwithstanding anything contained in Section 1.1 hereof to the contrary, Seller is not selling, and Buyer is not purchasing, any of the assets described on composite Schedule 1.2, or any Easements for which Buyer shall elect prior to the Closing Date not to receive assignments (i) within ninety (90) days after the date of this Agreement, with respect to those

Easements listed on Schedule 1.1(d) and the unrecorded Easements delivered to Buyer prior to the date of this Agreement, and (ii) with respect to any other Easements, within ninety (90) days after delivery of such Easements by Seller to Buyer (collectively, the "Excluded Assets").

1.3. Assumed Obligations. Buyer hereby assumes the following obligations of Seller (collectively, the "Assumed Obligations"):

(a) Seller's obligations to repay electric customer deposits outstanding on the Closing Date which either (1) were made by customers of the Electric System prior to the date hereof and which are described on a schedule of customer deposits initialled by Buyer and Seller, or (2) are made by customers of the Electric System in the ordinary course of Seller's operation of the Electric System from the date hereof to and including the Closing Date; and each of which does not exceed an amount which has been historically collected from comparable customers and is reasonable in relation to the purposes for which such deposit is required (collectively, the "Customer Deposits"); and

(b) Seller's obligations that accrue after the Closing Date (and not by reason of any breach or default by Seller or City) under the leases and contracts described on Schedule 1.3.

1.4 No Other Debts, Obligations, or Liabilities Assumed. Except as expressly set forth in Section 1.3 hereof, Buyer does not assume, and shall not be liable for, any of the debts, obligations, or liabilities of Seller of any nature whatsoever.

1.5 **Access to Records**. Buyer shall preserve the items described in Section 1.1(h) herein, that are transferred to Buyer, for a period of five (5) years following the Closing Date and during such time shall provide Seller reasonable access to such items during normal business hours upon reasonable notice. Seller may, at its election, give Buyer notice of a designee of Seller, for purposes of this Section who, in lieu of Seller, shall have the rights of access granted to Seller in this Section.

1.6 **Joint Petition to Public Service Commission**. As of the date hereof, Seller and Buyer have executed the Joint Petition For Approval of Amendment to Territorial Agreement and Termination of Settlement Agreement, Depreciated Net Book Value and any Going Concern or Franchise Value, Transition Rate and Rate Schedule, Assignment of Territorial Agreement with Glades Electric Cooperative, Inc., Prudence of Investment, and Capacity Cost Recovery, a copy of which is attached hereto as Schedule 1.6 (the "FPSC Petition"). The FPSC Petition shall be submitted by Seller and Buyer to the Florida Public Service Commission (the "FPSC") within five business days after the later of the date on which each of Seller, Buyer, and City have executed this Agreement. Seller and Buyer shall each cooperate reasonably with the other in seeking the approvals of the FPSC which are requested in the FPSC Petition.

ARTICLE II

PURCHASE PRICE; AND PAYMENT OF OUTSTANDING BONDS

2.1 **Purchase Price and Payment of Purchase Price**. As consideration for the Acquired Assets and the covenants given by Seller as provided in Article VI hereof and in full payment therefor, at the Closing, Buyer, in addition to assuming the Assumed Obligations, shall pay to Seller:

(a) Base Purchase Price. A base purchase price (the "Base Purchase Price") equal to an amount, not to exceed Fifty-Four Million Dollars ($54,000,000.00), that is necessary to:

(1) pay in full, or cause the payment in full of, in accordance with the Bond Resolution defined in paragraph (2) below, all of Seller's Series 1986A and 1986B bonds (originally issued as part of $115,116,010.13 Sebring Utilities Commission (Sebring, Florida) Utilities System Revenue Refunding Bonds (the "Bonds")) that are outstanding on the Closing Date (the "Outstanding Bonds"), and accrued interest thereon to and including a date not more than 35 days after the Closing Date; and

(2) cause all right, title, and interest of the owners of the Bonds (secured by the Master Bond Resolution with respect to the Bonds, adopted May 23, 1985, and amended and restated February 27, 1986, and all resolutions of Seller amending or supplementing the Master Bond Resolution (collectively, the "Bond Resolution")), in the Revenues, Funds, and Accounts mentioned in the Bond Resolution, to cease, determine, and become void on and as of the Closing Date (the "Defeasance");

after taking into account and applying in full to the payment or redemption of the Outstanding Bonds and the Defeasance:

(3) the total purchase price, which shall not be less than Twenty-One Million Five Hundred

Thousand Dollars ($21,500,000.00), for Seller's water production, transmission, and distribution system pursuant to an Agreement for the Purchase and Sale of the Water System, dated as of the date hereof, between Seller and City (the "Water System Agreement"); and

(4) the balance of all cash and investments in all Funds and Accounts mentioned in the Bond Resolution, except to the extent that cash is to be transferred to City pursuant to Schedule 1.1(f).

(b) Additional Purchase Price. An additional purchase price (the "Additional Purchase Price") equal to the sum of:

(1) the lesser of:

(A) Seven Hundred Fifty Thousand Dollars ($750,000.00); or

(B) such amount as will be necessary, as reasonably determined by Seller with the consent of Buyer, which will not be unreasonably withheld or delayed, to pay the following items, after excluding all items for which City is obligated to pay under the Water System Agreement, and after applying in full to the payment of such items, Seller's remaining cash (other than the cash and customer deposits to be transferred to City under Schedule 1.1(f)), cash equivalents, and securities from whatever source derived,

including, without limitation, those items described in Schedule 1.1(f):

(i) all of Seller's ordinary costs and expenses of operation, including, without limitation, general and administrative costs and expenses, legal, accounting, consulting, fiscal, actuarial, and other ordinary and necessary expenses to wind up Seller's operations, and supplies, equipment, and services;

(ii) reasonable fees and costs of Seller's attorneys, certified public accountants, and financial and other advisors in connection with this transaction;

(iii) other reasonable miscellaneous expenses necessary to wind up Seller's operations, including, without limitation: (1) salaries, vacation pay, and sick pay, subject to the terms of Schedule 5.1; and (2) severance pay under the terms of Schedule 2.1-A; and

(2) the amount due and owing by Seller to Tampa Electric Company ("TECO") as of the Closing Date in the amount of any invoice therefor (and as to any amount not invoiced as of the Closing Date, Buyer shall pay directly to TECO within 5 days after invoice), with respect to purchases of electric power and energy by

Seller under the Tampa Electric Company Agreement for Full Requirements Electric Service for Resale to Sebring Utilities Commission Under Rate Schedule FR-1, dated January 29, 1991, between TECO and Seller (the "Power Purchase Agreement"); and

(3) (i) any debts liabilities, claims, or judgments against, or expenses of, Seller which Buyer shall elect to pay after the Closing Date, and (ii) periodic costs and expenses of wind-up similar to those incurred by Seller prior to the Closing Date not to exceed Four Thousand Dollars ($4,000.00) per year for the four (4) consecutive full calendar years immediately following the Closing Date, or a one time aggregate amount for such expenses of Sixteen Thousand Dollars ($16,000.00) payable within such four (4) calendar years; provided, however, that nothing in this paragraph (3) shall be construed to constitute an agreement by Buyer to assume any matter not expressly assumed by Buyer under Section 1.3.

Seller shall furnish Buyer, not later than two (2) days prior to the Closing Date, with a detailed list of all of such expenses described in Section 2.1(b)(1)(B) that are known to Seller on that date, including amounts and payees, known to Seller, and Seller shall furnish Buyer promptly with such invoices and bills with respect to such expenses as Buyer may request.

The Base Purchase Price, the Additional Purchase Price, and the Customer Deposits are, subject to adjustment as provided in Section 2.2, hereinafter collectively called the "Purchase Price."

At the Closing, Buyer shall pay: (i) the Base Purchase Price by wire transfer of immediately available funds to First Union National Bank of Florida, as escrow agent, to be held, invested, reinvested, and applied pursuant to the terms of a Defeasance Escrow Agreement, a form of which is attached hereto as Schedule 2.1-B, to be executed on or prior to the Closing Date by Seller and the escrow agent; (ii) to Seller or Seller's designee for payment in a timely manner, to those payees entitled thereto, the portion of the Additional Purchase Price as described in Section 2.1(b)(1), with such consents as provided in Section 2.1(b)(1)(B); and (iii) to TECO such amounts required to be paid on the Closing Date under Section 2.1(b)(2).

Without limiting the generality of Section 1.3, Buyer shall not assume, and shall not be deemed to have assumed, any amounts due under the Outstanding Bonds or any of the items described in Section 2.1(b)(1)(B)(i) through (iii).

2.2 Allocation of Purchase Price; Reduction in Purchase Price. The Purchase Price shall be allocated among the Rate Base Assets, as defined in Section 3.16 below, in accordance with the depreciated net book value thereof, as reflected in the separate schedule thereof contained in the Final Audited Financial Statement, as defined in Section 3.16, together with any "going concern" or "franchise value" determined by the FPSC pursuant to the FPSC Petition to be allocated to Rate Base Assets and a prudent investment by Buyer, and the balance of the Purchase Price shall be allocated among the assets described in Sections 1.1(a), (g) (other than (g)(1)), (h), (i), and (j), and in such manner as Buyer may determine in its sole discretion.

Any cash, cash equivalents, the interest receivables, and securities received by Buyer under Section 1.1(f) shall be deemed to reduce the Purchase Price and the amount of the Purchase Price allocated to the assets described in Sections 1.1(a), (g) (other

than (g)(1)), (h), (i), and (j) and in such manner as Buyer may determine in its sole discretion.

2.3 **Payment of Outstanding Bonds.** From the Purchase Price received from Buyer, proceeds from the sale of the Water System, and amounts then on deposit in Funds and Accounts mentioned in the Bond Resolution, Seller shall cause to be deposited under the terms of the Defeasance Escrow Agreement sums sufficient to purchase Government Obligations, as that term is defined in the Bond Resolution, the maturing principal of which, together with all interest earnings thereon, will be sufficient, along with any cash balance to be held by the escrow agent, to pay when due all principal of, and interest on, all Outstanding Bonds on a special redemption date to occur not less than 30 but not more than 35 days after the Closing Date. The accuracy of the calculations of the sufficiency of such maturing Government Obligations and investment earnings thereon, together with any uninvested sums held under the Defeasance Escrow Agreement, to provide for the payment in full of the Outstanding Bonds on the special redemption date shall be verified by the written report of a firm of certified public accountants selected by Seller and acceptable to Buyer. The investments under the Defeasance Escrow Agreement shall be at the highest interest rates then reasonably obtainable in the market; provided, however, that in no event shall such investments be made at a yield or in a manner that would cause the Outstanding Bonds to become "arbitrage bonds" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code").

ARTICLE III

REPRESENTATIONS, WARRANTIES, AND COVENANTS OF SELLER

Seller represents, warrants, and covenants to and for the benefit of Buyer as follows:

3.1 **Organization**. Seller is a body corporate and politic, duly organized, validly existing, and in good standing under the laws of the State of Florida. Seller has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to carry on its business as it is now being conducted. Copies of Seller's enabling legislation have been delivered to Buyer and are complete and correct as of the date hereof.

3.2 **Due Authorization; Agreement Valid and Binding**. The execution, delivery, and performance by Seller of this Agreement have been duly authorized by all necessary action on the part of Seller, do not contravene any law, or any government rule, regulation, or order applicable to Seller or its properties, and do not and will not contravene the provisions of, cause the acceleration of any rights under, cause the creation of any lien under, or constitute a default under, any contract (other than the Power Purchase Agreement and as set forth in Schedule 3.2 attached hereto), resolution, or other instrument to which Seller is a party or by which Seller is, or any of its assets or properties are, bound. Except for the regulatory approvals required under the terms of this Agreement, the approval of City as described in Section 7.5 hereof (which will have been obtained prior to the time City executes this Agreement), all requisite governmental and regulatory permits, authorizations, approvals, and consents necessary for the execution, delivery, and performance by Seller of this Agreement and the sale and conveyance by Seller of the Acquired Assets have been obtained. Except for the consent of TECO, as is required under Section 8 of the Power Purchase Agreement, or as is required in the agreements described in Schedule 3.2, the execution, delivery, and performance of this Agreement do not require Seller to obtain any consent of any creditor, lessor, mortgagee, or other party to any agreement or instrument to which Seller is a party or by which Seller is, or any of its assets or properties are, bound.

This Agreement has been duly and validly executed and delivered by Seller and, upon the approval of City as described in Section 7.5 hereof (which will have been obtained prior to City's execution of this Agreement), will constitute a legal, valid, and binding obligation of Seller, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, and other laws affecting creditors' rights generally, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

3.3 **Litigation**. Except as set forth in Schedule 3.3, there are no actions, suits, or proceedings pending against Seller or with respect to any of the Acquired Assets or, to Seller's best knowledge, threatened against or affecting Seller or the Acquired Assets before any court or administrative body or agency having jurisdiction over Seller or the Acquired Assets (including, without limitation, any arbitrations, workers' compensation, or other administrative proceedings, condemnation proceedings, criminal prosecutions, or governmental investigations) nor, to Seller's best knowledge, are there any petitions for referendum pending or threatened, which might materially adversely affect the execution, delivery, and performance by Seller of this Agreement.

3.4 **Title to Acquired Assets**. Seller has good and marketable title to the Real Property, as defined below, and good and sufficient title to the other Acquired Assets (except no representation is made as to title to the Easements), free and clear of any and all liens, claims, charges, mortgages, leases to others, subleases, security interests, restrictions, exceptions, encroachments, defects, encumbrances, and rights of any parties of any kind or type whatsoever except for rights of third parties (individually, a "Permitted Encumbrance" and collectively, the "Permitted Encumbrances") set forth in Schedule 3.4. Seller has delivered to Buyer true and correct copies of all written agreements and documents evidencing the Permitted Encumbrances.

Neither Seller nor, to the best knowledge of Seller, any other party, is in default or breach of any Permitted Encumbrance, and there is no condition existing which, to Seller's best knowledge, with notice or lapse of time or both, would constitute a breach or default thereunder. No rent, royalty, or other income source to Seller from any of the Permitted Encumbrances has been prepaid, except those items disclosed in a schedule initialled by Buyer and Seller at the Closing.

3.5 **Condition of Acquired Assets**. Except as is expressly provided elsewhere in this Agreement, the Acquired Assets are to be transferred or conveyed at the Closing by Seller to Buyer "as is" and "where is." Each item of the Acquired Assets constituting tangible personal property is in the possession of Seller. To Seller's best knowledge, the Acquired Assets contain no latent defect or latent dangerous condition, whether natural or artificial, which would involve unreasonable risk of injury to persons or damage to property arising out of the use or occupancy of the Acquired Assets. Except as otherwise expressly provided herein, Seller makes no representation or warranty whatsoever, expressed, implied, or statutory, as to the value, quality, condition, salability, obsolescence, merchantability, design, engineering, construction, fitness, or suitability for use or working order of all or any part of the Acquired Assets, wherever situated and in whatever state of development, design, engineering, manufacture, or construction. Buyer is willing to acquire the Acquired Assets in accordance with the terms and conditions of this Section 3.5.

3.6 **Real Property and Easements**.

(a) The Land described in Schedule 1.1(b) and the buildings, plants, facilities, and other structures or improvements thereon (collectively, the "Real Property"), the Parking Lot, and the excluded real

property described in Schedule 1.2 are true and complete listings of all real property (other than the Easements and public rights-of-way) owned by Seller. The operation of the Electric System is not materially dependent upon any rights to the use of any real property other than the Real Property, the Parking Lot, the Easements, any other real property described in Schedule 3.18, and the public rights-of-way.

(b) Seller has not obtained or received any information or notice of any condition which, through notice, or the passage of time, or the consummation of the transaction contemplated hereby, would constitute lawful grounds for a forfeiture of any of the Easements or which would limit Buyer's right to use any of the Easements.

(c) Seller has heretofore furnished to Buyer true and correct copies of all title insurance policies, abstracts of title, and other evidences of title, title opinions, certificates of title, title data, records, and files related thereto owned, possessed, or actually known to exist by Seller, relative to the Real Property or the Easements.

(d) With respect to the Real Property (and where stated below, the Easements or Seller's transmission and distribution lines):

(1) There are no condemnation, special assessment, or similar proceedings pending or, to Seller's best knowledge, threatened, against or with respect to any part of the Real Property, the Easements, or Seller's transmission or

distribution lines, nor has Seller obtained or received any information or notice of any governmental plans or actions to appropriate or purchase any portion thereof;

(2) Each such Real Property has full and free access to and from public highways or roads, and with respect to such Real Property, there is no pending, and with respect to such Real Property and Easements, Seller has not obtained or received any information or notice of any pending (with respect to such Easement) or threatened, governmental proceeding which would impair or curtail such full and free access to and from public highways or roads;

(3) No Real Property is zoned by the appropriate regulatory body having jurisdiction over such property in such a manner that would prohibit the same or similar use of such Real Property by Buyer after the Closing Date as the use to which such Real Property is currently being put by Seller; and

(4) The Real Property is freely transferrable without consent from any party, and upon the transfer or assignment of such Real Property at the Closing, Buyer shall have the legal and beneficial right of ownership and use of such Real Property.

(e) With respect to the Parking Lot, to Seller's best knowledge:

(1) There are no condemnation, special assessment, or similar proceedings pending or threatened against any part of the Parking Lot nor has Seller obtained or received any information or notice of any governmental plans or actions to appropriate or purchase any portion thereof;

(2) The Parking Lot has full and free access to and from public highways or roads and Seller has not obtained or received any information or notice of any pending or threatened governmental proceeding which would impair or curtail such access; and

(3) The Parking Lot is zoned by the appropriate regulatory body having jurisdiction thereof in such a manner that would not prohibit after the Closing Date the use to which it is currently put by Seller or to which it is proposed to be put by Buyer.

3.7 Assigned Contracts. Schedule 1.1(g) contains, or incorporates by reference, a true and complete list of all contracts, agreements (including, without limitation, leases of personal property), commitments, sales, or work orders, and outstanding sales and purchase quotations to which Seller has rights or is subject which relate to the Electric System, which involve amounts in excess of Ten Thousand Dollars ($10,000.00) or which were made other than in the ordinary course of business or which are otherwise material to Seller or the Electric System, except for the Permitted Encumbrances and the Insurance Policies (as defined in Section 3.13 hereof). True and correct copies of all written agreements and documents evidencing the Assigned Contracts (including, without limitation, all amendments thereto and all instruments in any way modifying any thereof) have been

delivered to Buyer. Seller has fulfilled when due, or taken all action reasonably necessary to enable it to fulfill when due, all of its obligations under each Assigned Contract. Neither Seller nor, to the best knowledge of Seller, any other party is in default or breach of any Assigned Contract, and, to the best knowledge of Seller, there is no condition existing which, with notice or lapse of time or both, would constitute a breach or default thereunder, and Seller has received no notice of any dispute, cancellation, or termination thereof or any breach or default thereunder. Each Assigned Contract is a valid and binding obligation of Seller and enforceable in accordance with its terms. Each Assigned Contract is assignable by Seller to Buyer without the consent of any third party, except as is required in the agreements described in Schedule 3.2. No rents, royalties, or other income sources to Seller derived under the Assigned Contracts have been prepaid.

3.8 **Accounts Receivable**. Included in Schedule 3.8 is a true and correct description of the categories of accounts and notes receivable of Seller with respect to the Electric System, the amounts thereof, including, without limitation, the amounts thereof that are delinquent, and the terms of payment thereof. All of such accounts and notes receivable represent valid and enforceable claims, and the services provided which gave rise thereto were sold and delivered in conformity with the applicable agreements and specifications. Except as conspicuously stated in Schedule 3.8, to Seller's best knowledge, such accounts and notes receivable are subject to no defenses, offsets, or recovery in whole or in part by the persons whose purchases from or transactions with Seller gave rise to such accounts and notes receivable or by any third parties; and the reserve for uncollectible accounts receivable set forth on Seller's most recent financial statement is a reasonable reserve with respect thereto, and Seller has no knowledge that would lead it to believe that its accounts receivable, in excess of the amount of such reserve, are not fully collectible in the ordinary course of business without resort to legal proceedings.

3.9 **Utilities**. All fees and other charges for all water, sewer, gas, electricity, telephone, drainage, and other utility equipment, facilities, and services necessary for the operation of the Electric System (including, without limitation, the Real Property) have been paid in full when due, including, without limitation, tap-in and connection fees for public water and sanitary sewage facilities; and to Seller's best knowledge, no fact or condition exists which would result in the termination, reduction, or impairment of the furnishing of service to the Electric System (including, without limitation, the Real Property) of water, sewer, gas, electricity, telephone, drainage, and other such utility services.

3.10 **Permits**.

(a) To Seller's best knowledge, the permits described on Schedule 3.10(a) comprise all of the governmental permits, franchises, and licenses required to carry on the operation of the Electric System (other than the Excluded Assets) as currently operated by Seller, including, without limitation, all permits, licenses, and other authorizations which are required under federal, state, and local laws relating to pollution or protection of the environment. True and correct copies of all such permits, franchises, and licenses have been delivered to Buyer. Seller agrees to use its best efforts to transfer or cause the transfer of such permits, franchises, and licenses to Buyer at the Closing.

(b) To Seller's best knowledge, the Real Property (including, without limitation, the soil and groundwater beneath), are in compliance, in all material respects, with all applicable federal,

claim, action, demand, suit, proceeding, hearing, study, or investigation concerning or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling, or the emission, discharge, release, or threatened release into the environment of any hazardous material (as herein defined); and

(3) Seller has not obtained or received any information or notice that (i) the Parking Lot or any of the Easements do not comply with any of the laws or other items described in paragraph (1) above, or (ii) could give rise to or form the basis of any of the legal consequences described in paragraph (2) above with respect to the Parking Lot or any of the Easements.

(d) Except as disclosed on Schedule 3.10(d), there is no civil, criminal, or administrative action, suit, demand, claim, hearing, notice, or demand letter, notice of violation, investigation, or proceeding pending or, to the best knowledge of Seller, threatened against Seller relating in any way to applicable environmental, health, and safety laws (including, without limitation, laws concerning or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling, or the emission, discharge, release, or threatened release into the environment, of any hazardous material), or any regulation, code, plan, order, rule, decree, judgment, injunction, notice, or demand letter

state, and local environmental, health, and safety laws (including, without limitation, those laws concerning or relating to hazardous materials as herein defined), and with all regulations, codes, plans, orders, rules, decrees, judgments, and permits promulgated, entered, or approved thereunder. Seller has obtained or received no information or notice to the effect that the air above the Real Property, the Parking Lot, and the Easements, or that the soil and groundwater beneath the Real Property, Parking Lot, and the Easements are not in compliance, in all material respects, with any of the foregoing.

(c) To Seller's best knowledge, Seller has not committed any act (nor has Seller received notice of any condition, circumstance, or incident), which may:

(1) interfere with or prevent compliance or continued compliance of the Real Property with all applicable environmental, health, and safety laws (including, without limitation, laws concerning or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling, or the emission, discharge, release, or threatened release into the environment, of any hazardous material as herein defined), and with all regulations, codes, plans, orders, rules, decrees, judgments, and permits entered, promulgated, or approved thereunder;

(2) give rise to any common law or legal liability, or otherwise form the basis of any

issued, entered, promulgated, or approved thereunder.

In any instance where Schedule 3.10(d) discloses a notice, administrative action, suit, demand, claim, or other item with respect to property contamination subject to regulation under hazardous material laws (as defined below), Seller, subsequent to execution of this Agreement and consistently through and until the time of Closing, shall provide Buyer with the following further information relating thereto:

(1) Copies of any correspondence from the United States Environmental Protection Agency, the Florida Department of Environmental Regulation, or from any private party, alleging that Seller or any affiliate of Seller is liable or responsible for hazardous material investigation or remediation expenses and cost reimbursement, including, without limitation, any correspondence issued by the United States Environmental Protection Agency or the Florida Department of Environmental Regulation, pursuant to Sections 104(e) and 106 of CERCLA (as defined below);

(2) Any information which has been provided by the United States Environmental Protection Agency, the Florida Department of Environmental Regulation, or by other private parties, or otherwise in the possession of Seller, alleging that Seller or any of Seller's affiliates are responsible for hazardous material contamination, or relating to the

total costs of hazardous material investigation and remediation, and the applicable share of that attributable to Seller or Seller's affiliates. Included in such information, to the extent that Seller has access to or possesses the same, shall be all available information relating to the projected costs for hazardous material investigation and remediation, and the extent of Seller's (or Seller's affiliates') responsibility for the total investigation and remedial costs; and

(3) A report on Seller's knowledge concerning the status of investigation or remediation with respect to such property.

As used herein, the term "hazardous material" shall be construed broadly to include all toxic and hazardous substances, hazardous wastes, contaminants, chemicals, or pollutants that are regulated pursuant to any federal, state, or local law or regulation, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), as amended, 42 U.S.C. Section 9601, et seq.; the Resource Conservation and Recovery Act ("RCRA"), as amended, 42 U.S.C. Section 6901, et seq.; the Hazardous Material Transportation Act, 49 U.S.C. Section 1801, et seq.; the Clean Water Act, as amended, 33 U.S.C. 1251 to 1387; the Toxic Substance Control Act ("TSCA"), as amended, 15 U.S.C. Section 2601 to 2654; the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), as amended, 7 U.S.C. Section 136 to

continuously maintained in effect statutory-limit workers' compensation (including, without limitation, occupational disease) insurance coverage on an occurrence basis. Schedule 3.13 also contains a list of all workers' compensation claims filed, during the last five years, by any of the individuals listed in Schedule 5.1-A in connection with his or her employment with Seller.

3.14 **Employee Benefits.**

(a) Schedule 3.14(a) includes a complete and accurate list of all pension, retirement, Section 401(k), cash bonus, severance pay, cafeteria, flexible compensation, life insurance, medical, dental, disability, welfare, sick leave, and vacation plans or arrangements, and trusts with respect thereto, of any kind, and any other Employee Pension Benefit Plan or Employee Welfare Benefit Plan (as defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), established, maintained, sponsored, contributed to, or otherwise participated in by Seller for any of the employees of Seller, copies of each of which have heretofore been delivered by Seller to Buyer.

(b) Seller has no liability, nor any potential liability, under Title IV of ERISA, because none of the employee benefit plans referred to in Section 3.14(a) is covered by Title IV of ERISA.

(c) To Seller's best knowledge, Seller has no liability to the Internal Revenue Service with respect to any pension plan qualified under Section 401 of the Code or any funded welfare benefit plan, including, without limitation, any liability imposed by Sections 412, 4971, 4972, 4976, 4977, 4978, 4978A,

4979, 4979A, or 4980 of the Code, and, to Seller's best knowledge, there are no facts or circumstances that might give rise to any liability of Seller thereunder.

(d) Seller does not maintain or contribute to, and has not participated in or agreed to participate in, a Multi-Employer Plan as defined in Section 4001(a)(3) of ERISA and no event has occurred, and, to Seller's best knowledge, there are no facts or circumstances which present a risk of the occurrence of any withdrawal from, or the partition, termination, reorganization, or insolvency of, any Multi-Employer Plan which could result in any liability of Seller with respect to a Multi-Employer Plan.

(e) To Seller's best knowledge, all "Employee Benefit Plans," as defined in Section 3(3) of ERISA that cover one or more employees employed by Seller (individually, a "Plan" and collectively, the "Plans") comply with ERISA and with the Code, to the extent that ERISA and the Code are applicable to the Plans. All of the Plans have been administered in compliance with the requirements of ERISA and the Code, have complied with the reporting and disclosure requirements of ERISA and the Code, and neither Seller nor any administrator or fiduciary of any Plan (or agent of any of the foregoing) has engaged in any transaction or acted or failed to act in any manner, which action or failure to act would subject Seller to any liability for a breach of fiduciary duty under ERISA. Each Employee Pension Benefit Plan sponsored, maintained, or contributed to by Seller

136Y; and Chapters 376 and 403 of the Florida Statutes, as amended.

3.11 **Compliance with Law**. To Seller's best knowledge, Seller has not violated or failed to comply with any applicable statute, law, ordinance, regulation, or code of any government or agency or instrumentality thereof (including, without limitation, environmental, occupational safety, health, employment, immigration, building, and fire statutes, laws, ordinances, regulations, and codes), or any judgment, decree, or order of any court or agency applicable to Seller, the violation of which, or noncompliance with which, would have a material adverse effect on the Acquired Assets, Seller, or the business of the Electric System, and Seller has not received any notice asserting that any such violation or failure of compliance occurred.

3.12 **No Infringement**. Seller has no actual knowledge of any claim that it is or may be infringing or otherwise acting adversely to the rights of any person under or in respect of any patent, trademark, service mark, trade name, copyright, license, or other similar intangible right. Seller is not obligated to make any payments by way of royalties, fees, or otherwise to any owner or licensee of or other claimant to any patent, trademark, trade name, copyright, or other intangible asset with respect to the use thereof or in connection with the conduct of the Electric System or otherwise.

3.13 **Insurance**. The property, liability, workers' compensation (including, without limitation, occupational disease coverage), and other insurance policies of Seller are currently fully paid and in effect, and are in amounts and include such coverages as are required by law and are adequate for its needs. A description of all currently effective insurance policies benefitting Seller is attached hereto as Schedule 3.13 (the "Insurance Policies"). During the last five years, Seller has

136Y; and Chapters 376 and 403 of the Florida Statutes, as amended.

3.11 Compliance with Law. To Seller's best knowledge, Seller has not violated or failed to comply with any applicable statute, law, ordinance, regulation, or code of any government or agency or instrumentality thereof (including, without limitation, environmental, occupational safety, health, employment, immigration, building, and fire statutes, laws, ordinances, regulations, and codes), or any judgment, decree, or order of any court or agency applicable to Seller, the violation of which, or noncompliance with which, would have a material adverse effect on the Acquired Assets, Seller, or the business of the Electric System, and Seller has not received any notice asserting that any such violation or failure of compliance occurred.

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continuously maintained in effect statutory-limit workers' compensation (including, without limitation, occupational disease) insurance coverage on an occurrence basis. Schedule 3.13 also contains a list of all workers' compensation claims filed, during the last five years, by any of the individuals listed in Schedule 5.1-A in connection with his or her employment with Seller.

3.14 Employee Benefits.

(a) Schedule 3.14(a) includes a complete and accurate list of all pension, retirement, Section 401(k), cash bonus, severance pay, cafeteria, flexible compensation, life insurance, medical, dental, disability, welfare, sick leave, and vacation plans or arrangements, and trusts with respect thereto, of any kind, and any other Employee Pension Benefit Plan or Employee Welfare Benefit Plan (as defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), established, maintained, sponsored, contributed to, or otherwise participated in by Seller for any of the employees of Seller, copies of each of which have heretofore been delivered by Seller to Buyer.

(b) Seller has no liability, nor any potential liability, under Title IV of ERISA, because none of the employee benefit plans referred to in Section 3.14(a) is covered by Title IV of ERISA.

(c) To Seller's best knowledge, Seller has no liability to the Internal Revenue Service with respect to any pension plan qualified under Section 401 of the Code or any funded welfare benefit plan, including, without limitation, any liability imposed by Sections 412, 4971, 4972, 4976, 4977, 4978, 4978A,

4979, 4979A, or 4980 of the Code, and, to Seller's best knowledge, there are no facts or circumstances that might give rise to any liability of Seller thereunder.

(d) Seller does not maintain or contribute to, and has not participated in or agreed to participate in, a Multi-Employer Plan as defined in Section 4001(a)(3) of ERISA and no event has occurred, and, to Seller's best knowledge, there are no facts or circumstances which present a risk of the occurrence of any withdrawal from, or the partition, termination, reorganization, or insolvency of, any Multi-Employer Plan which could result in any liability of Seller with respect to a Multi-Employer Plan.

(e) To Seller's best knowledge, all "Employee Benefit Plans," as defined in Section 3(3) of ERISA that cover one or more employees employed by Seller (individually, a "Plan" and collectively, the "Plans") comply with ERISA and with the Code, to the extent that ERISA and the Code are applicable to the Plans. All of the Plans have been administered in compliance with the requirements of ERISA and the Code, have complied with the reporting and disclosure requirements of ERISA and the Code, and neither Seller nor any administrator or fiduciary of any Plan (or agent of any of the foregoing) has engaged in any transaction or acted or failed to act in any manner, which action or failure to act would subject Seller to any liability for a breach of fiduciary duty under ERISA. Each Employee Pension Benefit Plan sponsored, maintained, or contributed to by Seller

is qualified under Section 401(a) of the Code; all related trusts are exempt from federal income tax under Section 501(a) of the Code; each such Plan has received a determination letter from the Internal Revenue Service stating that the Plan is qualified under Section 401(a) of the Code and all related trusts are exempt from federal income tax under Section 501(a) of the Code; and, to Seller's best knowledge, nothing has occurred since the date of the last such determination which has resulted in, or is likely to result in, the revocation of such determination.

(f) Seller has made all required contributions under each Plan. All such Plans that are subject to the minimum funding standards of Section 412 of the Code and Section 302 of ERISA meet those standards and have not incurred any accumulated funding deficiency within the meaning of Section 412 or 418B of the Code or have applied for or obtained from the Internal Revenue Service a waiver of any minimum funding requirement under Section 412 of the Code. All required installments under Section 412 of the Code and Section 302 of ERISA have been paid on or before the applicable due date. There has been no misstatement of pension liabilities that would result in the imposition of tax under Section 6659A of the Code.

(g) To Seller's best knowledge, neither any Plan nor any fiduciary or administrator thereof has engaged in a "prohibited transaction" within Section 406 of ERISA or, where applicable, Section 4975 of the Code, for which no exemption is applicable, nor otherwise breached any of the responsibilities or

obligations imposed upon fiduciaries under Title I of ERISA or taken any other action which would subject the Plan or such fiduciary or administrator to any tax, penalty, or such liability for prohibited transactions or which would result in any claim being made under, or by or on behalf of, any such Plans by any party with standing to make such claim or which may have any adverse economic consequences to Seller or Buyer.

(h) Schedule 3.14(h) lists, and Seller has delivered to Buyer a true and complete set of copies of (1) all Employee Benefit Plans and related trusts as in effect with respect to Seller, together with all amendments thereto; (2) the latest Internal Revenue Service determination letter obtained with respect to any such Employee Benefit Plan qualified or exempt under Section 401 or 501 of the Code; (3) Form 5500's and financial statements for the most recently completed three fiscal years for each Employee Benefit Plan of Seller required to file such form with respect to each defined benefit pension plan, together with the most recent actuarial report by the Plan's enrolled actuary; (4) all Summary Plan Descriptions for each Employee Benefit Plan of Seller required to prepare, file, and distribute Summary Plan Descriptions; (5) all summaries furnished employees or officers of Seller of all incentive compensation, other plans, and fringe benefits for which a Summary Plan Description is not required; and (6) all personnel and employment policies and manuals of Seller.

(i) To Seller's best knowledge, Seller has complied with the provisions of Section 4980B of the Code

and Sections 601 to 608, both sections inclusive, of ERISA, Title XXII of the Public Health Service Act and the applicable provisions of the Social Security Act since the effective date of those provisions to the applicable group health plans maintained, sponsored, or contributed to by Seller.

(j) Schedule 3.14(j) contains a list of the employer and employee contributions to Seller's pension plan with respect to each individual listed in Schedule 5.1-A, the vested benefit applicable to each of such individuals, such individual's date of birth, such individual's credited service under the plan, the amount of the surplus in the plan, and the amount of any plan surplus distributed to such individual. Within 30 days after the Closing Date, Seller shall provide Buyer with an updated Schedule 3.14(j) as of the Closing Date, certified to Buyer by an actuary reasonably acceptable to Buyer.

3.15 Seller's Bonds. Schedule 3.15 contains:

(a) the outstanding principal amount due on all of the Outstanding Bonds as of the date of this Agreement;

(b) a list of all of Seller's resolutions and agreements with respect to the Bonds, true and correct copies of which have been furnished to Buyer; and

(c) the balance, as of April 30, 1992, in each of the Funds and Accounts mentioned in the Bond Resolution.

Except as set forth in Schedule 3.15, as of the date of this Agreement, all payments of principal of and interest on the Bonds have been made when due under the terms of the Bonds and the Bond Resolution. Seller has no bond indebtedness other than the Outstanding Bonds.

3.16 **Financial Statements**. Seller's audited financial statements for the fiscal years ended September 30, 1989, and September 30, 1990, copies of which have been furnished to Buyer, have been prepared in accordance with generally accepted accounting principles.

Seller represents to Buyer that the depreciated net book value of the Acquired Assets (except for the assets described in Sections 1.1(a), (g) (other than (g)(1)), (h), (i), and (j)) (the "Rate Base Assets"), as of September 30, 1991, is $17,813,753.00. Seller has furnished to Buyer a true, correct, and complete copy of its balance sheet as of September 30, 1991 and statement of income and loss for the one year period ending on such date, together with an audit opinion letter with respect thereto (the "1991 Audited Financial Statement"), prepared by Wicks, Brown, Williams & Co., CPA's ("Wicks"). The 1991 Audited Financial Statement contains a supplementary schedule with respect to the depreciated net book value of the Rate Base Assets, as of September 30, 1991. The 1991 Audited Financial Statement has been prepared in accordance with generally accepted accounting principles consistently applied and presents fairly the financial condition of Seller as of September 30, 1991, and for the year then ended. Seller has also furnished to Buyer a true, correct, and complete copy of its unaudited financial statement as of and for the ten month period ended July 31, 1992, which has been prepared in accordance with Seller's policies for preparation of interim unaudited financial statements.

Seller shall furnish to Buyer a balance sheet as of the end of, and income and loss statement for, each calendar month after July, 1992, as soon as available (collectively, the "Financial Statements"), including, without limitation, a supplementary schedule with respect to the depreciated net book value of the Rate Base Assets as of the date of such balance sheet. The supplementary schedule shall be prepared in accordance with the same accounting principles, consistently applied, used in preparation of the supplementary schedule contained in the 1991 Audited Financial Statement. Except as to the supplementary schedule, each Financial Statement shall be prepared by Seller in accordance with Seller's policies for preparation of interim unaudited financial statements.

Subject to the terms of the next paragraph of this Section, Seller shall furnish to Buyer, as soon as they are available, a balance sheet as of, and income and loss statement for the one year period ending on, September 30, 1992 (including, without limitation, a supplementary schedule with respect to the depreciated net book value of the Rate Base Assets as of September 30, 1992), together with an audit opinion letter with respect thereto (collectively, the "1992 Audited Financial Statement"), prepared by Wicks, or if Wicks is unwilling or unable to serve, a recognized firm of certified public accountants with comparable credentials reasonably satisfactory to Buyer (the "CPA"). The 1992 Audited Financial Statement shall be prepared in accordance with the same accounting principles, consistently applied, used in the preparation of the 1991 Audited Financial Statement, except that the supplementary schedule with respect to the depreciated net book value of the Rate Base Assets shall be prepared in the same manner as supplementary schedules described in the preceding paragraph of this Section. Seller shall use its best efforts to furnish to Buyer the 1992 Audited Financial Statement on or before December 31, 1992.

Within ninety (90) days after the Closing Date, Seller shall use its best efforts to furnish to Buyer a balance sheet as of, and an income and loss statement for the period beginning October 1 and ending on, the Closing Date (including, without limitation, a supplementary schedule with respect to the depreciated net book value of the Rate Base Assets as of the Closing Date), together with an audit opinion letter with respect thereto prepared by the CPA (collectively, the "Final Audited Financial Statement"). The Final Audited Financial Statement shall be prepared in accordance with the same accounting principles, consistently applied, used in the preparation of the 1991 Audited Financial Statement; provided, however, the supplementary schedule with respect to the depreciated net book value of the Rate Base Assets shall be adjusted in accordance with any final determination by the FPSC of the depreciated net book value of the Rate Base Assets, with appropriate adjustments thereto for the period after September 30, 1991, except that rights to amounts owed to Seller as of the Closing Date for electricity provided but not yet billed shall be computed by reference to the sum of Buyer's applicable electric rates and the Transition Rate.

3.17 **Deposits**. Schedule 3.17 contains a description and the amounts, by categories of customers, of all deposits credited to customers by Seller with respect to electric service as contemplated by Section 1.3(a)(1) hereof. At the Closing, Seller shall provide to Buyer a list, by customer, of such deposits as of the Closing Date. On or before the Closing Date, Seller shall pay to all of its customers interest on such deposits up to and including the Closing Date.

3.18 **Assets Used But Not Owned by Seller**. Schedule 3.18 contains a true and complete list of all material assets not owned by Seller but used by Seller in the operation of the Electric System. Schedule 3.18 also lists the owner of each of such assets.

3.19 **Disclosure**. No representation or warranty pertaining to Seller or the Acquired Assets contained in this Agreement and no writing, certificate, list, or other instrument furnished, or to be furnished, to Buyer pursuant hereto, or in connection with the transactions contemplated hereby, to Seller's best knowledge, contains or shall contain, any untrue statement of a material fact, or omits, or shall omit, to state a material fact necessary in order to make the statements and information contained herein and therein not misleading or necessary in order to provide Buyer with full and proper information as to the Acquired Assets and to Seller's business and affairs.

3.20 **Brokers**. Seller has employed no broker, finder, or agent with respect to the transactions contemplated by this Agreement who shall make any claim for, or be entitled to, any commission or other fee against Buyer or its affiliates, nor does Seller know of any basis on which any third party could claim any broker's, finder's, or agent's fee against Buyer or its affiliates with respect to such transactions. Seller agrees to pay all commissions and other fees of any brokers, finders, or agents employed by it in connection with such transactions.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to and for the benefit of Seller as follows:

4.1 **Organization**. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Florida, and has the requisite power and authority to acquire and own the Acquired Assets, to execute and deliver this

Agreement and to perform its obligations hereunder and to carry on its business as it is now being conducted.

4.2 Due Authorization. The execution, delivery, and performance by Buyer of this Agreement have been duly authorized by all requisite action by Buyer, do not contravene any law, or any governmental rule, regulation, or order applicable to Buyer or its properties, or the articles of incorporation or by-laws of Buyer and do not and will not contravene the provisions of, cause the acceleration of any rights under, cause the creation of any lien under, or constitute a default under, any contract, resolution, or other instrument to which Buyer is a party or by which Buyer is bound, which could materially affect the ability of Buyer to carry out its obligations hereunder. Except as contemplated by this Agreement, all requisite governmental and regulatory approvals and consents necessary for the execution, delivery, and performance by Buyer of this Agreement and the purchase by Buyer of the Acquired Assets have been obtained, and except as described in Article VIII, Buyer knows of no such additional approval or consents required to be obtained by it hereafter in order to perform its obligations hereunder. This Agreement has been duly and validly executed and delivered by Buyer and constitutes a legal, valid, and binding obligation of Buyer enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, and other laws affecting creditors' rights generally, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

4.3 Litigation. Except as set forth in Schedule 4.3, there are no actions, suits, or proceedings pending against Buyer or, to Buyer's best knowledge, threatened against or affecting Buyer before any court or administrative body or agency having jurisdiction over Buyer, which might materially adversely affect the ability of Buyer to perform its obligations under this Agreement.

4.4 Disclosure. No representation or warranty by Buyer contained in this Agreement and no writing, certificate, list, or other instrument furnished, or to be furnished, by Buyer to Seller pursuant hereto, or in connection with the transactions contemplated hereby, to Buyer's best knowledge contains, or shall contain, any untrue statement of a material fact, or omits, or shall omit, to state a material fact necessary in order to make the statements and information contained herein or therein not misleading.

4.5 Brokers. Buyer has employed no broker, finder, or agent with respect to the transactions contemplated by this Agreement who shall make any claim for, or be entitled to, any commission or other fee against Seller, nor does Buyer know of any basis on which any third party could claim any broker's, finder's, or agent's fee against Seller, with respect to such transactions. Buyer agrees to pay all commissions and other fees of any brokers, finders, or agents employed by it in connection with such transactions.

ARTICLE V

COVENANTS OF BUYER

Buyer covenants and agrees as follows:

5.1 Employees. Buyer shall offer employment to the employees of Seller listed on Schedule 5.1 on the terms set forth in such Schedule. Such employment, if accepted, shall commence as of the Closing Date, except with respect to any individual also described in Section 6.13, in which case the employment of any such individual shall commence on the date after such individual completes his or her duties under Section 6.13 or one hundred

twenty (120) days after the Closing Date, whichever first occurs. Nothing contained herein shall obligate Buyer to employ any of Seller's other employees or former employees.

5.2 Customer Programs. As soon as practicable following the Closing, Buyer shall provide or make available to the Electric System's customers the same customer service programs, customer assistance programs, and energy efficiency programs then generally available to all of Buyer's retail electric customers.

5.3 Establishment of Facilities. As soon as practicable following the Closing Date, Buyer shall establish and operate (a) a business office at 321 Mango Street, Sebring, Florida, to provide ready access for the Electric System's customers to pay their electric bills or meet customer service personnel in person, and (b) a line operating center in Highlands County.

5.4 Retail Rates. Subject to regulation by the FPSC, immediately following the Closing Date, Buyer shall provide electric service to the retail customers of the Electric System at the prevailing approved rate for electric service provided to all of Buyer's retail customers together with the Transition Rate, as defined below, and any applicable excise and other taxes. The Transition Rate, which is estimated initially to be $21.80 per 1,000 kWh, shall be such rate as regulated and approved by the FPSC, as shall be necessary to recover from the Affected Customers, as defined in the FPSC Petition, in accordance with the FPSC Petition and the FPSC order or orders with respect thereto, over a period of approximately, but not to exceed, fifteen (15) years after the Closing Date, the sum of:

(a) the difference between:

(1) the Purchase Price; and

(2) the depreciated net book value of the Rate Base Assets, as reflected in the supplementary schedule of the depreciated net book value of the Rate Base Assets contained in the Final Audited Financial Statement, together with any "going concern" or "franchise value" determined by the FPSC pursuant to the FPSC Petition to be allocated to Rate Base Assets and a prudent investment by Buyer;

(b) Buyer's costs incurred in issuing its medium term notes (the "Notes"), in the amount of the difference determined under Subsection (a) of this Section, for the purchase of the Acquired Assets;

(c) Buyer's interest expenses with respect to the Notes; and

(d) regulatory assessment fees, gross receipts taxes, and other revenue related taxes (but not income taxes) with respect to the amounts described in Subsections (a), (b), and (c) of this Section

(collectively, the "Transition Amount").

It is understood and agreed that the Transition Rate will be reviewed periodically by the FPSC along with the review of Buyer's other rates and it is anticipated that this review and resetting of rates will occur no less frequently than every four (4) years. Buyer agrees, however, that in order to amortize and collect the Transition Amount over a period of approximately, but not to exceed fifteen (15) years, it will ensure that the Transition Rate is presented to the FPSC at sufficient intervals such that the Transition Rate will increase or decrease to the extent necessary to reflect adjustments to the amounts described in Subsections (a) through (d) of this Section above, including without limitation, Buyer's actual interest rate in issuing the

Notes, and the forecast from time to time of sales of electricity to the Affected Customers.

5.5 Franchise Agreement. At the Closing, Buyer shall accept an electric utility franchise ordinance from City in the form attached hereto as Schedule 5.5.

5.6 Customer Deposits. Commencing after the Closing, Buyer shall refund the Customer Deposits, or retain the Customer Deposits and pay the applicable interest thereon, in accordance with Buyer's generally applicable customer deposit policy.

5.7 Application for Regulatory Approval. As soon as practicable after the date hereof, Buyer shall, at Buyer's cost, initiate and prosecute with reasonable diligence all applications for regulatory approvals as may be necessary, including, without limitation, the FPSC Petition, the Amendment to Territorial Agreement and Termination of Settlement Agreement described in Section 1.1(a), and any approval as may be required from the Federal Energy Regulatory Commission, to permit the transactions contemplated by this Agreement.

5.8 No Breach. Buyer shall use its best efforts not to do or omit to do any act, or permit any act or omission, which may cause a breach of any representation or warranty made by it herein.

5.9 Other Action. Buyer shall use its best efforts to cause the fulfillment at the earliest practicable date of all of the conditions to the obligations of Seller to consummate the transactions contemplated in this Agreement that are within the reasonable control of Buyer.

5.10 Further Assurances to Seller. From time to time, Buyer shall execute and deliver to Seller such other instruments

and take such other action as may be reasonably required to carry out Buyer's obligations under this Agreement.

ARTICLE VI

COVENANTS OF SELLER

Seller covenants and agrees as follows:

6.1 **Access to Acquired Assets.** During the period prior to the Closing Date, Seller shall give Buyer, its counsel, accountants, engineers, and other representatives reasonable access during normal business hours to all of the Acquired Assets, including, without limitation, all of Seller's journals and books of account with respect to the Electric System, and shall furnish Buyer with copies of any such items requested by Buyer. Such access shall not unreasonably interfere with the conduct of Seller's business. Seller may elect to charge Buyer for Seller's reasonable out-of-pocket costs in making such copies.

6.2 **Conduct of Business Pending the Closing.** From the date hereof until the Closing Date, except as otherwise approved in writing by Buyer, Seller shall comply with the following:

(a) **No Changes.** Seller shall carry on the operation of the Electric System diligently and in the same manner as heretofore conducted and will not make or institute any (1) changes in its methods of purchase, sale, management, or operations; (2) changes in its methods of bookkeeping or accounting, except such changes that are required by good accounting practices or that will enhance Seller's bookkeeping or accounting methods; (3) material changes in its compensation of employees,

agents, or advisors; or (4) changes in its operations or activities, or the institution of new operations or activities, that will involve the use of any of Seller's assets in both the Electric System and the Water System. Seller shall use its best efforts to pay its bills that are due and owing as soon as possible including, without limitation, bills under the Power Purchase Agreement, and Seller shall provide Buyer promptly with such information as Buyer may request with respect to bills that are due and owing and payment with respect thereto.

(b) **No Breach**. Seller shall use its best efforts not to do or omit to do any act, or permit any act or omission, which may cause a breach of any representation or warranty by it herein.

(c) **Material Transactions**. Except as otherwise expressly provided in this Agreement, Seller shall not:

(1) enter into any employment contract or arrangement with any person in connection with its operation of the Electric System; provided, however, that nothing in this Section shall be deemed to prohibit Seller from employing individuals it deems necessary to efficiently operate its business on terms that are reasonable in light of the pending sale to Buyer under this Agreement;

(2) except as provided in paragraph (1) above, enter into any severance arrangement or amend any severance arrangement with any of its

employees or former employees; provided, however, that nothing herein shall prevent Seller from paying severance pay under the terms of Schedule 2.1-A of this Agreement;

(3) sell, transfer, lease, or otherwise dispose of any asset relating to the Electric System, except in the ordinary course of business and consistent with past practice;

(4) incur, create, or assume any mortgage, pledge, lien, restriction, encumbrance, tenancy, license, encroachment, covenant, condition, right-of-way, easement, claim, security interest, charge, or other matter affecting title to, or possession of, any of the Acquired Assets, without Buyer's prior written consent;

(5) accept any customer deposit, except in the ordinary course of business and under such circumstances and in such amounts as are consistent with past practice;

(6) fail to refund customer deposits consistent with Seller's current practices and policies in the ordinary course of business;

(7) collect any prepayments for electric service to be provided after the Closing; or

(8) waive or permit the loss of any substantial right relating to the Electric System.

(d) **Maintenance of Insurance**. Seller shall maintain all of the insurance in effect as of the date hereof and shall procure such additional insurance as shall be reasonably requested by Buyer at Buyer's expense.

(e) **Maintenance of Property**. Seller shall use, operate, maintain, and repair all property used in the Electric System in a normal business manner and consistent with past practices.

(f) **Financial Information**. In addition to the Financial Statements required to be furnished to Buyer under Section 3.16, Seller shall provide Buyer with interim management reports as and when they are available, and all information requested by Buyer with respect to the business or operations of the Electric System, including, without limitation, updates to Schedule 3.8. At Buyer's request, from time to time, and at the Closing, Seller shall furnish to Buyer a true and correct detailed list, by customer, of all of its accounts and notes receivable with respect to the Electric System, including, without limitation, the age of such accounts and notes receivable.

(g) **Covenants in Schedule 5.1.** Seller shall observe its covenants set forth in Schedule 5.1.

(h) **Information Regarding Employees**. At the Closing, Seller shall provide Buyer with the following information regarding the individuals listed in Schedule 5.1-A who have accepted employment with Buyer:

(1) Regarding Seller's Pension Plan:

(A) the final monthly accrued benefit payable from Seller's pension plan at normal retirement date;

(B) total Credited Service, as defined in Seller's pension plan, not to exceed such individual's period of employment with Seller; and

(C) base salary, not W-2 wages, earned with Seller during each of the twelve months preceding the Closing Date.

(2) Regarding Worker's Compensation. All worker's compensation claims filed by any of Seller's employees at any time after October 31, 1985 with respect to such individual's employment with Seller, listing with respect to each of such claims, the dates of each alleged accident, injury, or other condition for which worker's compensation was claimed, the outcome of the matter, and the total worker's compensation paid with respect thereto.

6.3 No Negotiations. From the date hereof until the Closing Date, Seller shall not directly or indirectly (through a representative or otherwise) solicit or furnish any information to any prospective buyer, commence, or conduct negotiations with any other party, in each case, except City, or enter into any agreement with any other party concerning the sale of the Electric System or any assets used in the operation thereof (except such sales as are otherwise permitted herein) (an "Acquisition Proposal"), and Seller shall immediately advise Buyer of the receipt of any Acquisition

Proposal; provided, however, that nothing in this Section shall be interpreted to prevent Seller from providing information to the extent required by law.

6.4 Consents. Seller shall use its best efforts prior to the Closing Date to obtain all consents necessary for the consummation of the transactions contemplated hereby, and shall provide reasonable assistance to Buyer in obtaining all regulatory approvals required as a condition to Closing, including, without limitation, obtaining the approval of FPSC of the Transition Rate described in Section 5.4. Provided, however, that Seller has informed Buyer that it has entered into discussions with AMBAC Indemnity Corporation for the use of the Reserve Account mentioned in the Bond Resolution for the payment or redemption of bonds in order to avoid increasing its rates. Seller does not intend by this Section 6.4 to commit or be required to take any action regarding the consummation of the transactions contemplated by this Agreement that would be inconsistent with its position expressed above or that, in its judgment, would not be in the best interest of its rate payers.

6.5 Other Action. Seller shall use its best efforts to cause the fulfillment at the earliest practicable date of all of the conditions to the obligations of Buyer to consummate the transactions contemplated in this Agreement that are within the reasonable control of Seller.

6.6 Title Insurance. As soon as practicable after the date hereof, Seller, at the reasonable expense of Buyer, shall provide to Buyer title insurance commitments issued by a title insurance company or companies in the State of Florida reasonably satisfactory to Buyer (the "Title Company"), pursuant to which the Title Company shall agree to issue to Buyer standard ALTA Form B-1970 (or such other form as is acceptable to Buyer) owner's policies of title insurance with respect to the Real Property in

the full amount of their appraised value (or such lesser value as may be approved by Buyer), insuring good and marketable title thereto (expressly including all easements and other appurtenances thereto) with all standard exceptions deleted, subject only to the Permitted Encumbrances, none of which shall interfere with the use of the Real Property as currently utilized by Seller or as proposed to be utilized by Buyer after the Closing. The obligations of Seller to provide such title commitments (including the subsequently issued title insurance policies) shall survive the Closing.

6.7 **Surveys**. As soon as practicable after the date hereof, Seller, at the reasonable expense of Buyer, shall provide to Buyer surveys of the Real Property, each dated no more than one hundred and eighty (180) days prior to the Closing Date, and each detailing the legal description, the perimeter boundaries, all improvements located thereon, all easements and encroachments affecting each such parcel of Real Property, and such other matters as may be reasonably requested by Buyer or the title insurance companies.

6.8 **Environmental Audits**. As soon as practicable following the date hereof and prior to Closing, Seller shall allow Buyer or Buyer's independent environmental consultant (the "Consultant"), at Buyer's election, to perform environmental compliance surveys and investigations of the Real Property, any of the Easements, and any of Seller's present or past operations or activities. Such surveys and investigations shall be performed at the direction of Buyer, and, prior to the Closing, the Consultant, if any, shall deliver its written report to Buyer and Seller. Buyer shall bear the cost of such surveys.

6.9 **Grant of Easements**. Seller shall grant to Buyer an easement over property owned by it for a period of 18 months after the Closing Date to relocate electric distribution and transmission

lines and any other Acquired Assets that are located on any of the excluded real property described in Schedule 1.2.

6.10 **Further Assurances to Buyer**. From time to time, Seller shall execute and deliver to Buyer such other instruments of conveyance and transfer and take such other action as Buyer may reasonably require so as to more effectively convey, transfer to, and vest in Buyer, and to put Buyer in possession of, any of the Acquired Assets.

6.11 **Water System Agreement**. Without Buyer's prior written consent, Seller shall not agree to, or enter into, any (a) amendment or modification of the Water System Agreement that would reduce the purchase price thereunder or alter the terms of payment of the purchase price, or change the closing date thereunder unless changed to a date concurrent with the Closing Date, or (b) termination of the Water System Agreement, except in accordance with the terms of the Water System Agreement (other than termination by mutual agreement of the parties thereto as provided in the Water System Agreement).

6.12 **Insurance Coverage of Employees**. Seller shall not pay, agree to pay, or pre-pay any insurance premium for any employee for any type of coverage after the Closing Date, unless required under the terms of an employment agreement, a copy of which has been furnished to Buyer, and Buyer has signed a receipt with respect to the delivery of such copy, prior to the date of this Agreement.

6.13 **Transition Employees**. Seller and Buyer recognize that Seller will need to retain not more than two (2) of its existing employees during the period commencing with the Closing Date and ending one hundred twenty (120) days after the Closing Date to facilitate the wind-up of Seller's affairs after the Closing. Accordingly, Seller may enter into employment agreements

with such employees (copies of which shall be delivered to Buyer prior to the Closing Date), subject to Buyer's reasonable approval, with respect to such transition matters.

6.14 **Dismissal of Appeal**. Concurrently with or prior to the Closing, Seller shall dismiss with prejudice its appeal to the Supreme Court of Florida, in Case No. 77,197.

ARTICLE VII

REPRESENTATION AND COVENANTS OF CITY

City represents, covenants, and agrees as follows:

7.1 **Seller's Representations and Warranties**. City represents to Buyer that City has no knowledge that any of the representations and warranties made by Seller in this Agreement are or will be untrue or misleading in any material respect.

7.2 **Franchise**. Prior to the Closing Date, City shall adopt an electric utility franchise ordinance in the form attached hereto as Schedule 5.5 effective as of the Closing Date. During the fifteen (15) years after the Closing Date, City shall not impose any franchise fee, utility tax, or other comparable fee or tax on the revenues of Buyer derived from the collection of the Transition Rate.

7.3 **Conveyance of Interests**. To the extent that certain of the assets used by Seller in the operation of the Electric System and described in Schedule 1.1 as Acquired Assets remain titled in the name of City, including, without limitation, easements, appurtenances, rights of way, licenses, and other real property rights, City shall execute and deliver to Seller at or prior to the Closing Date such instruments of conveyance and

transfer and take such other action as Seller or Buyer may reasonably request so that Seller will be able to effectively convey, transfer to, and vest in Buyer, and to put Buyer in exclusive possession of such assets, under the terms of this Agreement.

7.4 **Water System Agreement**. City shall exercise its good faith best efforts to purchase the Water System. Without Buyer's prior written consent, City shall not agree to, or enter into, any (a) amendment or modification of the Water System Agreement that would reduce the purchase price thereunder or alter the terms of payment of the purchase price or change the closing date thereunder unless changed to a date concurrent with the Closing Date, or (b) termination of the Water System Agreement except in accordance with the terms of the Water System Agreement.

7.5 **Approval of City**. The City Council of City has approved the sale and purchase of the Acquired Assets pursuant to the terms of this Agreement and the sale and purchase of the water production, transmission, and distribution system pursuant to the Water System Agreement, at a public meeting of City Council following all required notices, all in accordance with Chapter 23535, Laws of Florida, Special Acts of 1945, as amended. A certified copy of the resolution of the City Council approving such transactions has been furnished to Buyer. Such approvals are in full force and effect and shall not be amended, modified, or revoked without Buyer's prior written consent.

7.6 **Opinion Letter**. City shall cause its counsel to issue to Buyer at the Closing the opinion letter set forth in Schedule 10.3(a).

7.7 **Grant of Easements**. City shall grant to Buyer an easement for 18 months after the Closing Date to relocate electric distribution and transmission lines and any other Acquired Assets

that are located on any of the excluded real property described in Schedule 1.2.

ARTICLE VIII

CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

Each and every obligation of Buyer to be performed on the Closing Date shall be subject to the satisfaction, or waiver by Buyer in writing, prior to or at the Closing of each of the following conditions:

8.1 Representations and Warranties True as of the Closing Date. Each of the representations and warranties made by Seller in this Agreement, and the statements contained in any instrument, list, certificate, or writing delivered by Seller pursuant to this Agreement, shall be true and correct in all respects when made and shall be true and correct in all material respects (except that such qualification as to materiality shall not apply to any representation or warranty that expressly includes a qualification as to materiality) at and as of the Closing Date as though such representations and warranties were made or given on and as of the Closing Date, except for any changes permitted by the terms of this Agreement or consented to in writing by Buyer.

8.2 Compliance with Agreement. Seller and City shall have performed and complied in all material respects with each of their respective agreements and obligations under this Agreement which are to be performed or complied with by them prior to or on the Closing Date, including, without limitation, the delivery of the closing documents specified in Sections 10.2 and 10.3.

8.3 **Absence of Suit**. No action, suit, or proceeding before any court or any governmental authority shall have been commenced or threatened, and no investigation by any governmental or regulatory authority shall have been commenced or threatened, against Seller, City, Buyer, or any of the commissioners, councilmen, officers, or directors of any of them, seeking to restrain, prevent, or change the transactions contemplated hereby, or questioning the validity or legality of any such transactions, or seeking damages in connection with, or imposing any condition on, any such transactions.

8.4 **Consents and Approvals**. Any approvals, consents, and waivers (including, without limitation, the issuance by the FPSC of an order containing the approvals requested in the FPSC Petition, approvals by the Federal Energy Regulatory Commission, and the expiration of any waiting or appeal period required for the final effectiveness thereof) that are required to effect the transactions contemplated hereby shall have been received. Without limiting the generality of the foregoing, the FPSC shall have determined (a) that the depreciated net book value of the Rate Base Assets, as of September 30, 1991, is not less than $17,813,753.00, and (b) that the Capacity Cost Recovery, as defined in the FPSC Petition, shall be recovered from Buyer's general body of rate payers with no special allocation thereof to the present customers of Seller.

8.5 **Title Insurance**. Buyer shall have obtained good and valid title insurance policies, in final form, or title commitments marked by an employee or authorized agent of the Title Company irrevocably binding the Title Company to issue policies in conformity therewith, dated as of the close of business on the Closing Date, insuring Buyer's title as fee owner in each parcel of the Real Property. In each instance, the title shall be insured in conformity with the warranties set forth in Section 3.1. Each such policy or marked commitment, as to the insurer, the insured, the

amount of coverage, and the exceptions and conditions thereto, shall be in all respects satisfactory to Buyer in its sole discretion, both as to form and substance.

8.6 **Section 1445 Affidavit**. Seller shall have delivered to Buyer an affidavit, in form and content satisfactory to Buyer, to the effect that Seller is not a "foreign person" under Section 1445 of the Internal Revenue Code of 1986, as amended (the "Section 1445 Affidavit").

8.7 **Environmental Audits**. The environmental compliance surveys, if any, which Buyer has elected to conduct pursuant to Section 6.8 shall have been completed and the results thereof shall be satisfactory to Buyer in its sole discretion exercised in good faith.

8.8 **No Material Adverse Changes**. There shall have been no material adverse changes in the Acquired Assets or the Electric System.

8.9 **Approval of City**. City shall have approved the sale and purchase of the Acquired Assets pursuant to the terms of this Agreement and the sale and purchase of the water production, transmission, and distribution system pursuant to the Water System Agreement, at a public meeting of City Council following all required notices, all in accordance with Chapter 23535, Laws of Florida, Special Acts of 1945, as amended, and such approval shall not have been rescinded, or modified in any material respect.

8.10 **Other Closing**. The closing shall have taken place under the Water System Agreement or such closing shall take place concurrently with the Closing.

8.11 **Defeasance**. The Defeasance shall have occurred, or shall occur concurrently with the Closing.

8.12 **Surveys**. Buyer shall have obtained as-built surveys of the Real Property and a certification from the surveyor, both in form and content acceptable to Buyer, in Buyer's sole discretion.

8.13 **Easements**. Buyer shall have reviewed each of the Easements and shall have (i) approved the location, form, full and free access to and from public highways or roads of material Easements, and content of such Easements, in Buyer's sole discretion; (ii) determined that (a) the assignment of any material Easement shall not give the grantor of such Easement the right to terminate or otherwise deprive Buyer of the ownership, use, and benefits of such Easement, and (b) each transmission or material distribution line of Seller which is a part of the Acquired Assets is either located in a public right-of-way or within a valid and enforceable written Easement. As a condition to the exercise of any right of Buyer under this Section 8.13, Buyer shall notify Seller, in writing, (x) within ninety (90) days after the date of this Agreement of any objection Buyer may have with respect to those Easements listed on Schedule 1.1(d) and the unrecorded Easements delivered to Buyer prior to the date of this Agreement, and (y) prior to the Closing Date, with respect to any other Easement, within ninety (90) days after delivery of such Easements by Seller to Buyer.

8.14 **Wind-up Expenses**. The amount of expenses set forth on the list of costs and expenses provided for in Section 2.1(b)(1) shall not exceed Seven Hundred Fifty Thousand Dollars ($750,000.00). Provided, however, that if Buyer shall expressly waive, in writing, this condition of the Closing, Buyer shall pay all costs and expenses set forth on such list or as otherwise agreed to by Seller and Buyer in writing.

ARTICLE IX

CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

Each and every obligation of Seller to be performed on the Closing Date shall be subject to the satisfaction, or waiver by Seller, prior to or at the Closing of the following conditions:

9.1 **Representations and Warranties True as of the Closing Date**. Each of the representations and warranties made by Buyer in this Agreement shall be true and correct in all respects when made and shall be true and correct in all material respects (except that such qualification as to materiality shall not apply to any representation or warranty that expressly includes a qualification as to materiality) at and as of the Closing Date as though such representations and warranties were made or given on and as of the Closing Date.

9.2 **Compliance with Agreement**. Buyer shall have in all material respects performed and complied with each of Buyer's agreements and obligations under this Agreement which are to be performed or complied with by Buyer prior to or on the Closing Date, including the delivery of the closing documents specified in Section 10.4 and the payment of those portions of the Purchase Price in accordance with Sections 2.1(a) and (b)(1).

9.3 **Absence of Suit**. No action, suit, or proceeding before any court or any governmental authority shall have been commenced or threatened, and no investigation by any governmental or regulatory authority shall have been commenced, against Buyer, Seller, or City or any of the commissioners, councilmen, officers, or directors of any of them, seeking to restrain, prevent, or change the transactions contemplated hereby, or questioning the validity or legality of any such transactions, or seeking damages

in connection with, or imposing any condition on, any such transactions.

9.4 Consents and Approvals. Any approvals, consents, and waivers (including, without limitation, the issuance by the FPSC of an order containing the approvals requested in the FPSC Petition and the expiration of any waiting or appeal period required for the final effectiveness thereof) that are required to effect the transactions contemplated hereby shall have been received. Without limiting the generality of the foregoing, the FPSC shall have determined (a) that the depreciated net book value of the Rate Base Assets, as of September 30, 1991, is not less than $17,813,753.00, and (b) that the Capacity Cost Recovery, as defined in the FPSC Petition, shall be recovered from Buyer's general body of rate payers with no special allocation thereof to the present customers of Seller.

9.5 Approval of City. City shall have approved the sale and purchase of the Acquired Assets pursuant to the terms of this Agreement and the sale and purchase of the water production, transmission, and distribution system pursuant to the Water System Agreement, at a public meeting of City Council following all required notices, all in accordance with Chapter 23535, Laws of Florida, Special Acts of 1945, as amended, and such approval shall not have been rescinded or modified in any material respect.

9.6 Other Closings. The closing shall have taken place under the Water System Agreement or such closing shall take place concurrently with the Closing.

9.7 Credit Rating with Respect to the Notes. The rating with respect to the Notes issued by Moody's Investor's Service, Inc. in effect as of the later of the Closing Date or the date of issuance of the Notes, shall not be less than "A-3."

9.8 **Wind-up Expenses**. The amount of expenses set forth on the list of costs and expenses provided for in Section 2.1(b)(1) shall not exceed Seven Hundred Fifty Thousand Dollars ($750,000.00) unless Buyer shall have expressly waived, in writing, the condition to the Closing provided in Section 8.14 pursuant to the terms provided therein, or as otherwise agreed to by Buyer and Seller in writing.

ARTICLE X

CLOSING

10.1 **Closing Date**. The transfer of the Acquired Assets by Seller to Buyer (the "Closing") shall take place at the offices of Holland & Knight, 92 Lake Wire Drive, Lakeland, Florida, at 10:00 a.m. local time, within ten days after the conditions set forth in Articles VIII and IX of this Agreement shall have been satisfied or waived, or on such other date as Seller and Buyer shall agree in writing (the "Closing Date"). Within five days prior to the Closing Date, Seller, Buyer, and City will cooperate reasonably with each other in taking inventories of the Acquired Assets and the assets being purchased by City under the Water System Agreement.

10.2 **Deliveries at the Closing by Seller**. At the Closing Seller shall deliver to Buyer:

(a) a certificate, signed by a duly authorized officer, dated the Closing Date, which states that the representations and warranties of Seller contained in this Agreement and the information in all lists, certificates, documents, exhibits, and other writings delivered to Buyer pursuant hereto are true and correct in all material respects as of the

Closing Date and are deemed to have been made and delivered again as of and at the Closing;

(b) an opinion of nationally recognized bond counsel acceptable to Buyer dated the Closing Date and addressed to Buyer substantially in the form attached hereto as Schedule 10.2(b);

(c) an opinion of Seller's counsel dated the Closing Date and addressed to Buyer substantially in the form attached hereto as Schedule 10.2(c);

(d) a bill of sale substantially in the form of Schedule 10.2(d);

(e) fee simple deeds substantially in the form of Schedule 10.2(e), together with mechanics lien affidavits, the Section 1445 Affidavit, and any corrective instruments that may be required for Seller to convey to Buyer clear and marketable title to the Real Property and to remove from or correct any encroachments affecting the Real Property;

(f) an assignment of easements in form and content satisfactory to Buyer, assigning to Buyer Seller's entire right, title, and interest in and to the Easements, and an easement, in form and content satisfactory to Buyer, with respect to matters described in Section 6.9;

(g) an assignment of contracts substantially in the form of Schedule 10.2(g) assigning to Buyer all of Seller's rights under the Assigned Contracts;

(h) the duly executed certificates of title to all motor vehicles that are included in the Acquired Assets;

(i) any third party consents necessary for the transfer of the Acquired Assets and the assignment of all assignable licenses and permits; and

(j) copies of official proceedings, relevant orders of governmental authorities, and other documentation evidencing the truth and accuracy of the representations and warranties set forth in Article III as counsel for Buyer shall reasonably require, including, without limitation, copies of resolutions duly adopted by Seller approving this Agreement and all the documents and the consummation of the transactions contemplated hereby and thereby, together with a certification that such resolutions are accurate and complete, in full force and effect, and have not been revoked, rescinded, or amended.

10.3 Deliveries at the Closing by City. At the Closing, City shall deliver to Buyer:

(a) the franchise described in Section 7.2, effective as of the Closing Date;

(b) any instruments required under Section 7.3, and an easement, in form and content satisfactory to Buyer, with respect to the matters described in Section 7.7;

(c) an opinion of counsel to City dated the Closing Date and addressed to Buyer substantially in the form attached hereto as Schedule 10.3; and

(d) a certificate executed by an appropriate officer of City representing and warranting that all such necessary actions and authorizations of City to the transactions set forth in this Agreement have been duly given and are in full force and effect.

10.4 Deliveries at Closing by Buyer. At the Closing, Buyer shall deliver to Seller:

(a) a certificate, signed by a duly authorized officer, dated the Closing Date, which states that all of Buyer's representations and warranties are true and correct in all material respects as of the Closing Date and are deemed to have been made and delivered again as of and at the Closing;

(b) an opinion of Buyer's counsel dated the Closing Date and addressed to Seller substantially in the form of Schedule 10.4(b);

(c) such documentation evidencing the truth and accuracy of the representations and warranties set forth in Article IV as counsel for Seller shall reasonably require including, without limitation, copies of resolutions duly adopted by Buyer approving this Agreement and all the documents and the consummation of the transactions contemplated hereby and thereby, together with a certification that such resolutions are accurate and complete, in full force and effect, and have not been revoked, rescinded, or amended; and

(d) an Instrument of Assumption in the form of Schedule 10.4(d).

At the Closing, Buyer shall pay the Base Purchase Price, that portion of the Additional Purchase Price under Section 2.1(b)(1) of this Agreement, and such part of the amount due and owing to TECO as provided in Section 2.1(b)(2) of this Agreement.

ARTICLE XI

INDEMNIFICATION AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES

11.1 Survival of Representations, Warranties, Covenants, and Agreements. The representations, warranties, covenants, and agreements of the parties contained herein or in any exhibit, schedule, document, certificate, or other instrument delivered by or on behalf of any party pursuant to this Agreement shall survive the Closing. Any investigations made by or on behalf of any parties prior to the date hereof shall not affect the parties' obligations hereunder. Completion of the transactions contemplated hereby shall not be deemed or construed to be a waiver of any right or remedy of any party notwithstanding the existence of any facts which any party knew or should have known at the time hereof.

11.2 Indemnification of Buyer. To the extent it may lawfully do so, Seller shall indemnify and hold harmless Buyer, its affiliates, officers, agents, directors, employees, successors, and assigns against, and in respect of, any and all manner of loss, costs, claims, damages, penalties, fines, liability, and expense, including, without limitation, reasonable attorneys' fees and litigation expenses, arising out of or relating in any way to:

(a) Any liability of Seller not expressly assumed by Buyer pursuant to this Agreement; and

(b) Any breach by Seller of any of its representations, covenants, or warranties contained in this Agreement or any misrepresentation or misstatement by Seller in this Agreement or in any certificate or document delivered by Seller to Buyer in connection with the transactions contemplated hereby.

11.3 Indemnification of Seller. Buyer shall indemnify and hold harmless Seller, its affiliates, officers, agents, directors, employees, commissioners, successors, and assigns against, and in respect of, any and all manner of loss, costs, claims, damages, penalties, fines, liability, and expense, including, without limitation, reasonable attorneys' fees and litigation expenses, arising out of or relating in any way to:

(1) any breach by Buyer of any of the representations, covenants, or warranties contained in this Agreement or any misrepresentation or misstatement by Buyer in this Agreement or in any certificate or document delivered by Buyer to Seller in connection with the transactions contemplated hereby; or

(b) the Assumed Obligations.

11.4 Claims for Indemnification. If any such action, suit, or proceeding shall be commenced, or any such claim, demand, or assessment be asserted, against an indemnified party in respect of which such indemnified party proposes to demand indemnification, the indemnified party shall notify the indemnifying party to that effect with reasonable promptness and the indemnifying party shall have the right at its own expense to participate in (but not to

direct) the defense, compromise, or settlement thereof. In connection therewith, the indemnified party shall cooperate fully to make available to the indemnifying party all pertinent information under its control. The indemnified party shall not admit liability or agree to a settlement without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld or delayed. If the indemnified party refuses to accept a bona fide offer of settlement, and thereafter suffers a judgment less favorable to it than the result proposed in the offer of settlement, the obligation to indemnify shall be limited to the amount in the offer of settlement.

ARTICLE XII

TERMINATION; EFFECT OF TERMINATION

12.1 Termination. This Agreement may be terminated prior to the Closing:

(a) by mutual written agreement of Seller and Buyer;

(b) by Buyer, if there has been a material violation or breach by Seller or City of any of the agreements, representations, or warranties of Seller or City contained in this Agreement which has not been waived in writing by Buyer or if there has been a failure of satisfaction of a condition to the obligations of Buyer hereunder which has not been waived in writing by Buyer;

(c) by Seller, if there has been a material violation or breach by Buyer of any of the agreements, representations, or warranties of Buyer contained

in this Agreement which has not been waived in writing by Seller or if there has been a material failure of satisfaction of a condition to the obligations of Seller hereunder which has not been waived in writing by Seller;

(d) by either Buyer or Seller if the Closing shall not have occurred on or before June 30, 1993;

(e) by either Buyer or Seller, by notice to the other party within a period of 30 days beginning 90 days after the date of filing of the FPSC Petition, if the hearing officer designated by the FPSC fails to issue a recommended order on the FPSC Petition within 90 days after the filing thereof; or

(f) by either Buyer or Seller, by notice to the other party within a period of 30 days after the date of the hearing officer's recommended order, if the hearing officer:

(1) fails to include a provision in his or her recommended order imposing a transition rate computed as provided for in Section 5.4(a) through (d) of this Agreement; or

(2) fails to include a provision in his or her recommended order allowing Buyer to recover the Capacity Cost Recovery, as defined in the FPSC Petition, from Buyer's general body of rate payers with no special allocation thereof to the present customers of Seller.

12.2 Effect of Termination. Notwithstanding the foregoing, termination of this Agreement pursuant to Section

12.1(b) and (c) shall not in any way limit or restrict the rights and remedies of Seller or Buyer against any party hereto which has violated or breached any of the representations, warranties, agreements, or other provisions of this Agreement.

If Buyer fails to close the transaction under this Agreement or terminates this Agreement, in either case because any of the conditions in Sections 8.7, 8.12, or 8.13 shall not have been met, and if Seller is not then in violation or breach of this Agreement, Buyer shall pay to Seller the sum of One Thousand Dollars ($1,000.00) as additional consideration for Seller's having entered into this Agreement.

ARTICLE XIII

GENERAL PROVISIONS

13.1 Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed given if delivered personally or mailed by certified or registered mail, postage, prepaid, return receipt requested, addressed as follows:

If to Buyer:

Florida Power Corporation
P. 0. Box 14042
St. Petersburg, Florida 33733
Attn: President
(if by mail)

- or -

3201 34th Street South
St. Petersburg, Florida 33733
(if by personal delivery)

With copies to:

Florida Power Corporation
P. 0. Box 14042
St. Petersburg, Florida 33733
Attn: General Counsel

- and -

Carlton, Fields, Ward, Emmanuel,
Smith & Cutler, P.A.
Post Office Box 3239
Tampa, Florida 33601
Attn: Nathaniel L. Doliner,
Attorney at law

If to Seller prior to the Closing Date:

Sebring Utilities Commission
321 Mango Street
Sebring, Florida 33871
Attn: Joe Calhoun

with copy to:

Post Office Box 2025
Sebring, Florida 33871
Attn: Andrew B. Jackson,
Attorney at Law
(if by mail)

- or -

150 North Commerce Street
Sebring, Florida 33870
Attn: Andrew B. Jackson,
Attorney at Law
(if by hand delivery)

If to Seller on or after the Closing Date:

Post Office Box 2025
Sebring, Florida 33871
Attn: Andrew B. Jackson,
Attorney at Law
(if by mail)

- or -

150 North Commerce Street
Sebring, Florida 33870
Attn: Andrew B. Jackson,
Attorney at Law
(if by hand delivery)

If to City:

City of Sebring
368 South Commerce Street
Sebring, Florida 33870
Attn: City Clerk

With a copy to: Michael Swaine, Attorney at Law
425 South Commerce Street
Sebring, Florida 33870

Any party to this Agreement may change its address for the purposes of giving notices under this Agreement by giving notice thereof in accordance with this Section.

13.2 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida.

13.3 Publicity. Except as otherwise required by applicable law, Buyer and Seller agree that material press releases and other material announcements to be made by either of them with respect to the transactions contemplated hereby shall be subject to the approval of the other one of them, which approval will not be unreasonably withheld or delayed.

13.4 Entire Agreement; Modification; Waiver. This Agreement, including, without limitation, the Schedules referenced herein (by which reference shall be deemed incorporated herein and made a part hereof) constitutes the entire agreement among the parties pertaining to the subject matter contained herein, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all parties. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

13.5 Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in

any way the meaning or interpretation of this Agreement. The masculine gender shall include the feminine and neuter genders, the singular shall include the plural, and the word "person" shall include a corporation, firm, partnership, or other form of association.

13.6 **Severability**. Any provision of this Agreement which is invalid, illegal, or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provision of this Agreement invalid, illegal, or unenforceable in any other jurisdiction.

13.7 **Knowledge**. As used in this Agreement, the terms "knowledge" or "best knowledge" shall mean that knowledge which a person, acting as a prudent business person, has or should have obtained in the management of the person's business affairs after making due inquiry and exercising due diligence with respect thereto.

13.8 **Payment of Expenses**. Except as expressly provided herein, each of the parties shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement, and in closing and carrying out the transactions contemplated hereby. Buyer shall be responsible for the payment of all sales or other transfer taxes imposed upon the transfer of the assets contemplated hereby. Buyer shall be responsible for all expenses incurred in connection with all recordings, filings, or registrations required after the Closing Date to effect or evidence the transfer of the Acquired Assets.

13.9 **Attorneys' Fees**. Should any party hereto institute any action or proceeding in court to enforce any provision hereof or for damages by reason of an alleged breach of any provision of

this Agreement, the prevailing party shall be entitled to recover from the losing party or parties such amount as the court (including, without limitation, an appeals court, or bankruptcy court) may adjudge to be reasonable attorneys' fees and costs (including, without limitation, paralegal costs), for services rendered to the prevailing party in such action or proceeding. The term "prevailing party" as used in this Section shall include, without limitation, any party who is made a defendant in litigation in which damages or other relief may be sought against such party and a final judgment or decree (which is not subject to appeal or further appeal) has been entered in such litigation in favor of such party defendant.

13.10 **Parties in Interest**.

(a) This Agreement shall not be assigned by a party hereto without the prior written consent of the other parties hereto. Subject to the foregoing, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and assigns of the parties hereto.

(b) This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

13.11 **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

13.12 **Covenant of Cooperation**. Seller, Buyer, and City acknowledge that because the operations of the Electric System and the Water System have been conducted by Seller for many years (with certain of such operations having been combined), and because Buyer is to purchase the assets of the Electric System while City is to

purchase the assets of the Water System, there will be a period of transition (not to exceed twelve (12) months after the Closing Date). Seller, Buyer, and City, therefore, in addition to other covenants under this Agreement, agree to cooperate reasonably with each other during such transition, including, without limitation, access to equipment and information necessary or useful in the preparation and distribution of bills to electric and water service customers, the preparation of financial statements and enabling the conduct of an audit thereof, and the winding up of Seller's business; provided, however, that none of such parties shall be deemed, by virtue of such cooperation under this Section, to have assumed any of the debts, obligations, or liabilities of any of the other parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BUYER:

FLORIDA POWER CORPORATION

Attest:
Secretary

By: ALLEN J. KELSEY, JR.
its

SELLER:

SEBRING UTILITIES COMMISSION,

Attest:
Secretary Terrill L. Morris

By:
as its Chairman
J. Ned Hancock

CITY:

CITY OF SEBRING, FLORIDA,

Attest:
City Clerk

By:
as its Mayor

President, City Council

24725-11
LAK-24396.28

SCHEDULE 1.1(a)

AMENDMENT TO TERRITORIAL AGREEMENT AND TERMINATION OF SETTLEMENT AGREEMENT

This **AMENDMENT TO TERRITORIAL AGREEMENT AND TERMINATION OF SETTLEMENT AGREEMENT** (this "Agreement") is made and entered into as of the 28th day of August, 1992, by and between **SEBRING UTILITIES COMMISSION** ("Sebring Utilities"), a body corporate and politic created under the laws of the State of Florida, and **FLORIDA POWER CORPORATION** ("Florida Power"), a Florida corporation, together referred to as the "parties."

WHEREAS, the parties are signatories to a certain Territorial Agreement dated December 11, 1986 (the "Territorial Agreement"), which, among other matters (a) allocated to Florida Power certain areas in Highlands County, Florida as Florida Power's retail service territory; and (b) allocated to Sebring Utilities other areas in Sebring and Highlands County as Sebring Utilities' service territory; effective upon approval by the Florida Public Service Commission (the "FPSC") through December 31, 2007; and

WHEREAS, the Territorial Agreement was approved by the FPSC in Order No. 17215, issued February 23, 1987 in Docket No. 861596-EU, which, by its terms, became effective March 17, 1987; and

WHEREAS, as of the date hereof, the parties hereto and City of Sebring, Florida have entered into an Agreement for Purchase and Sale of Electric System (the "Purchase and Sale Agreement") in which Sebring Utilities has agreed to sell and Florida Power

has agreed to purchase the assets and properties used in the operation of Sebring Utilities' electric system, specifically including, without limitation, the exclusive right, as between Sebring Utilities and Florida Power, to operate an electrical distribution system in the service area allocated to Sebring Utilities by the Territorial Agreement; and

WHEREAS, the parties are now desirous of amending the Territorial Agreement to extend the term of the Territorial Agreement and to provide Florida Power the aforesaid exclusive right to operate in the service area of Sebring Utilities; and

WHEREAS, in October, 1990, in order to eliminate any remaining overlap of service territories and duplication of facilities, Florida Power and Sebring Utilities entered into a Settlement Agreement, in Commission docket no. 891034-EU, pursuant to which Florida Power and Sebring Utilities agreed to (a) terminate the May 12, 1988 Joint Plan to resolve overlapping services approved in Docket No. 850605-EU; and (b) resolve all outstanding issues in Docket No. 891034-EU, except those issues concerning the Sebring Airport Authority. Florida Power and Sebring Utilities further agreed in the Settlement Agreement to eliminate duplication of facilities and to provide for the exchange of accounts; and

WHEREAS, upon the closing under the Purchase and Sale Agreement, and as a result of the amendment herein of the Territorial Agreement, the Settlement Agreement will be no longer necessary.

NOW THEREFORE, in consideration of the foregoing premises and the rights and obligations contained in the Purchase and Sale Agreement, the parties hereby agree that:

1. The Territorial Agreement is amended as follows:

a. Florida Power shall have the exclusive right, as between Sebring Utilities and Florida Power, to operate an electrical distribution system in the service territory allocated to Sebring Utilities by the Territorial Agreement for a term of 15 years after the Closing Date under the Purchase and Sale Agreement.

b. During the remaining term of the Territorial Agreement, as amended hereby, Florida Power shall assume all of the obligations of Sebring Utilities under the Territorial Agreement with respect to the provision of electric service to the public in the service territory of Sebring Utilities.

c. Except as amended herein, the Territorial Agreement shall remain in full force and effect.

2. The Settlement Agreement shall be terminated automatically effective as of the Closing Date.

This Agreement is expressly conditioned upon and subject to the approval of the FPSC and the Closing under the Purchase and Sale Agreement, and shall become effective only if such approval is obtained and upon the Closing. The parties agree to cooperate in seeking approval of this Agreement from the FPSC.

Any term not defined herein shall have the meaning given to such term under the Purchase and Sale Agreement.

The parties have executed this Agreement as of the day and year first above written.

ATTEST:

Secretary
Terrill L. Morris

SEBRING UTILITIES COMMISSION

By: _____
as its Chairman
J. Ned Hancock

ATTEST:

Secretary

FLORIDA POWER CORPORATION

By: _____, its

TT#79016.1

SCHEDULE 1.1 (b)
REAL ESTATE

PARCEL #1 - (Headquarters Building)

Easterly 85 feet of Lots 12 and 13, Block 59 of the Original Town of Sebring, more particularly described as follows: Commencing at the Southeasterly corner of said Lot 13, run thence Northeasterly along the Southeasterly boundary line of said Lots 13 and 12, to the Northeasterly corner of said Lot 12, thence Northwesterly along Mango Street a distance of 85 feet to a point, thence Southwesterly and parallel with Ridgewood Drive, a distance of 100 feet to a point on the Southwesterly boundary line of said Lot 13, thence Southeasterly on Southwesterly boundary line of said Lot 13 a distance of 85 feet, more or less, to the point of beginning.

PARCEL #2 - (Lakewood Substation)

A portion of Section 35, Township 34 South, Range 28 East, Highlands County, Florida, being more particularly described as follows: Commence at the Northeast corner of said Section 35; thence South 00 08' 00" West along the East line of said Section 35 and center line of Lakewood Drive a distance of 662.89 feet to the Southeast corner of the Northeast 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 35; thence North 89 54'22" West along said South line of the Northeast 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 35 a distance of 25.00 feet to a point on the West right-of-way line of Lakewood Drive and for the POINT OF BEGINNING; thence continue North 89 54'22" West along said South line a distance of 306.65 feet to the Southwest corner of the East 1/2 of the Northeast 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 35; thence North 00 08'10" East along the West line of the East 1/2 of the Northeast 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 35 a distance of 213.08 feet; thence South 89 54'22" East a distance of 306.64 feet to a point on the West right-of-way line of Lakewood Drive; thence South 00 08'00" West along said right-of-way line a distance of 213.08 feet to the POINT OF BEGINNING. Containing 1.500 Acres.

PARCEL #3 - (Dinner Lake Substation)

A portion of Lot 16 of Dinner Lake Suburb as per plat recorded in transcript book, Page 3A of the Public Records of Highlands County, Florida and being more particularly described as follows: Commence at the Northwest corner of said lot 16 on the East right-of-way line of Ridgewood Drive; Thence South 7 31'28" East along said right-of-way line and the West line of said lot 16 a distance of 143.48 feet for the point of beginning; thence continue South 7 31'28" East a distance of 256.52 feet to the Southwest corner of said lot 16 on the North right-of-way line of Suniland Drive and on a curve concave to the North; Thence

along the North right-of-way line of Sunland Drive and along said curve to the left and having for its elements a radius of 1163.14 feet, a central angle of 9 14'32" and a chord bearing of North 77 51'16" East, an arc distance of 187.75 feet to a point of tangency; thence North 73 14'00" East and still along said right-of-way line a distance of 18.50 feet to a point of curvature of a curve concave to the Northwest; Thence still along said right-of-way line and said curve to the left and having for its elements a radius of 972.96 feet, a central angle of 1 31'29", and a chord bearing of North 72 28'16" East, an arc distance of 25.89 feet; Thence North 8 16'47" West a distance of 9.13 feet; Thence South 82 23'39" West a distance of 100.19 feet; Thence North 7 26'05" West a distance of 85.80 feet; Thence North 83 03'54" East a distance of 40.00 feet; Thence North 8 16'47" West a distance of 137.93 feet; Thence South 83 02'11" West a distance of 168.71 feet to the point of beginning. Containing 0.923 acre.

SCHEDULE 1.1(c)
ACQUIRED ASSETS
BUILDINGS, PLANTS, FACILITIES, CONSTRUCTION
WORK IN PROGRESS, AND OTHER STRUCTURES AND IMPROVEMENTS

Transmission Plant

A 69 kV transmission line connecting the Lakewood Substation with the TECO system at Fairmont Drive.

Assets classified by the following FERC accounts:

355 **Poles & Fixtures**, including anchors, brackets, guys, crossarms and appurtenances.

356 **Overhead Conductors & Devices**, including overhead transmission system conductors, circuit breakers, insulators, lightning arrestors and appurtenances.

Distribution Plant

Electric distribution facilities in and around the City of Sebring, Florida, consisting of two substations, nine 13.2 kV distribution feeders, 10.6 miles of distribution line 'underbuild' on TECO's transmission line and other miscellaneous distribution assets.

Assets classified by the following FERC accounts:

361 **Structures & Improvements**, including realty improvements to the Dinner Lake and Lakewood substation sites. The Dinner Lake substation was installed in 1974 with subsequent additions made in 1984. The Lakewood substation was constructed in 1989.

362 **Station Equipment**, including substation equipment at the Dinner Lake and Lakewood substations.

364 **Poles & Fixtures**, including anchors, brackets, guys, crossarms and appurtenances.

365 **Overhead Conductors & Devices**, including overhead distribution system conductors, circuit breakers, insulators and appurtenances.

366 **Underground Conduit**, including underground conduit, tunnels and related facilities used to house distribution lines.

367 **Underground Conductors & Devices**, including conductors, insulators, circuit breakers, lightning arrestors and appurtenances.

368 **Line Transformers**, including overhead and underground line transformers and voltage regulators used in connection with reducing voltage to customer service levels.

369 **Services**, including the conductors, insulators, conduit, brackets and cables from the point of connection from the customers premises to the distribution system.

370 **Meters**, including meters or devices and appurtenances used to measure service.

373 **Street Lighting & Signal Systems**, including equipment used for public street and highway lighting or traffic, fire alarm, police and other signal systems.

General Plant

390 **Structures & Improvements**, including the 4,585 square foot office building located at 321 Mango Street, Sebring, Florida.

Construction Work In Progress

All jobs included in the Seller's Construction Work In Progress with the prefix of "A", "B" or "C", designating electric, except those at the Park Street location. Jobs beginning with "G", designating General, if the job is associated with the General Plant of the System. Exhibit 1.1(c) is an example of a monthly Job Listing.

JOB NO	NAME	STATUS		PERIOD BALANCE	YTD
CU1831	LAKESHORE MALL SIGNS@ENTRANCE(KA:41)NMU	OPEN	113041	0.00	1,749.22
CU1834	RELOCATE POLES GULFVIEW(KA:41) UM,U NM.	OPEN	031742	0.00	104.08
CU1840	INSPECT CIRCUIT #23 (KA:41) UM/U MAINT.	OPEN	123141	0.00	534.54
CU1842	U/G STREET LIGHTING & PULLER(KA:41UG/OANM	OPEN	013742	0.00	10,757.22
CU1846	PURCHASING CIRCUIT LIMITING FUSE(KA41UNM	OPEN	011442	0.00	1,910.73
CU1847	CI CUIT LIMITING FUDD LION (KA:41) UG NM	OPEN	011442	0.00	304.00
CU1851	SP UM PKI. UN MAMMOLK.(KA:41)UM/U NO ANI	OPEN	012242	0.00	0.00
CU1856	LA ULA.INC.UM PKI.FRANCIS MOBILE PARK	OPEN	012842	0.00	855.55
CU1861	MA NT. PK STREET & DINNEN LAKE(KA:41)U M	OPEN	021142	0.00	451.08
CU1868	UM TRANSF.ESERV.INN JN THE LK(KA:41)NM U	OPEN	021842	0.00	503.95
CU1869	SE KING FALLS	OPEN	022142	0.00	844.11
CU1871	S PKI ARREST.&CIRCUIT IN (KA:41)M O/O	OPEN	022542	0.00	361.88
CU1872	FAIRMOUNT 13TH AVE. (KA:41) NO M. UG/O	OPEN	022709	0.00	148.73
CU1873	MOUD POLE LUCAS LAKE DR. (KA:41) NM UM/U	OPEN	022842	0.00	360.62
CU1874	3 CUTOUTS BY PUBLIX @ CAPAS. @REMA41UNM	OPEN	030442	0.00	237.46
CU1875	PHONES FOR ECU KA:01	OPEN	030542	0.00	144.42
CU1876	CUTOUTS CIRCUIT 16 (KA:41) UM/U MAINT.	OPEN	030642	0.00	788.02
CU1877	25 KVA PAD. TRANSF. @ WHISPER LK(KA41)UM	OPEN	030942	0.00	247.80
CU1878	7 POLES FOR ROBIN'S NURSERY(KA:41)UM NM	OPEN	031642	0.00	946.80
CU1879	MAINT.OF #2 TRANSF. @ DINNEN LK(KA:41)	OPEN	031642	0.00	718.47
CU1880	CHANGE DUKA.CUTOUTS IN ELE SYS.(KA:41 UM	OPEN	031742	0.00	4,676.37
CU1881	CUTOUTS & ARRESTER-OF STATION(KA:41) U M	OPEN	031742	0.00	0.00
CU1882	UG FACILITIES AT SHUMNEY'S (KA:41) UG NM	OPEN	031942	0.00	0.00
CU1883	CSP TRANSF. @ BEARS JEWELRY(KA:41)UM M.	OPEN	032042	0.00	99.00
CU1884	TRANSFORMER UN PARK VIEW.(KA:41) UM M.	OPEN	032442	0.00	127.56
CU1885	TRANSFORMER @ 424 GULFSIDE DR.(KA:41)U M	OPEN	032442	0.00	759.59
CU1886	ANCHOR & POLE ON MOON RANCH RD.(KA:41)UM	OPEN	032442	0.00	125.91

SCHEDULE 1.1(d)

EASEMENTS

Electric Utility Easements were granted to Sebring Utilities Commission by the Grantors as listed below on the specified dates as recorded in the Public Records, Highlands County, Florida:

1. CITY OF SEBRING (Smith J. Rudasill, Jr., Mayor) - May 7, 1991 - Re-recorded in O.R. Book 1155, Pages 1543 - 1544, as recorded in O.R. Book 1152, Pages 1272 - 1273.

2. TODD BLOEMSMA AND ANDREW BLOEMSMA - September 18, 1990 - Recorded in O.R. Book 1140, Pages 0308 - 0310.

3. CITY OF SEBRING (Smith J. Rudasill, Jr., Mayor) - April 3, 1990 - Recorded in O.R. Book 1137, Pages 1023 - 1024.

4. RUTH E. HANDLEY - October 9, 1989 - Recorded in O.R. Book 1105, Pages 0287 - 0288.

5. STEVE W. ROBERTS, JR. - September 12, 1989 - Recorded in O.R. Book 1073, Pages 975 - 976.

6. SMITH RUDASILL, JR. - August 21, 1989 - Recorded in O.R. Book 1152, Pages 1287 - 1288.

7. BERNETTA DAINO, AL DAINO, AND ALBERT UPTON - May 10, 1989 - Recorded in O.R. Book 1073, Pages 979 - 980.

8. SIMON JAFFE - July 7, 1988 - Recorded in O.R. Book 1051, Pages 732 - 733.

9. FLORIDA BRETHREN HOMES, INC. - June 27, 1988 - Recorded in O.R. Book 1051, Pages 726 - 728.

10. SIMON JAFFE - June 16, 1988 - Recorded in O.R. Book 1051, Pages 729 - 731.

11. ROBERT W. SANDERS AND MARY M. SANDERS - April 26, 1988 - Recorded in O.R. Book 1051, Pages 721 - 722.

12. IKE C. HART, JR. - April 26, 1988 - Recorded in O.R. Book 1051, Pages 718 - 719.

13. J. RALPH HOLLENBERG AND JEAN B. HOLLENBERG - April 1, 1988 - Recorded in O.R. Book 1051, Page 734.

14. DON E. PUTERBAUGH AND BETTY L. PUTERBAUGH - April 1, 1988 - Recorded in O.R. Book 1051, Page 723.

15. J. RALPH HOLLENBERG AND JEAN B. HOLLENBERG - April 1, 1988 - Recorded in O.R. Book 1051, Page 720.

16. CLARENCE J. CLAYTON AND MABEL M. CLAYTON - April 1, 1988 - Recorded in O.R. Book 1051, Page 717.

SCHEDULE 1.1(d)

EASEMENTS

17. AMERICAN HOME SERVICE CORP. (Thomas M. Wohl) - January 5, 1988 - Recorded in O.R. Book 982, Pages 133 - 135.

18. AMERICAN HOME SERVICE CORP. (Thomas M. Wohl) - November 3, 1987 - Recorded in O.R. Book 982, Pages 120 - 121.

19. ROY A. GILBERT AND ANN B. GILBERT - October 22, 1987 - Record--ed in O.R. Book 982, Pages 131 - 132.

20. JUDY HILL AND MARY HILL - October 2, 1987 - Recorded in O.R. Book 982, Pages 122 - 123.

21. PAUL H. ZEIGER - September 20, 1987 - Recorded in O.R. Book 1105, Pages 0276 - 0277.

22. LAKEWOOD VILLAS (Harold J. Black) - April 15, 1987 - Recorded in OR. Book 982, Pages 124 - 125.

23. FRANK J. PETROVIC AND JEAN M. PETROVIC - May 7, 1987 - Re-corded in O.R. Book 982, Pages 126 - 127.

24. PLANK AND WOOD PROPERTIES, INC. (Seth Plank) - April 30, 1987 - Recorded in O.R. Book 982, Page 128 - Also recorded in O.R. Book 1051, Page 724.

25. WAYNE CARSE - January 30, 1987 - Recorded in O.R. Book 1073, Pages 977 - 978.

26. ERIC ANNETT - January 28, 1987 - Recorded in O.R. Book 982, Pages 129 - 130.

27. FLORIDA DEPARTMENT OF NATURAL RESOURCES, DIVISION OF REC-REATION AND PARKS - October 7, 1986 - Recorded in O.R. Book 1177, Pages 0809 - 0813.

28. LAKEWOOD VILLAS (Harold J. Black) - April 4, 1985 - Recorded in O.R. Book 832, Pages 627 - 628.

29. HARDER HALL CORPORATION (James G. Fortana, V.P.) - January 9, 1985 - Recorded in O.R. Book 832, Pages 930 - 931.

30. DENNIS M. BUNTING - August 31, 1976 - Recorded in O.R. Book 532, Pages 930 - 933.

31. STEPHEN D. BOND - August 25, 1976 - Recorded in O.R. Book 532, Pages 934 - 937.

32. D & B ENTERPRISES, INC. - August 25, 1976 - Recorded in O.R. Book 532, Pages 925 - 929.

33. JESSIE L. MAXCY - October 3, 1969 - Recorded in O.R. Book 342, Pages 196 - 198.

SCHEDULE 1.1(d)

EASEMENTS

34. KAHN GROVES, INC. - October 15, 1969 - Recorded in O.R. Book 342, Pages 193 - 195.

35. LEAH M. GARRETT, CHARLES F. GARRETT, JAMES R. GARRETT, AND CHASE O. GARRETT - September 18, 1969 - Recorded in O.R. Book 342, Pages 199 - 202.

SCHEDULE 1.1(d)

EASEMENTS

Utility Easements (Electric and Water) were granted to Sebring Utilities Commission by the Grantors as listed below on the specified dates as recorded in the Public Records, Highlands County, Florida:

1. LARRY ROSS AND CLAUD WILLETT - December 30, 1991 - Recorded in O.R. Book 1168, Pages 1200 - 1201.

2. CHRISTOPHER PAVLO, JESSIE C. PAVLO, AND CHRISTINE PAVLO - December 12, 1991 - Recorded in O.R. Book 1168, Pages 1207 - 1209.

3. GENERAL MILLS RESTAURANTS, INC. (Martin N. Goldsmith, V.P.) - November 5, 1991 - Recorded in O.R. Book 1168, Page 1203 - 1205.

4. TAYLOR PROFESSIONAL OFFICES (Richard and Debbie Taylor) - August 28, 1991 - Recorded in O.R. Book 1152, Page 1277.

5. LAKESHORE/SEBRING LIMITED PARTNERSHIP - July 10, 1991 - Recorded in O.R. Book 1171, Page 0990 - 0999.

6. KRISTIN KUTCHER-RINEHART - April 4, 1991 - Recorded in O.R. Book 1140, Pages 0311 - 0314.

7. ELECTRONIC MAINTENANCE CO., INC. (T. B. Johnson and Mary Lou Johnson) - June 6, 1991 - Recorded in O.R. Book 1152, Pages 1274 - 1275.

8. MARC L. WIGMORE - March 19, 1991 - Recorded in O.R. Book 1137, Pages 1026 - 1028.

9. EUGENE C. HARRY AND DEANNE K. HARRY - November 27, 1990 - Recorded in O.R. Book 1137, Pages 1030 - 1032.

10. SMITH J. RUDASILL AND JACK R. STROUP - February 20, 1990 - Recorded in O.R. Book 1105, Pages 0285 - 0286.

11. RITA LAFOLLETTE AND MARGARET SNYDER - February 14, 1990 - Recorded in O.R. Book 1105, Pages 0273 - 0275.

12. RITA LAFOLLETTE AND MARGARET SNYDER - February 14, 1990 - Recorded in O.R. Book 1105, Pages 0270 - 0272.

13. EDITH A. MACNEILL - January 18, 1990 - Recorded in O.R. Book 1105, Pages 0282 - 0283.

14. JAMES B. KENDRICK AND DEBORAH K. KENDRICK - January 15, 1990 - Recorded in O.R. Book 1105, Pages 0279 - 0280.

15. ASHOK SONNI AND RAJESWARI SONNI - October 25, 1989 - Recorded in O.R. Book 1105, Pages 0290 - 0291.

SCHEDULE 1.1(d)

EASEMENTS

32. PAUL B. DOLAN AND HELEN H. DOLAN - August 10, 1970 - Recorded in O.R. Book 362, Pages 256 - 258.

33. JESSE W. VICKERY AND JANA MARCELLA VICKERY - March 11, 1970 - Recorded in O.R. Book 351, Pages 426 - 429.

34. NEIL RICE - February 5, 1970 - Recorded in O.R. Book 349, Pages 361 - 363.

35. CONSOLIDATED FINANCIAL CORPORATION - October 3, 1967 - Recorded in O.R. Book 291, Pages 43 - 44.

SCHEDULE 1.1(d)

EASEMENTS

16. KRISTIN KUTCHER RINEHART - August 16, 1991 - Recorded in O.R. Book 1152, Pages 1280 - 1282.

17. NORBERT WALZ AND CRAY BARTLEY - July 7, 1989 - Recorded in O.R. Book 1073, Pages 981 - 983.

18. HARDEE'S FOOD SYSTEMS, INC. (John F. Schmutz, V.P.) - June 23, 1989 - Recorded in O.R. Book 1152, Pages 1284 - 1285.

19. DAVIS ENTERPRISES, INC. (Joe L. Davis, Jr.) - October 1, 1987 Recorded in O.R. Book 968, Pages 833 - 834.

20. HIGHWAY 27, ASSOCIATES OF FLORIDA, A GENERAL PARTNERSHIP (Owen Lavelle, Manager) - July 18, 1986 - Recorded in O.R. Book 1177, Pages 0816 - 0818.

21. ALBERT A. SANTELLA AND ELIZABETH A. SANTELLA - January 30, 1986 - Recorded in O.R. Book 872, Pages 233 - 234.

22. L. E. SELPH, JR. AND BONNIE M. SELPH - August 11, 1981 - Recorded in O.R. Book 696, Page 492.

23. L. E. SELPH, JR. AND BONNIE M. SELPH - September 15, 1981 - Recorded in O.R. Book 699, Page 781.

24. LANE REALTY (Victor Jacobson, V.P.) - May 29, 1979 - Recorded in O.R. Book 618, Pages 667 - 669.

25. J. HAROLD CHASTAIN, JAMES J. HEGERTY, AND RUSSELL FRANCIS - May 2, 1977 - Recorded in O.R. Book 553, Pages 120 - 121.

26. BOBBY L. ARNOLD, LILLIAN N. ARNOLD, AND CAROLYN D. STEPHENSON, - October 5, 1976 - Recorded in O.R. Book 532, Pages 920 - 924.

27. FAIRMOUNT MOBILE ESTATES, INC. (Carl P. Arant, Sr. and Muriel E. Arant) - July 18, 1975 - Recorded in O.R. Book 520, Pages 923 - 926.

28. GOLF & LAKE REALTY, INC. (Gene Scheck, Pres.) - September 5, 1973 Recorded in O.R. Book 443, Pages 329 - 333.

29. L. E. SELPH, JR. - April 9, 1973 - Recorded in O.R. Book 429, Pages 148 - 151.

30. THOMAS M. WOHL, PRESIDENT OF RAFTER T. REALTY, INC. - March 9, 1973 - Recorded in O.R. Book 429, Pages 141 - 147.

31. MAC GOLDBERG AND RUTH GOLDBERG - October 17, 1970 - Recorded in O.R. Book 380, Pages 476 - 477.

SCHEDULE 1.1(e)(1)
ACQUIRED ASSETS
GENERAL PLANT
OFFICE FURNITURE & EQUIPMENT

NO.	ITEM	ITEM DESCRIPTION	DEPARTMENT	LOCATION
3	Chair, Steno	Fabric	Engineering T & D	422 B. Park
2	Chair, Steno	Fabric	Plant Mtr. & Controls	422 B. Park
9	Chair, Steno	Fabric	Customer Service	321 Mango
2	Chair, Steno	Fabric	Administration	321 Mango
5	Chair, Visitor	Delux	Administration	321 Mango
5	Chair, Visitor	Executive	Administration	321 Mango
3	Chair, Visitor	Fabric	Engineering T & D	422 B. Park
1	Chair, Visitor	Vinyl	Engineering T & D	422 B. Park
1	Chair, Visitor	Vinyl	Administration	321 Mango
2	Chair, Visitor	Vinyl	Electric T & D	454 N. Franklin
2	Chair, Visitor	Vinyl	Warehouse	454 N. Franklin
6	Chair, Visitor	Vinyl	Customer Service	321 Mango
3	Chair, Visitor	Vinyl	Plant Mtr. & Controls	422 B. Park
1	Copier	Bruning PD101 Blue Print	Engineering T & D	422 B. Park
1	Copier	Cannon PC25	Cust. Srv./Mail Room	321 Mango
1	Copier	GAF 172FL Blue Print	Plant Mtr. & Controls	422 B. Park
1	Copier	Sharp SF781 With Stand	Electric T & D	454 N. Franklin
1	Desk	40" X 2'	Customer Service	321 Mango
2	Desk	5' x 30"	Engineering T & D	422 B. Park
2	Desk	5' x 30"	Electric T & D	454 N. Franklin
5	Desk	5' x 30"	Customer Service	321 Mango
1	Desk	5' x 30"	Administration	321 Mango
1	Desk	5' x 30"	Warehouse	454 N. Franklin
1	Desk	5' x 30" W/Left Typing Return	Customer Service	321 Mango
2	Desk	5' x 30" W/Left Typing Return	Administration	321 Mango
1	Desk	5' x 30" W/Right Typing Return	Customer Service	321 Mango
1	Desk	6' X 30"	Purchasing	1246 N. Ridgewood
1	Desk	6' X 3'	Accounting	321 Mango
1	Desk	6' X 3'	Administration	321 Mango
2	Desk	6' X 3'	Engineering T & D	422 B. Park
1	Desk	6' X 3'	Warehouse	454 N. Franklin
1	Desk	6' X 3'	Plant Mtr. & Controls	422 B. Park
2	Desk	6' X 3'	Administration	321 Mango
1	Desk	6' X 40"	Cust. Srv./SwitchBoard	321 Mango
1	Equipment, Mail	Pitney Bowes Mail Opener Mod 1200	Electric T & D	454 N. Franklin
1	Equipment, Misc	GE Dual Microwave Oven JET 202000	Admin. (Break Room)	321 Mango
1	Equipment, Misc	GE Microwave Oven Mod MW3000XMU	Administration	321 Mango
1	Equipment, Misc	GE Refrigerator Mod TYFK15YYY	Energy Control Op.	1246 N. Ridgewood
1	Equipment, Misc	Kenmore 14 CF Refrigerator	Administration	321 Mango
1	Equipment, Misc	Lanier Edisette II Transcriber	Administration	321 Mango
1	Equipment, Misc	Zenith Color TV & Stand Mod A1920W	Administration	321 Mango
1	Fax Machine	Xerox 7011 Fax	Warehouse	454 N. Franklin
2	Locker, Metal/2 Dr	6' X 3' X 2'	Plant Mtr. & Controls	422 B. Park
1	Locker, Metal/2 Dr	6' X 3' X 18"	Warehouse	454 N. Franklin
1	Locker, Metal/2 Dr	78" X 3' X 2'	Engineering T & D	422 B. Park
1	Map Stands	Free standing	Energy Control Op.	1246 N. Ridgewood
1	PC Buffer	Micro Buffer		

SCHEDULE [illegible]
ACQUIRED ASSETS
GENERAL PLANT
OFFICE FURNITURE & EQUIPMENT

	ITEM	ITEM DESCRIPTION	DEPARTMENT	LOCATION
3	Bookcase	3' X 27"	Engineering T & D	422 B. Park
3	Bookcase	6' X 28" (2 Bottom Doors)	Administration	321 Mango
2	Bookcase	6' X 30"	Engineering T & D	422 B. Park
1	Bookcase	8' X 48"	Administration	321 Mango
1	Bookcase	8' X 72"	Administration	321 Mango
1	Cabinet, Card File	Index Card - 36 Drawer	Plant Mtr. & Controls	422 B. Park
2	Cabinet, Card File	Index Card - 6 Drawer	Warehouse	454 N. Franklin
5	Cabinet, Card File	Index Card - 7 Drawer	Plant Mtr. & Controls	422 B. Park
1	Cabinet, File	Lateral, 3 Drawer	Customer Service	321 Mango
6	Cabinet, File	Lateral, 4 Drawer	Customer Service	321 Mango
1	Cabinet, File	Lateral, 4 Drawer	Plant Mtr. & Controls	422 B. Park
1	Cabinet, File	Lateral, 4 Drawer	Administration	321 Mango
4	Cabinet, File	Vertical, 2 Drawer	Customer Service	321 Mango
5	Cabinet, File	Vertical, 2 Drawer	Electric T & D	454 N. Franklin
1	Cabinet, File	Vertical, 2 Drawer	Engineering T & D	422 B. Park
1	Cabinet, File	Vertical, 2 Drawer	Administration	321 Mango
4	Cabinet, File	Vertical, 4 Drawer	Plant Mtr. & Controls	422 B. Park
5	Cabinet, File	Vertical, 4 Drawer	Administration	321 Mango
3	Cabinet, File	Vertical, 4 Drawer	Warehouse	454 N. Franklin
2	Cabinet, File	Vertical, 4 Drawer	Electric T & D	454 N. Franklin
5	Cabinet, File	Vertical, 4 Drawer	Engineering T & D	422 B. Park
5	Cabinet, File	Vertical, 4 Drawer	Customer Service	321 Mango
1	Cabinet, Map	4' X 39" X 6"	Electric T & D	454 N. Franklin
1	Cabinet, Map	5 Drawer 20" X 46 1/2" X 35 1/2"	Engineering T & D	422 B. Park
1	Cabinet, Map	7 Drawer 3' X 6' x 29"	Engineering T & D	422 B. Park
1	Cabinet, Map	10 Drawer	Plant Mtr. & Controls	422 B. Park
1	Cabinet, Storage	25" X 40" X 18"	Administration	321 Mango
2	Chair, Bench	Fiberglass 3 Seat Bench	Customer Service	321 Mango
5	Chair, Convent.	Vinyl	Engineering T & D	422 B. Park
8	Chair, Convent.	Vinyl	Admin. (Break Room)	321 Mango
21	Chair, Convent.	Vinyl & Plastic	Electric T & D	454 N. Franklin
1	Chair, Desk	Standard, Fabric	Warehouse	454 N. Franklin
1	Chair, Desk	Standard, Fabric	Engineering T & D	422 B. Park
2	Chair, Desk	Standard, Fabric	Energy Control Op.	1246 N. Ridgewood
1	Chair, Desk	Standard, Fabric	Plant Mtr. & Controls	422 B. Park
9	Chair, Desk	Standard, Fabric	Administration	321 Mango
2	Chair, Drafting		Customer Service	321 Mango
2	Chair, Drafting		Engineering T & D	422 B. Park
2	Chair, Drafting		Electric T & D	454 N. Franklin
1	Chair, Drafting		Plant Mtr. & Controls	422 B. Park
2	Chair, Executive	High Back	Electric T & D	454 N. Franklin
1	Chair, Executive	High Back	Customer Service	321 Mango
1	Chair, Executive	High Back	Warehouse	454 N. Franklin
2	Chair, Executive	High Back	Plant Mtr. & Controls	422 B. Park
1	Chair, Executive	High Back	Engineering T & D	422 B. Park
1	Chair, Executive	High Back	Administration	321 Mango

SCHEDULE 1.1(e)(1)
ACQUIRED ASSETS
GENERAL PLANT
OFFICE FURNITURE & EQUIPMENT

NO.	ITEM	ITEM DESCRIPTION	DEPARTMENT	LOCATION
1	Table, Drafting	Fabricated	Plant Mtr. & Control's	422 B. Park
2	Table, Drafting	Fabricated	Engineering T & D	422 B. Park
1	Table, Drafting	Fabricated	Electric T & D	454 N. Franklin
1	Table, Portable	5' X 30"	Engineering T & D	422 B. Park
2	Table, Portable	6' X 30"	Engineering T & D	422 B. Park
1	Table, Portable	6' X 30"	Electric T & D	454 N. Franklin
1	Table, Portable	6' X 30"	Plant Mtr. & Controls	422 B. Park
1	Table, Portable	8' X 30"	Engineering T & D	422 B. Park
1	Table, Work	3' X 4' X 30 1/2"	Plant Mtr. & Controls	422 B. Park
1	Table, Work	Standard	Customer Service	321 Mango
1	Typewriter	Cannon AP 500 II	Administration	321 Mango
1	Typewriter	IBM 85	Administration	321 Mango
1	Typewriter	IBM Wheel Writer III	Customer Service	321 Mango

Note: Besides the inventoried items listed, there are also numerous calculators, pens and pen sets, desk sets, staplers, letter openers, letter trays, waste baskets, and other miscellaneous office supplies and materials not listed on this inventory.

(a) Includes all associated operating and application software.

SCHEDULE 1.1(e)(1)
ACQUIRED ASSETS
GENERAL PLANT
OFFICE FURNITURE & EQUIPMENT

NO.	ITEM	ITEM DESCRIPTION	DEPARTMENT	LOCATION
1	PC Computer (*)	Northgate Personal Computer Mod 386	Engineering T & D	422 B. Park
1	PC Computer (*)	Personal computer 0386	Energy Control Op.	1246 N. Ridgewood
1	PC Computer (*)	Turbo PC TM Personal Computer	Mail Room	321 Mango
1	PC Computer	200 Megabyte 3 1/2 & 5 1/4 Hard Drive	Engineering T & D	422 B. Park
1	PC Computer	40 Megabyte 3 1/2 & 5 1/4 Hard Drive	Mail Room	321 Mango
1	PC Computer	80 Megabyte Single 3 1/2 Hard Drive	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	Gold Star Mod 1425 Plus Monitor	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	NEC Multisyc 3D Monitor	Engineering T & D	422 B. Park
1	PC Computer	PC Limited Monitor	Mail Room	321 Mango
1	PC Computer	Chicony Keyboard	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	Key Tronic KB 101 Keyboard	Mail Room	321 Mango
1	PC Computer	OMNI Key Ultra Northgate Keyboard	Engineering T & D	422 B. Park
1	PC Computer	Epson FX 1050 Printer	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	Epson LQ 1050 Printer	Accounting	321 Mango
1	PC Computer	Panasonic KX P1124 Dot Matrix Printer	Engineering T & D	422 B. Park
1	PC Computer	Hewlett Packard Laserjet III Printer	Engineering T & D	422 B. Park
1	PC Computer	Printer Stand	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	American Power Corp - UPS Mod 450 AT	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	Back UPS (American Power Corp 450AT)	Engineering T & D	422 B. Park
1	PC Computer (*)	NCR 286 PC	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	80 Megabyte 3 1/2 & 5 1/4 Hard Drive	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	NCR MCM 4175 Monitor	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	NCR Keyboard	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	Buffer Box for Printer Selection	Energy Control Op.	1246 N. Ridgewood
1	PC Computer	Hays Smart 1200 Modem	Energy Control Op.	422 B. Park
1	PC Modem	Intel 12400 Ext Modem	Engineering T & D	321 Mango
1	PC Modem	Practical Peripherals PM2400SA Modem	Customer Service	422 B. Park
3	PC Modem	Practical Peripherals PM2400SA Modem	Engineering T & D	1246 N. Ridgewood
1	PC Modem	Practical Peripherals PM2400SA Modem	Energy Control Op.	
1	PC Modem	Star NX10 Printer	Customer Service	321 Mango
1	PC Printer	Star NX100 Rainbow Printer	Customer Service	321 Mango
1	PC Printer	Star NX1000 Printer, 9 Pin	Administration	1246 N. Ridgewood
1	PC Printer	Standard Wood w/Printer Stand	Purchasing	422 B. Park
1	PC Work Station	Standard Wood w/Terminal Table	Engineering T & D	321 Mango
1	Shelving, Metal	6' X 3' X 18"	Customer Service	454 N. Franklin
8	Shelving, Metal	8' X 6' X 3'	Warehouse	321 Mango
4	Shelving, Metal	74 X 3' X 18"	Customer Service	422 B. Park
2	Shelving, Metal	75" X 3' X 1'	Plant Mtr. & Controls	422 B. Park
3	Shelving, Metal	7' X 3' X 18"	Plant Mtr. & Controls	422 B. Park
12	Shelving, Metal	87" X 3' X 1'	Plant Mtr. & Controls	454 N. Franklin
8	Shelving, Metal	8' X 4' X 18"	Warehouse	454 N. Franklin
7	Shelving, Metal/Bins	6' X 3' X 18"	Warehouse	454 N. Franklin
12	Shelving, Metal/Bins	78" X 3' X 18"	Warehouse	454 N. Franklin
11	Shelving, Metal/Bins	78" X 4' X 2'	Warehouse	321 Mango
1	Table, Conference	7'10" X 37"	Administration	422 B. Park
1	Table, Drafting	6' Free Standing Board	Engineering T & D	

SCHEDULE 1.1(e)(2)
ACQUIRED ASSETS
GENERAL PLANT
TOOLS, SHOP & GARAGE, AND OTHER MISCELLANEOUS EQUIPMENT

NO.	ITEM DESCRIPTION
2	Zeus Electric 15KW Generator, Gas Driven
1	FIMCO 60 Gallon 3 H.P. Gas Spray Rig
2	Generator, 1,500 Watts Gas Driven 5H.P.
2	Black & Decker H.D. Cat # 2670 1/2" Impact Wrench
7	Hot Stick, 8'
6	Hot Stick, 8' Shotgun
7	Hot Stick, Telescoping, Hastings
3	Hot Stick, Load Buster S&C
2	Load Buster Head
1	Fiberglass Extension Ladder 24'
3	Fiberglass Extension Measuring Pole
23	Insulating Blankets Class 4, Type 2
10	Insulator Hoods
2	Insulated Secondary Boots
12	Insulated High Voltage Jumpers
15	Insulated Grounding Cables
61	Blanket Pins
20	Strap Jacks/Ractchet Slings/Hot Hoists
4	Chain Jacks/Hoists
1	My-Te Winch Hoist SN:M3673A56 1300lb Cap.
3	Greenlee Knock Out Punch Sets
15	Nylon Sling 3' & 4'
7	Nylon Sling 12' & 20'
8	Crescent Wrench 10"
7	Crescent Wrench 12"
12	Folding 8 Key Hex Set Klein 68700
15	Folding 5 Key Hex Set Klein 68702
15	Bug Wrench 5/8 - 11/16 Klein 68203
23	Bug Wrench 5/8 - 3/4 Klein 68204
21	Bug Wrench 7/8 - 13/16 Klein 68206
16	Bug Wrench 3/4 - 11/16 Klein 68205
19	Klein # 63050 Cable Cutters
8	Klein D 213-9NE Pliers
7	Large Channel Lock Pliers
8	Klein Tools 6' Folding Rule #900-6
51	Traffic Cones, 18"
18	Round Point Shovels
1	Homelite 330 Auto Oiling Chain Saw
1	Homelite Super 1050 Auto Oiling Chain Saw
1	Homelite Super 66 Auto Oiling Chain Saw
1	Homelite HB100 Power Blower
1	Homelite HT17 Hedge Trimmer
5	Tree Trimmer/Pruning Saw
8	8' Extension Pole, Fiberglass, Hastings, for Pruning Saw
5	Cant Hooks
5	Lineman Safety Belt W/D-Rings
1	Transformer Dolly MCD 2050A Ser #164

SCHEDULE 1.1(e)(2)
ACQUIRED ASSETS
GENERAL PLANT
TOOLS, SHOP & GARAGE, AND OTHER MISCELLANEOUS EQUIPMENT

NO.	ITEM DESCRIPTION
	Plant Metering Tools and Equipment:
5	Westinghouse Recording Volt Meters Mod M-45
1	Amprobe Mod AA3E 3 Phase AC Current Recorder (New)
1	Hipotronics No. CS14-1669 Transformer Oil Tester
2	Ekstrom ME 2515H4SP1428 Neutral Tester
1	Multi Amp Mod SR76A Relay Test Set (2 Boxes)
1	Fluke Mod 800UA Digital Multimeter
1	Yokogawa Mod 3632 Tacometer
1	Tesca Cat #1042 Current Transformer Tester
1	Pacer 1-800 AMP AC/DC Clamp on Meter
1	Westinghouse Mod PA151 AC Volt Meter
1	Westinghouse Mod PA161 AC Amp Meter
4	Beckman Cat # 320B Digital Multimeter
1	Fluke Cat # 8060A Digital Multimeter
1	Bk Mod 520B Transistor Tester
1	Simpson Mod 452 Oscilloscope
1	Westinghouse Type P1161 Phase Angle Meter
1	Biddle Cat # 210359 Hand Crank/Electrical Anolog Megger (New)
1	Biddle Cat # 70158 Hand Cranked Megger Analog
1	Tesca Cat # 801 Digital Phase Angle Meter
5	Simpson Cat #260 Analog Multimeter
2	Coleman Powerbase 5000 W/Portable Gas Driven Generator 120/240 V
1	Ratelco Battery Charger Mod 101A-3588-00
1	Stanco Type L1010 VA Power Supply
1	Milwaukee Cat # 6256 HD Jig Saw
1	Chicago DP 515 1/2" Chuck, Drill Press
1	Baldor Cat # 662 R 1/2" Arbor Bench Grinder
1	Wholesale Tool Wt VC-1804 7" Metal cutting Saw
1	PVC Conduit Hot Box (Bender), Thermo Tools Mod F-4"
1	Ridgid Elect Hand Conduit Threader W/Dies to 2"
1	Beaver Mod 41F Thread Head for Hand Conduit Threader to 4"
1	Enerpac Mod P-14 Hydraulic Knock Out Set 1/2" - 4"
1	Greenlee Mod 7306 Hydraulic Knock Out Set 1/2" - 4"
1	Greenlee Mod 796 Cable Bender
1	Greenlee Mod 1725 Hydraulic Cable Bender (New)
1	Greenlee No 880 Hydraulic Conduit Bender 1/2" - 2"
1	Greenlee No 777 Hydraulic Conduit Bender 1 1/4" - 4"
1	Greenlee No 1818 Mech. Conduit Bender to 2"
1	Greenlee Mod 975 PowerPump for Mod 750 Cable Cutter
1	Greenlee Mod 750 Cable Cutter
1	Greenlee Cat # 502 9500 Electric Cable Puller
1	HK Porter Tool #869FH Cable Cutter (New)
1	T & B TBM5 Compression Lug Tool
1	T & B TBM8/8S Compression Lug Tool
1	Anderson Mod D80, VC-8 Versa Crimp Compression Tool
1	Anderson VC-5 Compression Tool

SCHEDULE 1.1(e)(2)
ACQUIRED ASSETS
GENERAL PLANT
TOOLS, SHOP & GARAGE, AND OTHER MISCELLANEOUS EQUIPMENT

NO.	ITEM DESCRIPTION

Shop & Garage Tools and Equipment:

6	Jack Stands 5 Ton
1	Electra Beckman Mod PRO110-15 110VPort. Mig Welder
1	Chemtron Mod T-1295 295AMP AC Arc Welder W/Cart
1	Acetylene Torch Set Set (Tank Rented)
1	Yuassa 5/8 Capacity Drill Press No. AX-58

Besides the inventoried items listed, there are also numerous screwdrivers, sockets, socket drivers, hammers, pliers, wrenches, nut drivers, rulers, lifting slings, hoists, cables, Iglo Coolers, flash lights, gloves, rain coats, and other miscellaneous hand tools not listed on this inventory.

SCHEDULE 1.1(e)(2)
ACQUIRED ASSETS
GENERAL PLANT
TOOLS, SHOP & GARAGE, AND OTHER MISCELLANEOUS EQUIPMENT

NO.	ITEM DESCRIPTION
2	Anderson VC-6 Compression Tool
1	Substation Tool Set W/Wrenches, Sockets, Screw Drivers Etc. 20"x8'x6"
1	Snap On Mechanics Roll Around Tool Box W/14 Drawers, 1 Dr and Hand Tools
2	Chance 8' Hot Sticks
1	Chance 6' Hot Sticks
2	Fiberglass Step Ladders, 4'
1	Fiberglass Step Ladders, 8'
2	Fiberglass Extension Ladders, 12'

Electric Transmission & Distribution Tools and Equipment:

5	Rotation/ Phase Meter 60-600V/25-60Hz
5	Circuit Mate Mod CC-6 Volt/Ammeter
3	Beckman 320B Volt/Ammeter
1	Universal Enterprises Digital Multimeter
1	Chance 52NT Multi Range Voltage Detector
1	Wiggy Voltage Tester
1	Dynatel 573AP Cable/Fault Locator
1	Primary Thumper, Hipotronics Mod CF30/15-4C
10	Anderson VC Compression Tools
3	Burndy OH25 Hytool Crimping Tool
13	Kearney Hydraulic Compression Tool With "O" & "D" Dies
10	Nicopress 53XPJ Compression Tool With #2, 4 & 6
8	Copper Cable Cutters (Various Sizes)
2	Aluminum 1 3/8" Cap Cable Cutter
6	Copper & Aluminum 350 MCM Cap Cable Cutter
3	Copper & Aluminum 1000 MCM Cap Cable Cutter
4	Ratchet Type Wire Cutters
1	Kearney Hydraulic Cable Cutter
6	Bolt Cutters, 36"
3	Meter Sealing Pliers
11	Box Grips (Various Sizes)
9	Cable Flat Grips #2 - 2/0 Cable
6	Cable Flat Grips #2/0 - 394 MCM
2	Cable Grips 1613-30
2	Cable Grips 1613-40
1	Cable Grips 1613-40B
3	Cable Grips 1628-58
2	Cable Grips 1656-30
1	Stanley Hydraulic Tamper
1	Milwaukee Cat # 02241 3/8" Electric Drill
1	Skilsaw Cat #5150 7 1/4" Circular Saw
1	Black & Decker 1/2" Electric Drill
1	Craftsman 1/2" Electric Drill
1	Milwaukee Cat #6511 "Saws All"

SCHEDULE 1.1(e)(3)
ACQUIRED ASSETS
GENERAL PLANT
COMMUNICATION EQUIPMENT

No.	Item Description	Location
1	Desk Radio Secode Mark 70 Mod 25033-111 SN 0001065	Warehouse
1	Desk Radio Secode Mark 70 Mod 25035-011 SN 0001859	Engineering T & D

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SCHEDULE 1.1(e)(3)
ACQUIRED ASSETS
GENERAL PLANT
COMMUNICATION EQUIPMENT

No.	Item Description	Location
1	Base Station, Motorola Model 53BB-100BM W/ Single Direction Antenna SN QA3368	Phillips Station
1	Base Station, Motorola Mod T12BBA-11 SN DO153T	Plant Metering & Controls
1	Base Station, Motorola Mod T1361AMW SN CQ0663	Park Street Station
3	Hand Held, Two Way Radio, Motorola Mod HT-600	Electric T & D
2	Hand Held, Two Way Radio, Motorola Mod HT-600	Plant Metering & Controls
1	Hand Held, Two Way Radio, Motorola Mod HT-600	Engineering T & D
1	Hand Held, Two Way Radio, Motorola Mod R-P200	Electric T & D
1	Hand Held, Two Way Radio, Motorola Mod R-P200	Engineering T & D
4	Two Way Radio, 45W Motorola Mod T43JJA3900L or Equivalent	Vehicle Nos. 4, 22, 40 & 48
1	Two Way Radio, 100W Motorola Mod T73RTN11903 or Equivalent	Vehicle No. 36
2	Two Way Radio, 40W Motorola Radius Mod D43LRA73A5BK	Vehicle Nos. 50 & 52
1	Two Way Radio, 40W Motorola Radius Mod D43LRA73A5BK W/ 12V Battery & Charger	Lakewood Substation
2	Two Way Radio, 100W Motorola Mod COM70 or Equivalent	Vehicle Nos. 19 & 28
1	Desk Radio, Motorola Mod T1379AA SN 0001026	Dinner Lake Station
1	Desk Radio, Motorola Mod T1380AE SN 000429	Engineering T & D
1	Desk Radio, Motorola Mod T1380AE SN 0001554	Vehicle Maintenance
1	Desk Radio, Motorola Mod T1380AI SN 0002789	Energy Control Operations
1	Desk Radio, Mod Com Mod 747-80 SN 0002879	Electric T & D

Schedule 1.1(f)
ACQUIRED ASSETS
CURRENT ASSETS

Customer Accounts Receivable:

Customer Accounts Receivable includes amounts due from customers for utility services. Also included in the amount for Customer Accounts Receivable are amounts of any overpayments made by customers and are reflected as reductions (credit balances) to the Customer Accounts Receivable.

Customer Accounts Receivable is comprised of the following billing categories:

1. Electric
2. Electric Lighting
3. Refuse
4. Sewer
5. Water
6. Service Charges.

Customers receive one combined bill for the above services which are consolidated into one Customer Accounts Receivable account.

The allocation for the System will be based on the following:

The Customer Master File (UBMA05IS), the Accounts Receivable Master File (UBMA30IS) and the Payment Detail File (UBHI35IS) will be used to calculate the amount of the customer's outstanding balance as of the Closing Date that is associated with the Water System. The amount calculated as the Water Customer Accounts Receivable (WCAR) will be deducted from the Total Customer Accounts Receivable recorded in the Seller's general ledger.

The WCAR will be determined by first comparing the outstanding balance with the current bill amount. If the amount is equal, then the WCAR will be equal to the Water Total Bill ("TB") amount on the customer's current bill. If the amount is not equal, then the outstanding balance will be allocated by using the transaction summary for the customer's account to determine the ratio to compute the WCAR. The numerator will be the total amount of Service Type "W" and the denominator will be the sum of all Service Types. This ratio will be applied to the total outstanding balance on the Customer Master File to arrive at the amount of the WCAR. The WCAR will be subtracted from the Total Outstanding Balance to arrive at the amount of Customer Accounts Receivable assigned to the System.

SCHEDULE 1.1(e)(4)
ACQUIRED ASSETS
GENERAL PLANT
TRANSPORTATION & POWER OPERATED EQUIPMENT

Vehicle No.	Model Year	Make	Description
22	1978	Chevrolet	Digger Derrick, C-160 4 X 4
28	1980	Ford	Digger Derrick, C-120 4 X 4
36	1987	Ford	Pick-Up - 1/2 Ton
52	1991	Ford	Truck - Utility, 1 Ton
42	1988	GMC	Pick-Up - 1/2 Ton
48	1987	GMC	Pick-Up - 1/2 Ton
50	1989	Ford	Pick-Up - 1/2 Ton, Ranger
40	1989	Chevrolet	Pick-Up - 1/2 Ton 4 X 4
4	1988	GMC	Pick-Up - 1/2 Ton 4 X 4
19	1988	GMC	Pick-Up - 1/2 Ton
16	1989	Chevrolet	Sedan - 4 Door
3	1988	Dodge	Sedan - 4 Door
39	1986	Chevrolet	Sedan - 4 Door

SCHEDULE 1.1(g)

ASSIGNED CONTRACTS

1. POLE RENTAL AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND COX CABLEVISION CORPORATION d/b/a COX CABLE SEBRING/AVON PARK (formerly Highlands Cable Television Corporation), a Georgia Corporation, DATED MAY 1, 1985. Assigned to REDWOOD CABLE VISION per Cox Cablevision Corporation Assignment of Contract, DATED JULY 26, 1985.

2. POLE RENTAL AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND UNITED TELEPHONE COMPANY OF FLORIDA, a Florida Corporation, DATED JANUARY 22, 1985.

3. ATTACHMENT AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND TAMPA ELECTRIC COMPANY, a Florida Corporation, DATED AUGUST 29, 1991.

4. UTILITY JOINT POLE USE AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND FLORIDA DEPARTMENT OF TRANSPORTATION, DATED APRIL 12, 1990.

5. UTILITY AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND FLORIDA DEPARTMENT OF TRANSPORTATION, DATED APRIL 13, 1990.

6. AGREEMENT FOR FULL REQUIREMENTS ELECTRIC SERVICE FOR RESALE TO SEBRING UTILITIES COMMISSION UNDER RATE SCHEDULE FR-1 BETWEEN SEBRING UTILITIES COMMISSION AND TAMPA ELECTRIC COMPANY, a Florida Corporation, DATED JANUARY 29, 1991, with SUPPLEMENTAL SERVICE SPECIFICATIONS (Exhibits "A-1" and "A-2" Amending Delivery Points), DATED MARCH 25, 1992.

7. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED APRIL 10, 1968, NO. RE-24911-RG, 1,367 ft. northwestwardly, measured along center line, from Mile Post 867, Sebring, Florida.

8. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND ATLANTIC COAST LINE RAILROAD COMPANY, DATED JULY 31 1950, 335 ft. eastwardly, measured along the center line of main track, from Mile Post VC-875, Sebring, Florida.

9. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED MAY 14, 1975, NO. RE-27531, 1,115 ft. northwestwardly, measured along the center line of main track, from Mile Post AVC-875, Sebring, Florida.

10. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED APRIL 24, 1975, NO. RE-34400, 2,179 ft. southwardly, measured along the center line of main track, from Mile Post AVC-876, Sebring, Florida.

Schedule 1.1(f) Continued
ACQUIRED ASSETS
CURRENT ASSETS

Other Accounts Receivable and Notes Receivable:
Any miscellaneous receivable assignable to the Electric Transmission and Distribution System.

Material & Supplies Inventory:
All material and supplies inventory items classified as Electric T & D and Plant Metering and Control.

Prepaid Expenses:
All prepaid insurance, maintenance contracts, dues and assessments recorded as Prepaid Expenses on the Seller's general ledger.

Funds received from the cancellation of any prepaid policy, contract, dues or assessment will be applied against the transition amount.

Cash & Cash Equivalents:
All cash, cash equivalents, interest receivables and securities, except for the $100,000 plus the amount of the Water System Customer Deposits to be transferred to the City, or are reasonably necessary in order for Seller to pay its debts, liabilities, and expenses of winding down and terminating Seller's business operations.

SCHEDULE 1.1(g)

ASSIGNED CONTRACTS

11. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED APRIL 13, 1971, NO. RE-29404, 951.3 ft. southwardly, measured along the center line of main track, from Mile Post AVC-876, Sebring, Florida.

12. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD, DATED APRIL 12, 1971, NO. RE-29415, 2,160.3 ft. northwestwardly, measured along the center line, from Mile Post AVC-876, Sebring, Florida.

13. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED NOVEMBER 13, 1970, RE-28808, 2,944 ft. northwestwardly, measured along the center line, from Mile Post SX-868, Sebring, Florida.

14. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED OCTOBER 28, 1970, NO. RE-28743, 1,436 ft. southeastwardly, measured along the center line of main track, from Mile Post AVC-875, Sebring, Florida.

15. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED JUNE 10, 1970, NO. RE-28216, 2,865.6 feet northeastwardly, measured along the center line, from Mile Post AVC-867, Sebring, Florida.

16. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED JUNE 10, 1970, NO. RE-28221, 2,179 feet northwestwardly, measured along the center line of of main track, from Mile Post AVC-869, Sebring, Florida.

17. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED MAY 11, 1970, NO. RE-28085, 2,493 ft. southeastwardly, measured along center line of main track, from Mile Post AVC-877, Sebring, Florida.

18. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMANY, DATED MARCH 23, 1970, NO. RE-27920, 231.5 ft. northwestwardly, measured along the center line of main track, from Mile Post AVC-874, Sebring, Florida.

19. LEASE/PURCHASE AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND XEROX CORPORATION, DATED SEPTEMBER 1, 1991, CONTRACT NO. 600-380-91-1 (Xerox Model 5052, Serial No. 15P-354800.

SCHEDULE 1.1(g)

ASSIGNED CONTRACTS

20. TERRITORIAL AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND GLADES ELECTRIC COOPERATIVE, INC., DATED FEBRUARY 19, 1987.

SCHEDULE 1.2

EXCLUDED ASSETS

The attached Schedules 1.(a), 1.(b)(1), 1.(b)(2), 1.(b)(3), 1.(b)(4), 1.(b)(5), 1.(c), 1.(d), 1.(e), 1.(f), 1.(g), consist of the composite schedule of assets to be sold to the City of Sebring under the Agreement for Purchase and Sale of the Water System and are the Excluded Assets referred to in the Agreement to which this Schedule 1.2 is attached.

LAK-27261

Schedule 1.(a) 6/23/92

UTILITY PLANT

Source of Supply Plant:
Includes six wells and two ground level storage reservoirs at the Park Street Water Plant and the West Lake Jackson Water Plant and four elevated storage tanks associated with Well No. 5 and Well No. 6 and the Park Street Water Plant and West Lake Jackson Water Plant.

Well No. 1	Located at the Park Street Water Plant.
Well No. 2	Located at Franklin and Cypress Streets.
Well No. 3	Located at the corner of Eucalyptus and Cypress Streets.
Well No. 4	Located at the West Lake Jackson Water Plant.
Well No. 5	Located at South Commerce Avenue and Highlands Avenue.
Well No. 6	Located at the Golf Course Water Plant.

Pumping Plant:
Includes high service pumps at the Park Street Water Plant, West Lake Jackson Water Plant, Well No. 5 and Well No. 6.

Water Treatment Plant:
Includes water treatment facilities at the Park Street, West Lake Jackson, Firemen's Field and City Golf Course Water Plants.

Transmission and Distribution Plant:
Includes a pipe network of over 209 miles of buried pipe ranging in size from one inch to twelve inch in diameter. The system consists of land rights, transmission and distribution mains, fire mains, services, meters, meter installations, hydrants, and other transmission and distribution plant.

Construction Work In Progress:
Includes all construction work orders with the prefix "X", "Y" or "Z", which designates water work orders, plus any work orders with a prefix of "G", if the work order is associated with the General Plant of the System.

Q.	ITEM	ITEM DESCRIPTION	DEPARTMENT	LOCATION
1	Bookcase	6' X 30"	Engineering T & D	422 B. Park
1	Bookcase	8' X 45"	Administration	321 Mango
3	Cabinet, File	Lateral, 3 Drawer	Accounting	321 Mango
1	Cabinet, File	Lateral, 4 Drawer	Accounting	321 Mango
1	Cabinet, File	Verticle, 2 Drawer	Water Operations	1246 N. Ridgewood
5	Cabinet, File	Verticle, 2 Drawer	Accounting	321 Mango
5	Cabinet, File	Verticle, 4 Drawer	Accounting	321 Mango
2	Cabinet, File	Verticle, 4 Drawer	Vehicle Maintenance	747 Eucalyptus
1	Cabinet, File	Verticle, 4 Drawer	Meter Readers	747 Eucalyptus
1	Cabinet, File	Verticle, 4 Drawer	Purchasing	1246 N. Ridgewood
3	Cabinet, File	Verticle, 4 Drawer	Water Operations	1246 N. Ridgewood
2	Cabinet, File	Verticle, 4 Drawer, Fireproof	Meter Readers	747 Eucalyptus
1	Cabinet, Map	4' X 39" X 16"	Engineering T & D	422 B. Park
1	Cabinet, Map	6 Drawer 4' X 39" X 19 1/2"	Purchasing	1246 N. Ridgewood
1	Cabinet, Storage	2' X 36" X 20"	Data Processing	321 Mango
4	Chair, Convent.	Plastic	Meter Readers	747 Eucalyptus
5	Chair, Convent.	Vinyl	Water Operations	1246 N. Ridgewood
1	Chair, Desk	Standard, Fabric	Vehicle Maintenance	747 Eucahyptus
1	Chair, Desk	Standard, Fabric	Accounting	321 Mango
4	Chair, Desk	Standard, Fabric	Water Operations	1246 N. Ridgewood
1	Chair, Desk	Standard, Fabric	Purchasing	1246 N. Ridgewood
3	Chair, Desk	Standard, Fabric	Data Processing	321 Mango
2	Chair, Drafting		Plant Mtr. & Contrl's	422 B. Park
1	Chair, Drafting	Standard	Water Operations	1246 N. Ridgewood
1	Chair, Executive	High Back	Meter Readers	747 Eucalyptus
1	Chair, Executive	High Back	Data Processing	321 Mango
1	Chair, Executive	High Back	Accounting	321 Mango
1	Chair, Executive	High Back	Engineering T & D	422 B. Park
3	Chair, Steno	Fabric	Customer Service	321 Mango
3	Chair, Steno	Fabric	Accounting	321 Mango
1	Chair, Steno	Fabric	Water Operations	1246 N. Ridgewood
1	Chair, Steno	Fabric	Vehicle Maintenance	747 Eucahyptus
1	Chair, Steno	Fabric	Purchasing	1246 N. Ridgewood
1	Chair, Steno	Fabric	Data Processing	321 Mango
1	Chair, Steno	Vinyl	Accounting	321 Mango
1	Chair, Visitor	Fabric	Data Processing	321 Mango
2	Chair, Visitor	Fabric	Purchasing	1246 N. Ridgewood
2	Chair, Visitor	Vinyl	Accounting	321 Mango
1	Chair, Visitor	Vinyl	Water Operations	1246 N. Ridgewood
2	Chair, Visitor	Vinyl	Purchasing	1246 N. Ridgewood
1	Copier	Cannon NP115	Water Operations	1246 N. Ridgewood
1	Copier	Dietzgin Mod Javelin II Blue Print	Plant Mtr. & Contrl's	422 B. Park
1	Copier	MITA DC2055 With Stand	Plant Mtr. & Controls	422 B. Park
1	Copier	Sharp SF781 With Stand	Energy Control Op.	1246 N. Ridgewood
1	CRT	Adds Model 2020 CRT	Water Operations	1246 N. Ridgewood
1	CRT & Keyboard	Adds 4000 CRT & PCT Keyboard	Engineering T & D	422 B. Park
1	CRT & Keyboard	Adds Model 1010 CRT & Keyboard	Purchasing	1246 N. Ridgewood
8	CRT & Keyboard	Adds Model 1010 CRT & Keyboard	Customer Service	321 Mango
1	CRT & Keyboard	Adds Model 1010 CRT & Keyboard	Administration	321 Mango

NO.	ITEM	ITEM DESCRIPTION	DEPARTMENT	LOCATION
1	CRT & Keyboard	Adds Model 1010 CRT & Keyboard	Data Processing	321 Mango
1	CRT & Keyboard	Adds Model 1010 CRT & Keyboard	Accounting	321 Mango
3	CRT & Keyboard	Adds Model 2020 CRT & Keyboard	Customer Service	321 Mango
4	CRT & Keyboard	Adds Model 2020 CRT & Keyboard	Data Processing	321 Mango
2	CRT & Keyboard	CE Corp CRT & CE Corp 210 Keyboard	Accounting	321 Mango
1	CRT & Keyboard	NCR CRT & Keyboard	Meter Readers	747 Eucalyptus
1	Desk	5' x 30"	Meter Readers	747 Eucalyptus
1	Desk	5' x 30"	Plant Mtr. & Controls	422 B. Park
5	Desk	5' x 30"	Water Operations	1246 N. Ridgewood
2	Desk	5' x 30"	Customer Service	321 Mango
1	Desk	5' x 30"	Vehicle Maintenance	747 Eucalyptus
1	Desk	5' x 30" W/Left Typing Return	Purchasing	1246 N. Ridgewood
1	Desk	5' x 30" W/Left Typing Return	Accounting	321 Mango
3	Desk	5' x 30" W/Right Typing Return	Accounting	321 Mango
1	Desk	6' X 3'	Water Operations	1246 N. Ridgewood
2	Desk	6' X 3'	Data Processing	321 Mango
1	Desk	6' X 40"	Data Processing	321 Mango
1	Equipment, Mail	IBM 600 Page Fiche Reader Mod 250AGL	Mail Room	321 Mango
1	Equipment, Mail	Lanier Micro Film Camera Mod 419	Mail Room	321 Mango
1	Equipment, Mail	NCR Bill Burster Mod 6310-0101	Mail Room	321 Mango
1	Equipment, Mail	Pitney Bowes Bill Folding Mod 1861	Mail Room	321 Mango
1	Equipment, Mail	Pitney Bowes Postage Meter Mod 1560	Mail Room	321 Mango
1	Equipment, Misc	GE Refrigerator Mod TA24IWCH	Water Operations	1246 N. Ridgewood
1 *	Equipment, Misc	GE Spacemaker II Microwave JEM30WH00	Energy Control Op.	1246 N. Ridgewood
1	Equipment, Misc	Lanier Edisette II Transcriber	Administration	321 Mango
2	Equipment, Misc	NCR Cash Register Mod 2003	Customer Service	321 Mango
1	Fax Machine	Tandy Fax 1000	Purchasing	1246 N. Ridgewood
1	Keyboard	Model 1010	Data Processing	321 Mango
1	Locker, Metal/2 Dr	6' X 3' X 18"	Vehicle Maintenance	747 Eucalyptus
1	Map Stands	Free standing	Engineering T & D	422 B. Park
1	PC Buffer	Practical Peripherals Micro Mini 512	Customer Service	321 Mango
1	PC Buffer	Practical Peripherals Micro Mini 512	Customer Service	321 Mango
1	Computer (*)	NCR 9400 Processor Mod 1024	Data Processing	321 Mango
1	PC Computer (*)	NCR Personal Computer	Accounting	321 Mango
1	PC Computer	20 Megabyte Single 3 1/2 Hard Drive	Accounting	321 Mango
1	Computer	NCR Hard Drive Mod 6542 600 Megabyte	Data Processing	321 Mango
1	Computer	NCR Magnetic Tape Drive Mod 6425	Data Processing	321 Mango
1	PC Computer	NCR VGA Monitor	Accounting	321 Mango
1	PC Computer	NCR AT keyboard	Accounting	321 Mango
1	Computer	NCR Hard Drive Mod 6530	Data Processing	321 Mango
1	PC Computer	Hewlett Packard Laserjet II Printer	Mail Room	321 Mango
1	Computer	NCR Printer 6430E	Data Processing	321 Mango
1	Mtr. Rd. Dvc.	(*) I Tron Data System Mod DCMU300	Data Processing	321 Mango
4	Mtr. Rd. Dvc.	Hand Held Data Caps	Data Processing	321 Mango
1	Mtr. Rd. Dvc.	Data Cap Module Unit Interface	Data Processing	321 Mango
1	Mtr. Rd. Dvc.	Six Port Battery Charger	Data Processing	321 Mango
1	Mtr. Rd. Dvc.	Okidata Microline 321 Printer, 9 Pin	Data Processing	321 Mango
1	Mtr. Rd. Dvc.	PC Stand 3'x3'x1' with 4 Shelves	Data Processing	321 Mango
1	PC Computer (*)	NCR Personal Computer Mod 810-286-10	Data Processing	321 Mango

Schedule 1.(b)(1)
GENERAL PLANT
OFFICE FURNITURE & EQUIPMENT

ITEM		ITEM DESCRIPTION	DEPARTMENT	LOCATION
*	PC Computer	40 Megabyte 3 1/2 & 5 1/4 Hard Drive	Data Processing	321 Mango
*	PC Computer	NCR MCM 4175 Monitor	Data Processing	321 Mango
*	PC Computer	NCR Keyboard	Data Processing	321 Mango
*	PC Computer (s)	IBM Compatible PC	Data Processing	321 Mango
*	PC Computer	3 1/2 & 5 1/4 Disk Drive Mod 386-33	Data Processing	321 Mango
1	PC Computer	SVGA Monitor	Data Processing	321 Mango
1	PC Computer	NCR Keyboard	Data Processing	321 Mango
1	PC Computer (s)	IBM Personal Computer	Data Processing	321 Mango
1	PC Computer	3 1/2 & 5 1/4 Disk Drive Mod 386-16	Data Processing	321 Mango
1	PC Computer	Gold Star Monitor	Data Processing	321 Mango
1	PC Computer	OMNI 101 Keyboard by Northgate	Data Processing	321 Mango
1	PC Computer	Epson Mod FX100 Printer, 9 Pin	Data Processing	321 Mango
2	PC Modem	Practical Peripherals	ModemData Processing	321 Mango
1	PC Modem	Practical Peripherals PM1200SA	ModemCustomer Service	1246 N. Ridgewood
1	PC Modem	Practical Peripherals PM2400SA	ModemPurchasing	1246 N. Ridgewood
1	PC Modem	Practical Peripherals PM2400SA	ModemWater Operations	1246 N. Ridgewood
1	PC Printer	Parasonic Dot Matrix KX P1124	Purchasing	321 Mango
1	PC Printer	Star NX10 Printer	Customer Service	1246 N. Ridgewood
1	PC Printer	Star NX1000 Multi Font	Water Operations	321 Mango
1	PC Work Station	Standard Wood	Accounting	321 Mango
1	PC Work Station	Standard Wood	Customer Service	321 Mango
*	Rack, File	Data File w/ 2 Racks & 1 Shelf	Data Processing	321 Mango
2	Rack, File	Magnetic Tape Rack 38" X 1' X 4'	Data Processing	321 Mango
2	Shelving, Metal	74 X 3' X 10'	Customer Service	1246 N. Ridgewood
1	Table, Drafting	Fabricated	Water Operations	422 E. Park
1	Table, Drafting	Free standing	Plant Mtr. & Control	747 Eucalyptus
1	Table, Portable	5' X 30"	Meter Readers	1246 N. Ridgewood
1	Table, Portable	6' X 30"	Water Operations	1246 N. Ridgewood
1	Table, Portable	7' X 30"	Water Operations	321 Mango
1	Table, Work	Standard	Customer Service	321 Mango
1	Typewriter	Cannon AP 110	Accounting	422 E. Park
1	Typewriter	Cannon AP 850 III Word Pro/Mon	Plant Mtr. & Control	1246 N. Ridgewood
1	Typewriter	IBM Selectra III 870X	Purchasing	321 Mango
1	Typewriter	IBM Selectric III	Accounting	

Note: Besides the inventoried items listed, there are also numerous calculators, check writing machines, pens and pen sets, desk sets, staplers, letter openers, letter trays, waste baskets, and other miscellaneous office supplies and materials, including paper products and forms not listed on this inventory.

(s) Includes all associated operating and application software.

SCHEDULE 1.(b)(2)
GENERAL PLANT
TOOLS, SHOP & GARAGE AND OTHER MISCELLANEOUS EQUIPMENT

NO.	ITEM DESCRIPTION
	Shop & Garage Tools and Equipment:
1	Hein Werner Mod AL-20 Code 69538 Veh. Air End Lift, 4000lb cap.
1	Hein Werner Mod A-25-1 Code 28561 Veh. Air End Lift, 5000lb cap.
1	Hydraulic 2 1/2 Ton Floor Jack
1	Hydraulic 5 Ton Floor Jack TAK OBO
1	Hydraulic 3 Ton Dual Wheel Truck Lift
2	Jack Stand 40 Tons
1	Legend Mod WL-6 Pad Mount Vehicle Lift
1	Walker Mod J-44 1/4 Ton Transmission Jack
2	Air Compressors (Could not find info.)
1	Fabricaded 1500 lb Engine Lift
1	Miller Roughneck Mod 2E 200 AMP DC Gas Driven Portable Arc Welder on T
1	Baldour 3/8 Arbor Bench Grinder Cat #812RE-B
1	Makito Mod 2412N 5/8 Arbor Cutoff Saw
1	Dayton 36" Mobile Circulator Fan Mod 3C187
1	Work Bench with 6" Vice
1	Sears Mod 40414 140,000 BTU, 110V Shop Heater
1	Utica TCI 250 F.P. Torque Wrench
1	Chicago Pnuematic 1/2" Mod CP734 Impact Wrench
1	Chicago Pnuematic 1/2" Mod CP744 Impact Wrench
1	Rodac Pnuematic 3/8" Drill
1	Electric 3/8" 110 V Drill
1	Sears Mechanic Roll Around Tool Box with 17 Drawers, assorted hand too to Include Pliers, Screw Drivers, Sockets, Hammers, Files, etc.
1	Lightweight Portable Torch Kit W/Tanks
	Tools and Other Miscellaneous Equipment:
2	Scott Pressure-Pak II, 1/2 hr Self Contained Air Breathing Apparatus
1	MSA Air Mask Mod 401, 1/2 hr Self Contained Air Breathing Apparatus
1	HACH Dr/2000 Direct Reading Spectrophotometer
1	Fisher Scientific Mod 231 Touch Mixer
1	Chlorine Cylinder Emergency Repair Kit, 1 Ton Mod A-4501
2	Water Meter Testers
1	Tru-Test High Pressure Pump Gas Engine Driven Mod KF-20-H Test
2	3" Gas Engine Driven P3307 Diaphragm Mud Pump
1	Target 18" Gas Engine Driven Concrete Saw, Mod PAC 905-773
1	Hand Held 12" Gas Engine Driven Concrete Saw, Mod DM-50
1	Well Point 4" Pump, Gas Engine Driven Horse 40 RW
1	Black & Decker 2KW AC Gas Engine Driven Generator Mod 3670
1	Gas Driven Compactor
1	Mueller 4" to 12" Pipe Tapping Machine, 25" Travel W/Attachments
1	Acetylene Torch Set (Tanks Rented)

SCHEDULE 1.(b)(2)
GENERAL PLANT
TOOLS, SHOP & GARAGE AND OTHER MISCELLANEOUS EQUIPMENT

No.	ITEM DESCRIPTION
1	Jet Model JBG-8A 3/4" Arbor Bench Grinder
1	Black & Decker 8 1/2" Worm Drive Saw Cat #3052
2	Pollard 4 1/2" Hydrant Flow Testers
2	Pollard 2 1/2" Hydrant Flow Testers
3	Sets of Common Hand Tools Which Include Screw Drivers, Wrenches, Plier
1	Jack & Boring Machine 2" to 6" Diameter
1	Stone Gas Driven 1/3 Cu. Yd Cement Mixer Mod 4CM (On Vehicle List)
1	Water Tank/Trailer With Pump (On Vehicle List)
1	Jack & Boring Machine 10" to 40', No Trailer

Plant Metering Tools and Equipment:

1	Milwaukee Cat #6230 4 3/4" Cut Off Saw
1	Milwaukee Cat # 6140 4 1/2" Angle Grinder
1	Black & Decker Mod 5025 Superduty Electric Hammer Drill
1	Black & Decker Mod 3620, 2000W Portable Gas Driven Generator
1	NAPA 85-910 80 AMP DC Battery Charger
2	Milwaukee Cat #0216-1 9.6 V Battery Powered 3/8 Drills W/Chargers
1	Milwaukee Cat # 6365 7 1/4" Circular Saw
1	Milwaukee Cat # 6507 HD Saws All
2	Milwaukee Cat # 5370-1 HD Hammer Drills
4	Ridgid Pipe Cutters
2	Ridgid Pipe Reamers
1	Anderson Mod 506 R Hydraulic Pump for Bender & Cutter
2	Fiberglass Step Ladders, 6'
1	Fiberglass Step Ladders, 10'
1	Green Engraver Mod 106 SN 17129

Electric Transmission & Distribution Tools and Equipment:

3	Hydraulic Impact Wrenches
7	Hydraulic Reversible Drill
2	Hydraulic Chain Saws W/8" Bar
1	Hydraulic Circular Saw
3	Hydraulic Limb Lopping Tool
1	Hilti DX-451 Piston Drive Tool
15	Line Hose, Hydraulic 6'
1	Black & decker 2 Speed 1/4" Jigsaw
5	Fiberglass Extension Ladder 20'
9	Crescent Wrench 10"
7	Crescent Wrench 12"
17	Klein Nut Driver 1/4
4	Klein Nut Driver 7/16
14	Klein Nut Driver 3/8
13	Klein Nut Driver 1/2

SCHEDULE 1.(b)(2)
GENERAL PLANT
TOOLS, SHOP & GARAGE AND OTHER MISCELLANEOUS EQUIPMENT

No.	ITEM DESCRIPTION
9	Klein Nut Driver 9/16
4	Klein Nut Driver 5/8
12	Small Channel Lock Pliers #420
22	Square Point Shovels
2	Homelite XL 18" Auto Oiling Chain Saw
4	Homelite XL 14" Auto Oiling Chain Saw
3	Truck Mounted Tool Box With Assorted Hand Tools

Note: Besides the inventoried items listed, there are also numerous screwdrivers, sockets, socket drivers, hammers, pliers, wrenches, nut drivers, rulers, lifting slings, hoists, cables, Iglo Coolers, flash lights, gloves, rain coats, and other miscellaneous hand tools not listed on this inventory.

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SCHEDULE 1.(b)(3)
GENERAL PLANT
COMMUNICATION EQUIPMENT

NO.	Item Description	Location
1	Main Base Station, Motorola W/ Telias Telephone Link P1.0262PX6 and Omni Direction Antenna	Dinner Lake Station
1	Hand Held Two Way Radio, Two Channel W/ Battery Charger, Motorola Mod R-P200	Water Operations
11	Two Way Radio, 45W Motorola Mod T43JJA3900L or Equivalent	Vehicle Nos. 6, 15, 10, 12, 13, 30, 31, 34, 37, 44 & 51
3	Two Way Radio, 100W Motorola Mod T73RTN11903 or Equivalent	Vehicle Nos. 8, 26 & 49
4	Two Way Radio, 40W Motorola Radius Mod D43LRA73A5BK	Vehicle Nos. 2, 32, 42 & 45
15	Two Way Radio, 100W Motorola Mod COM70 or Equivalent	Vehicle Nos. 17, 20, 23, 25, 27, 29, 35, 38, 46, 5, 7, 11, 18, 21 & 29
1	Desk Radio, Motorola ModT1376AE SN 000:027	Water Operations
1	Desk Radio Secode Mark 70 Mod 25035-0211 SN 0001028	Water Operations

Note: Besides the inventoried items listed, there are numerous spare parts, specialized tools, testing equipment and other miscellaneous items asociated with the above listed communications equipment, that are considered a part of this inventory.

SCHEDULE 1.(b)(4)
GENERAL PLANT
TRANSPORTATION & POWER OPERATED EQUIPMENT

Vehicle No.	Model Year	Make	Description
14	1973	Chevrolet	Truck - 3/4 Ton Utility
18	1978	Chevrolet	Truck - 3/4 Ton Utility
13	1987	GMC	Pick-Up - 1/2 Ton
26	1979	Chevrolet	Pick-Up - 1/2 Ton 4 X 4
27	1987	Ford	Pick-Up - 1/2 Ton
31	1981	GMC	Pick-Up - 1/2 Ton
49	1978	Chevrolet	Blazer - 1/2 Ton 4 X 4
69	1987	Clark	Fork Lift
25	1985	Chevrolet	Pick-Up
33	1982	Plymouth	Sedan - 4 Door
91	1975	Case	Tractor
99	1988	Emerson	Trailer - Dual Axle
100	1985		Trailer - Pipe
105	1984		Trailer - Jack & Bore
9	1981	Ford	Sedan - 4 Door
35	1988	Dodge	Sedan - 4 Door
38	1979	Dodge	Pick-Up - 1/2 Ton
51	1989	Chevrolet	Sedan - 4 Door
103	1986	ASPT	Trailer
12	1988	GMC	Truck
32	1969	GMC	Truck - 3/4 Ton Utility
20	1985	Chevrolet	Sedan - 4 Door
1	1954	Interntl.	Truck - 2 Ton 4 X 4
5	1972	Ford	Truck W/ 45 Ft. Bucket
7	1973	Interntl.	Truck - Utility, 1 Ton
10	1987	Ford	Truck W/ 55 Ft. Bucket
11	1972	Interntl.	Truck - Flat Bed, 1 Ton
21	1972	Ford	Truck W/ 45 Ft. Bucket
23	1979	Chevrolet	Pick-Up - 1/2 Ton
30	1980	Ford	Truck W/ 65 Ft. Bucket
34	1989	Ford	Truck - Tree Trim W/ 55 Ft. Bucket
37	1988	GMC	Truck - 3/4 Ton 4 X 4
41	1974	Interntl.	Truck W/ 90 Ft. Bucket
43	1964	Interntl.	Truck - Flat Bed, 2 Ton 4 X 4
44	1989	Ford	Pick-Up - 1/2 Ton
68	1987	ASPT	Trailer
70	1982	Riddle	Wire Pulling Machine
71	1982	Riddle	Wire Pulling Machine
75	1988	Ditchwitch	Trailer
78	1985	Worthington	Air Compressor
79	1984		Hydraulic Rope Puller & Trailer
82	1983	ASPL	Chipper
77	1988	John Deere	Mower & Trailer
2	1983	Ford	Dump Truck W/ Lift Boom
6	1988	GMC	Pick-Up, 1/2 Ton 4 X 4
8	1979	Chevrolet	Pick-Up, 3/4 Ton 4 X 4
15	1988	GMC	Pick-Up - 1/2 Ton

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SCHEDULE 1.(b)(4)
GENERAL PLANT
TRANSPORTATION & POWER OPERATED EQUIPMENT

Vehicle No.	Model Year	Make	Description
17	1970	Chevrolet	Truck - Utility, 2 Ton
29	1978	Chevrolet	Truck - 3/4 Ton W/ Lift Gate
46	1984	Ford	Truck
87	1987	ETEC	Boring/Trailer
88	1985	Ditchwitch	Ditchwitch & Trailer
90	1973	John Deere	Backhoe
32A	1991	Ford	Truck - 1 Ton W/ Lift Gate
45	1991	Ford	Truck - 1 Ton W/ Lift Gate

* NOTE: Includes all associated spare parts and other miscellaneous items that are associated with the above inventoried items.

SCHEDULE 1. (b) (5)

GENERAL PLANT
STRUCTURES AND IMPROVEMENTS

Water Department Maintenance Building - 1246 North Ridgewood Drive

Building is concrete block, 40' x 60', approximately 2400 sq. ft. of floor space consisting of office space, workshop, equipment and material storage.

Vehicle Refueling Station - 1246 North Ridgewood Drive

Three (3) 2000-gallon above ground petroleum storage tanks and three (3) vehicle refueling pumps.

Motor Vehicle Maintenance Shop - 655 Eucalyptus Street

Building is a corrugated steel quonset building, 100' x 40', approximately 4000 sq. ft. of floor space consisting of office space, maintenance shop and material storage.

Pole Barn - 655 Eucalyptus Street

Storage barn, open sides, constructed of treated poles and corrugated tin roof, 105' x 38', approximately 3990 sq. ft. of space used for equipment storage.

Line Department Maintenance - 454 North Franklin Street

The building is a corrugated steel quonsot building, 80' x 40', approximately 3200 sq. ft. of floor space consisting of office space and storage space.

Records Storage Building - 122 Park Street

Building is red brick construction, 24' x 32', 768 sq. ft. of floor space. This building is used for SUC records storage.

Engineering Building - 122 Park Street

Building is constructed of concrete block, 120' x 40', approximately 4000 sq. ft. of floor space, consisting of office, material storage, and maintenance shop.

Park Street Power Plant Building - 122 Park Street

Building is red brick construction, 104' x 90', approximately 9360 sq. ft. of floor space, formerly used for power plant equipment.

SCHEDULE 1.(c)
CURRENT ASSETS

6/16/92

Customer Accounts Receivable (Includes Unbilled Revenue):

Customer Accounts Receivable includes amounts due from customers for utility services. Also included in the amount for Customer Accounts Receivable are amounts of any overpayments made by customers and are reflected as reductions (credit balances) to the Customer Accounts Receivable.

Customer Accounts Receivable is comprised of the following billing categories:

1. Electric
2. Electric Lighting
3. Refuse
4. Sewer
5. Water
6. Service Charges.

Customers receive one combined bill for the above services which are consolidated into one Customer Accounts Receivable account.

The allocation for the System will be based on the following:

The Customer Master File (UBA05IS), the Accounts Receivable Master File (UBMA30IS) and the Payment Detail File (UBHI35IS) will be used to calculate the amount of the customer's outstanding balance as of the Closing Date that is associated with the Water System.

The customer accounts receivable assignable to the Water System will be determined by first comparing the outstanding balance with the current bill amount. If the amount is equal, then the Water System customer accounts receivable will be equal to the Water Total Bill ("TB") amount on the customer's current bill. If the amount is not equal, then the outstanding balance will be allocated by using the transaction summary for the customer's account to determine the ratio to compute the Water System customer accounts receivable. The numerator will be the total amount of Service Type"W" and the denominator will be the sum of all Service Types. This ratio will be applied to the total outstanding balance on the Customer Master File to arrive at the amount of the Water System customer accounts receivable.

Other Accounts Receivable and Notes Receivable:

Any miscellaneous receivable assignable to the Water System.

SCHEDULE 1.1(c)

Material & Supplies Inventory:
All material and supplies inventory items classified as Water System.

Prepaid Expenses:
All prepaid expenses on the Seller's ledger that are assignable to the Water System.

Customer Deposits and Other Cash & Cash Equivalents:
All Water System Customer Deposits plus one hundred thousand dollars ($100,000.00) for miscellaneous working capital.

SCHEDULE 1.(d)

REAL ESTATE

A - Real Estate to be conveyed:

Commence at a Point on the Southerly right-of-way line of Spruce Street where it is intersected by the Division Line between Lots 4 & 5 in Block 126, of LaPaloma Subdivision as recorded in Plat Book 1, Page 44 of Public Records of Highlands County, Florida; run thence Northeasterly along said Southerly right-of-way line of Spruce Street a distance of 43.47 feet to the POINT OF BEGINNING; continue thence Northeasterly along said Southerly right-of-way line a distance of 75.00 feet to the Westerly right-of-way line of Avocado Street; run thence Southerly along said Westerly right-of-way line on the Arc of a Curve concave on its Easterly side and having for its elements a Radius of 693.92 feet and a Central Angle of 0 58' 24", an Arc distance of 11.79 feet to a Point of Conpound Curve, continue thence along said Westerktl right-of-way line of Avocado Street on the Arc of a Curve concave on its Easterly side and having for its elements a Radius of 800.00 feet and a Central Angle of 50 17' 24", an Arc distance of 73.86 feet; run thence Northwesterly at right angles to Spruce Street a distance of 41.39 feet to the POINT OR PLACE OF BEGINNING. Containing 0.035 acres more or less.

B. Leased Well Sites: Leases to be terminated or assigned (see attached legal descriptions).

C. Lease & Option to Purchase to be terminated: That certain Lease and Option to Purchase between City of Sebring and Sebring Utilities Commission date December 6, 1977, on the following described property:

Lots 1 thru 9 and Lots 14 thru 23, Block 125;
Lots 7 thru 24, Block 127 of La Paloma Subdivision
according to the plat thereof recorded in Plat
Book 1, Page 44, of the Public Records of
Highlands County, Florida.

LEGAL DESCRIPTION:

A portion of Block "12" of LA PALOMA SUBDIVISION as per plat recorded in Plat Book 1, Page 4[illegible] of the Public Records of Highlands County, Florida, being more particularly described as follows: Commence at the most Northerly corner of Lot 21, Block "125" of said subdivision; thence run North 60°00'00" East a distance of 68.51 feet; thence North 26°34'58" West a distance of 28.78 feet for Point of Beginning; thence continue North 26°34'58" West a distance of 25.89 feet; thence North 57°17'02" East a distance of 43.78 feet; thence South 15°17'42" East a distance of 25.59 feet; thence South 57°04'00" West a distance of 47.70 feet to Point of Beginning.

LEGAL DESCRIPTION:

A portion of Lot 13, Block "124" of LA PALOMA SUBDIVISION as per plat recorded in Plat Book 1, Page 44 of the Public Records of Highlands County, Florida, being more particularly described as follows: Commence at the most Southerly corner of Lot 13; thence run North 60°00'00" East and along the Northerly Right-of-way line of Cypress Street a distance of 6.60 feet for Point of Beginning; thence continue North 60°00'00" East a distance of 20.75 feet; thence North 30°01'29" West a distance of 40.90 feet; thence South 60°00'00" West a distance of 20.75 feet; thence South 30°01'29" East a distance of 40.90 feet to Point of Beginning

LEGAL DESCRIPTION:

A portion of Block "28" of THE ORIGINAL TOWN OF SEBRING as per plat recorded in Plat Book [illegible], Page 1 of the Public Records of Desoto County, Florida (of which Highlands County was formerly apart) being more particularly described as follows: Commence at the most Westerly corner of Block "B" of said Plat; thence run North 22°00'00" West and along the Easterly Right-of-way line of Franklin Street a distance of 15.64 feet; thence North 67°54'00" East a distance of 112.16 feet for Point of Beginning; thence South 71°10'35" East a distance of 25.00 feet; thence North 17°09'06" East a distance of 25.00 feet; thence South thence North 71°10'35" West a distance of 25.00 feet; thence South 17°09'06" West a distance of 25.00 feet to Point of Beginning.

LEGAL DESCRIPTION:

A portion of Block "83" of TOWN OF SEBRING as per plat recorded in Plat Book 1, Page 12 of the Public Records of Highlands County, Florida, being more particularly described as follows: Commence at the most Easterly corner of Lot 20, Block "83" of said plat; thence run South 47°00'00" East and along the Southwesterly Right-of way line of Commerce Avenue a distance of 15.90 feet; thence South 30°28'11" West a distance of 18.21 feet for Point of Beginning; thence continue South 00°28'33" West a distance of 119.95 feet; thence South 11°52'01" West a distance of 87.40 feet; thence South 88°22'27" East a distance of 182.16 feet; thence North thence North 00°32'20" East a distance of 18.07 feet to Point of Beginning. 60°51'05" West a distance of 95.89 feet;

LEGAL DESCRIPTION:

A portion of Lo[illegible]s 1 and 2, Block "419" of HIGHLANDS TOWERS SUBDIVISION as per plat recorded in Plat Book 2, Page 101 of the Public Records of Highlands County, Florida, being more particularly described as follows: Commence at the Southeast corner of Lot #1, Block "419" of said subdivision; thence run North 90°00'00" West and along the South line of said lot a distance of 3.35 feet; thence North 05°49'10" West a distance of 6.37 feet for Point of Beginning; thence continue North 05°49'10" West a distance of 141.91 feet; thence South 81°10'00" West a distance of 193.18 feet; thence South 04°54'14" East a distance of 115.22 feet; thence North 89°30'06" East a distance of 195.68 feet to Point of Beginning.

SCHEDULE 1.(e)

EASEMENTS, CONTRACTS, AND PERMITS

Water Utility Easements were granted to Sebring Utilities Commission by the Grantors as listed below on the specified dates as recorded in the Public Records, Highlands County, Florida:

1. JAMES O. TERRELL AND KAREN R. TERRELL - May 11, 1989 - Recorded in O.R. Book 1054, Pages 228 - 229.

2. F. W. TRIPPENSEE, III - October 28, 1988 - Recorded in O.R. Book 102-, Pages 266 - 267.

3. DAVIS ENTERPRISES, INC. (Joe L. Davis, Jr., President) - October 1, 1987 - Recorded in O.R. Book 968, Pages 966 - 968.

4. W. A. MATHEWS - September 29, 1981 - Recorded in O.R. Book 706, Pages 340 - 343.

5. THOMAS J. GRADY, as Bishop of the Diocese of Orlando - August 11, 1981 - Recorded in O.R. Book 697, Pages 800 - 802.

6. LANE REALTY CORPORATION (Victor E. Jacobson, V.P.) - March 19, 1976 - Recorded in O.R. Book 520, Pages 927 - 930.

7. KAHN GROVES, INCORPORATED (Marvin Kahn, President) - September 23, 1975 - Recorded in O.R. Book 520, Pages 920 - 922.

8. FOOD FAIR STORES, INC. (J. M. Friedland, President) - May 22, 1975 - Recorded in O.R. Book 497, Pages 233 - 239.

9. HARVEY HARRIS AND PAULINE HARRIS - September 4, 1964 - Recorded in O.R. Book 206, Pages 252 - 254.

PERMITS

1. Southwest Florida Water Management District (SWFWMD) Individual **Water Use Permit No.: 204492.02**, granted on March 26, 1991, expires on March 26, 1997.

2. State of Florida Department of Environmental Regulation Permit **No.: A028-203682**, issued on November 13, 1991, expires on November 13, 1996 (Park Street Diesel Electric Plant Peaking Units).

3. Department of Environmental Regulation Storage Tank Registration, **Facility ID: 28/8626663**, Renewal Date: May 9, 1992 (Site Location is 1246 N. Ridgewood Drive, Sebring, Florida).

CONTRACTS

1. Seaboard Coast Line Railroad Agreement for Water Main Crossings between Seaboard Coast Line Railroad Company and Sebring Utilities Commission, dated April 10, 1975. Agreement No. RE-34973.

SCHEDULE 1.(e)

EASEMENTS, CONTRACTS, AND PERMITS

Contracts (continued)

(a) A line of 8-inch PVC pipe (encased in a 16-inch steel pipe conduit) at a point 2,537 feet southeastwardly measured along the center line of Licensor's main track from Milepost AVC-877; and

(b) A line of 10-inch asbestos cement pipe (encased in a 20-inch steel pipe conduit) at a point 1,424 feet eastwardly measured along the center line of said track from Milepost AVC-875; and

(c) A line of 10-inch asbestos cement pipe (encased in a 20-inch steel pipe conduit) at a point 1,489 feet northwardly measured along the center line of Licensor's main track from Milepost SX-867.

2. Lease Agreement for Land Space between Sebring Utilities Commission and Seaboard System Railroad, Inc., dated June 15, 1953, Contract No. RE-38674 (CB-ACL 7346) and supplemented by Agreement dated January 20, 1983.

3. Lease Agreement for Land Space between Sebring Utilities Commission and Seaboard System Railroad, Inc., dated November 13, 1952, Contract No. RE-38673 (CB-ACL 6974) and supplemented by Agreement dated January 20, 1983.

4. NCR Corporation Maintenance Agreement No. 327401075 for data processing equipment.

5. Itron, Inc. Contract No. ENC-1090-310, Equipment Purchase and Software License Agreement, dated October 29, 1990, for meter reading equipment.

SCHEDULE 1.(e)

EASEMENTS, CONTRACTS, AND PERMITS

Utility Easements (Electric and Water) were granted to Sebring Utilities Commission by the Grantors as listed below on the specified dates as recorded in the Public Records, Highlands County, Florida:

1. LARRY ROSS AND CLAUD WILLETT - December 30, 1991 - Recorded in O.R. Book 1168, Pages 1200 - 1201.

2. CHRISTOPHER PAVLO, JESSIE C. PAVLO, AND CHRISTINE PAVLO - December 12, 1991 - Recorded in O.R. Book 1168, Pages 1207 - 1209.

3. GENERAL MILLS RESTAURANTS, INC. (Martin N. Goldsmith, V.P.) - November 5, 1991 - Recorded in O.R. Book 1168, Page 1203 - 1205.

4. TAYLOR PROFESSIONAL OFFICES (Richard and Debbie Taylor) - August 28, 1991 - Recorded in O.R. Book 1152, Page 1277.

5. LAKESHORE/SEBRING LIMITED PARTNERSHIP - July 10, 1991 - Recorded in O.R. Book 1171, Page 0990 - 0999.

6. KRISTIN KUTCHER-RINEHART - April 4, 1991 - Recorded in O.R. Book 1140, Pages 0311 - 0314.

7. ELECTRONIC MAINTENANCE CO., INC. (T. B. Johnson and Mary Lou Johnson) - June 6, 1991 - Recorded in O.R. Book 1152, Pages 1274 - 1275.

8. MARC L. WIGMORE - March 19, 1991 - Recorded in O.R. Book 1137, Pages 1026 - 1028.

9. EUGENE C. HARRY AND DEANNE K. HARRY - November 27, 1990 - Recorded in O.R. Book 1137, Pages 1030 - 1032.

10. SMITH J. RUDASILL AND JACK R. STROUP - February 20, 1990 - Recorded in O.R. Book 1105, Pages 0285 - 0286.

11. RITA LAFOLLETTE AND MARGARET SNYDER - February 14, 1990 - Recorded in O.R. Book 1105, Pages 0273 - 0275.

12. RITA LAFOLLETTE AND MARGARET SNYDER - February 14, 1990 - Recorded in O.R. Book 1105, Pages 0270 - 0272.

13. EDITH A. MACNEILL - January 18, 1990 - Recorded in O.R. Book 1105, Pages 0282 - 0283.

14. JAMES B. KENDRICK AND DEBORAH K. KENDRICK - January 15, 1990 - Recorded in O.R. Book 1105, Pages 0279 - 0280.

15. ASHOK SONNI AND RAJESWARI SONNI - October 25, 1989 - Recorded in O.R. Book 1105, Pages 0290 - 0291.

SCHEDULE 1.(e)

EASEMENTS, CONTRACTS, AND PERMITS

16. KRISTIN KUTCHER RINEHART - August 16, 1991 - Recorded in O.R. Book 1152, Pages 1280 - 1282.

17. NORBERT WALZ AND CRAY BARTLEY - July 7, 1989 - Recorded in O.R. Book 1073, Pages 981 - 983.

18. HARDEE'S FOOD SYSTEMS, INC. (John F. Schmutz, V.P.) - June 23, 1989 - Recorded in O.R. Book 1152, Pages 1284 - 1285.

19. DAVIS ENTERPRISES, INC. (Joe L. Davis, Jr.) - October 1, 1987 Recorded in O.R. Book 968, Pages 833 - 834.

20. HIGHWAY 27, ASSOCIATES OF FLORIDA, A GENERAL PARTNERSHIP (Owen Lavelle, Manager) - July 18, 1986 - Recorded in O.R. Book 1177, Pages 0816 - 0818.

21. ALBERT A. SANTELLA AND ELIZABETH A. SANTELLA - January 30, 1986 - Recorded in O.R. Book 872, Pages 233 - 234.

22. L. E. SELPH, JR. AND BONNIE M. SELPH - August 11, 1981 - Recorded in O.R. Book 696, Page 492.

23. L. E. SELPH, JR. AND BONNIE M. SELPH - September 15, 1981 - Recorded in O.R. Book 699, Page 781.

24. LANE REALTY (Victor Jacobson, V.P.) - May 29, 1979 - Recorded in O.R. Book 618, Pages 667 - 669.

25. J. HAROLD CHASTAIN, JAMES J. HEGERTY, AND RUSSELL FRANCIS - May 2, 1977 - Recorded in O.R. Book 553, Pages 120 - 121.

26. BOBBY L. ARNOLD, LILLIAN N. ARNOLD, AND CAROLYN D. STEPHENSON, - October 5, 1976 - Recorded in O.R. Book 532, Pages 920 - 924.

27. FAIRMOUNT MOBILE ESTATES, INC. (Carl P. Arant, Sr. and Muriel E. Arant) - July 18, 1975 - Recorded in O.R. Book 520, Pages 923 - 926.

28. GOLF & LAKE REALTY, INC. (Gene Scheck, Pres.) - September 5, 1973 Recorded in O.R. Book 443, Pages 329 - 333.

29. L. E. SELPH, JR. - April 9, 1973 - Recorded in O.R. Book 429, Pages 148 - 151.

30. THOMAS M. WOHL, PRESIDENT OF RAFTER T. REALTY, INC. - March 9, 1973 - Recorded in O.R. Book 429, Pages 141 - 147.

31. MAC GOLDBERG AND RUTH GOLDBERG - October 17, 1970 - Recorded in O.R. Book 380, Pages 476 - 477.

SCHEDULE 1.(e)

EASEMENTS, CONTRACTS, AND PERMITS

32. PAUL B. DOLAN AND HELEN H. DOLAN - August 10, 1970 - Recorded in O.R. Book 362, Pages 256 - 258.

33. JESSE W. VICKERY AND JANA MARCELLA VICKERY - March 11, 1970 - Recorded in O.R. Book 351, Pages 426 - 429.

34. NEIL RICE - February 5, 1970 - Recorded in O.R. Book 349, Pages 361 - 363.

35. CONSOLIDATED FINANCIAL CORPORATION - October 3, 1967 - Recorded in O.R. Book 291, Pages 43 - 44.

SCHEDULE 1.(f)
RECORDS

All of Sebring Utilities Commission's records, for both the Water and Electricity Systems, including all official records such as Minute Books and Resolutions.

SCHEDULE 1.(g)
WATER SYSTEM INVENTORY AND SUPPLIES

Any miscellaneous inventory and supplies used in the operation of the Water System not included in Schedule 1.(a) through (f).

SCHEDULE 1.3

ASSUMED OBLIGATIONS

1. POLE RENTAL AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND COX CABLEVISION CORPORATION d/b/a COX CABLE SEBRING/AVON PARK (formerly Highlands Cable Television Corporation), a Georgia Corporation, DATED MAY 1, 1985. Assigned to REDWOOD CABLE VISION per Cox Cablevision Corporation Assignment of Contract, DATED JULY 26, 1985.

2. POLE RENTAL AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND UNITED TELEPHONE COMPANY OF FLORIDA, a Florida Corporation, DATED JANUARY 22, 1985.

3. ATTACHMENT AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND TAMPA ELECTRIC COMPANY, a Florida Corporation, DATED AUGUST 29, 1991.

4. UTILITY JOINT POLE USE AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND FLORIDA DEPARTMENT OF TRANSPORTATION, DATED APRIL 12, 1990.

5. UTILITY AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND FLORIDA DEPARTMENT OF TRANSPORTATION, DATED APRIL 13, 1990.

6. AGREEMENT FOR FULL REQUIREMENTS ELECTRIC SERVICE FOR RESALE TO SEBRING UTILITIES COMMISSION UNDER RATE SCHEDULE FR-1 BETWEEN SEBRING UTILITIES COMMISSION AND TAMPA ELECTRIC COMPANY, a Florida Corporation, DATED JANUARY 29, 1991, with SUPPLEMENTAL SERVICE SPECIFICATIONS (Exhibits "A-1" and "A-2" Amending Delivery Points), DATED MARCH 25, 1992.

7. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED APRIL 10, 1968, NO. RE-24911-RG, 1,367 ft. northwestwardly, measured along center line, from Mile Post 867, Sebring, Florida.

8. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND ATLANTIC COAST LINE RAILROAD COMPANY, DATED JULY 31 1950, 335 ft. eastwardly, measured along the center line of main track, from Mile Post VC-875, Sebring, Florida.

9. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED MAY 14, 1975, NO. RE-27531, 1,115 ft. northwestwardly, measured along the center line of main track, from Mile Post AVC-875, Sebring, Florida.

10. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED APRIL 24, 1975, NO. RE-34400, 2,179 ft. southwardly, measured along the center line of main track, from Mile Post AVC-876, Sebring, Florida.

SCHEDULE 1.3

ASSUMED OGLIGATIONS

11. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED APRIL 13, 1971, NO. RE-29404, 951.3 ft. southwardly, measured along the center line of main track, from Mile Post AVC-876, Sebring, Florida.

12. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD, DATED APRIL 12, 1971, NO. RE-29415, 2,160.3 ft. northwestwardly, measured along the center line, from Mile Post AVC-876, Sebring, Florida.

13. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED NOVEMBER 13, 1970, RE-28808, 2,944 ft. northwestwardly, measured along the center line, from Mile Post SX-868, Sebring, Florida.

14. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED OCTOBER 28, 1970, NO. RE-28743, 1,436 ft. southeastwardly, measured along the center line of main track, from Mile Post AVC-875, Sebring, Florida.

15. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED JUNE 10, 1970, NO. RE-28216, 2,865.6 feet northeastwardly, measured along the center line, from Mile Post AVC-867, Sebring, Florida.

16. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED JUNE 10, 1970, NO. RE-28221, 2,179 feet northwestwardly, measured along the center line of of main track, from Mile Post AVC-869, Sebring, Florida.

17. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED MAY 11, 1970, NO. RE-28085, 2,493 ft. southeastwardly, measured along center line of main track, from Mile Post AVC-877, Sebring, Florida.

18. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMANY, DATED MARCH 23, 1970, NO. RE-27920, 231.5 ft. northwestwardly, measured along the center line of main track, from Mile Post AVC-874, Sebring, Florida.

19. LEASE/PURCHASE AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND XEROX CORPORATION, DATED SEPTEMBER 1, 1991, CONTRACT NO. 600-380-91-1 (Xerox Model 5052, Serial No. 15P-354800.

SCHEDULE 1.3

ASSUMED OBLIGATIONS

20. TERRITORIAL AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND GLADES ELECTRIC COOPERATIVE, INC., DATED FEBRUARY 19, 1987.

SCHEDULE 1.6

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re

Joint Petition of Florida Power Corporation and Sebring Utilities Commission for Approval of Certain Matters in Connection with Sale of Assets by Sebring Utilities Commission to Florida Power corporation	)	DOCKET NO: Submitted for Filing: _____, 1992

JOINT PETITION FOR APPROVAL OF AMENDMENT TO TERRITORIAL AGREEMENT AND TERMINATION OF SETTLEMENT AGREEMENT, DEPRECIATED NET BOOK VALUE AND ANY GOING-CONCERN OR FRANCHISE VALUE, TRANSITION RATE AND RATE SCHEDULE, ASSIGNMENT OF TERRITORIAL AGREEMENT WITH GLADES ELECTRIC COOPERATIVE, INC., PRUDENCE OF INVESTMENT, AND CAPACITY COST RECOVERY

Florida Power Corporation ("FPC") and Sebring Utilities Commission ("SUC") jointly petition the Commission for approval of: (a) an Amendment to Territorial Agreement and Termination of Settlement Agreement dated as of August 28, 1992 (the "Amendment"), between FPC and SUC; (b) the depreciated net book value of the Rate Base Assets, as defined in paragraph 14 below; (c) any additional amount determined by the Commission, pursuant to Section 366.06 (1), Florida Statutes, to be allocated to Rate Base Assets as a prudent investment by FPC for "going-concern" or "franchise value" for which payment is made (the "Additional Amount"); (d) a transition rate to be collected by FPC from certain retail electric customers in the Sebring area following the pending sale of SUC's electric transmission and distribution

assets by SUC to FPC, and approval of Rate Schedule SR-1, Sebring Rider, with respect thereto, a copy of which is attached hereto as Schedule 1 (the "SR-1 Rate Schedule"); (e) the assignment by SUC to FPC of SUC's entire right, title, and interest in the Territorial Agreement dated February 19, 1987, between SUC and Glades Electric Cooperative, Inc. ("Glades"); (f) the purchase by FPC of the Rate Base Assets under the terms set forth in this Petition as a prudent investment; and (g) FPC's right to recover the Capacity Cost Recovery, as defined in and under the terms of paragraph 23 below.

In support of their Joint Petition, FPC and SUC state as follows:

1. FPC is an investor owned electric utility subject to regulation by the Commission. FPC's principal place of business is located in St. Petersburg, Florida. SUC is a body corporate and politic created pursuant to Chapter 23535, Laws of Florida, Special Acts of 1945 (the "Act"). SUC operates a water system (the "Water System") and an electrical transmission and distribution system (the "Electric System") in Sebring, Florida, and portions of Highlands County, Florida. Certain of SUC's operations are subject to regulation by the Commission, including regulation of its territorial agreements. SUC's principal place of business is located in Sebring, Florida.

2. All notices and pleadings in this matter should be

served upon the following:

FOR FLORIDA POWER CORPORATION

Mr. P. Dagostino
Vice President
Eastern, Mid-Fla/Ridge
Division
Florida Power Corporation
1150 Orange Avenue
Winter Park, FL 32790

Mr. Albert H. Stephens
General Counsel
Florida Power Corporation
Post Office Box 14042 (A5D)
St. Petersburg, FL 33733

FOR SEBRING UTILITIES COMMISSION

Mr. Joseph Calhoun
General Manager
Sebring Utilities Commission
321 Mango Street
Sebring, FL 33871

Mr. Andrew Jackson
Attorney at Law
Post Office Box 2025
Sebring, FL 33871

3. FPC provides retail electric service to certain residents and businesses in Highlands County, Florida.

4. Pursuant to the Act, as amended by Chapter 90-474, Laws of Florida, Special Acts 1990, SUC is authorized and empowered to sell, convey, transfer, and lease its assets, including the transfer of its customers and service area, with the approval and consent of the majority of the members of the City Council of the City of Sebring ("City").

5. In order to eliminate and prevent overlapping service territories and duplication of facilities by FPC and SUC, on December 11, 1986, SUC and FPC entered into a Territorial Agreement (the "Territorial Agreement"), a copy of which is attached hereto as Exhibit A. The Territorial Agreement was approved by the Commission by Order No. 17215 issued on February 23, 1987, in

Docket No. 861596-EU. The Territorial Agreement, which is for a term of approximately 20 years: (a) allocates to FPC certain areas in Highlands County as FPC's retail electric service territory; (b) allocates to SUC other areas in Sebring and Highlands County as SUC's retail electric service territory; and (c) specifies under what circumstances FPC and SUC each retain the right and obligation to continue to provide retail electric service at existing points of delivery or meters which were in the retail service areas of the other party at the time the Territorial Agreement became effective.

6. The Territorial Agreement also provides for FPC to continue, until January 1, 1990, to serve all customers, existing or new, in the separate Sebring Utilities retail service area in and around the Sebring Airport. If, on January 1, 1990, the Sebring Airport was not owned or controlled by City, then under the Territorial Agreement, FPC would continue to provide all electric service in the separate Sebring Utilities retail service area in and around the Sebring Airport for the balance of the term of the Territorial Agreement. If, however, on January 1, 1990, the Sebring Airport was owned or controlled by City, SUC had the right to elect, within 30 days after January 1, 1990, to acquire FPC's customers and facilities in that area. On December 4, 1990, the Commission issued Order No. 23823, in Docket No. 89-1034-EU, ruling that SUC does not have the right, under the Territorial Agreement, to acquire FPC's customers and facilities in the Sebring Airport area. SUC then filed an appeal of the Order to the Supreme Court of Florida, Case No. 77,197 (the "Appeal"). SUC has filed a Motion

to Stay Proceedings on the grounds that "[s]ubsequent to the filing of the notice of appeal, circumstances have developed that may affect [SUC's] desire to contest the Commission's Order. Specifically, [SUC] has sold its generating capacity to Tampa Electric Company, and is engaged in ongoing discussions with the Sebring Airport Authority that may resolve the underlying problem without the need for further judicial action or review.... If those discussions produce a satisfactory solution, [SUC] will dismiss the [A]ppeal." The Motion to Stay Proceedings was granted by the Supreme Court on March 14, 1991, and the stay is still in effect. SUC has agreed to dismiss the Appeal on and as of the Closing Date, as defined in the Purchase and Sale Agreement described in paragraph 11 below (the "Closing Date").

7. In October, 1990, in order to eliminate any remaining overlap of service territories and duplication of facilities, FPC and SUC entered into a Settlement Agreement, in Commission Docket No. 891034-EU, pursuant to which FPC and SUC agreed to: (a) terminate the May 12, 1988 Joint Plan to resolve overlapping services approved in Docket No. 850605-EU; and (b) resolve all outstanding issues in Docket No. 891034-EU, except those issues concerning the Sebring Airport Authority. FPC and SUC further agreed to eliminate duplication of facilities and to provide for the exchange of accounts. A copy of the Settlement Agreement is attached hereto as Exhibit B. The Settlement Agreement was approved by the Commission by Order No. 23823, issued on December 4, 1990.

8. SUC, having sold its electric generating plants in 1991, has decided to sell its electric distribution system because its residential electric rates, at $109.87 per 1,000 kWh, are the highest in the State of Florida and among the highest in the nation. SUC's high retail electric rates are required primarily to fund debt service on approximately $88,462,000.00 (in principal amount) of its outstanding system revenue bonds (the "Bonds"). As a consequence, by a Request for Proposals dated May 15, 1991 (the "RFP"), SUC requested interested parties to submit proposals for the purchase of the assets of SUC's electric distribution system and/or the Water System.

9. Chapter 91-343, Laws of Florida, Special Acts, 1991, sets forth a method for the disposition of the Electric System by SUC that provides for retirement of the Bonds. Chapter 91-343, which requires approval by a majority vote of those qualified electors residing within the area affected by Chapter 91-343, has not been submitted to a vote of such electors, and, therefore, has never taken effect. Chapter 91-343 does, however, reflect legislative intent and directive that any surcharge, or similar provision such as the Transition Rate, arising from the sale of the Electric System "permit [SUC] to meet all covenants and make all payments required under the resolutions authorizing the issuance of outstanding revenue bonds of [SUC]. . . ." Chapter 91-343, Laws of Florida, Section (1). Chapter 91-343 further contains an express legislative finding that the collection of a surcharge such as the Transition Rate is "[i]n the best interest of . . . the bondholders

of [SUC]," and that funds produced from the collection of such a surcharge should "be held, invested, and the net amount thereof applied by or for [SUC] to the payment of its outstanding revenue bonds . . . ." (Legislative findings section of Chapter 91-343, supra). The RFP is consistent with these legislative findings.

10. On June 28, 1991, FPC delivered to SUC a response to the RFP, in which it proposed to purchase the Electric System. After reviewing the proposals submitted by FPC and others, SUC determined that it would negotiate with FPC for the sale and purchase of the Electric System.

11. FPC and SUC have entered into an Agreement for Purchase and Sale of Electric System (the "Purchase and Sale Agreement"), dated as of August 28, 1992, pursuant to which SUC will sell to FPC the assets of the Electric System. A copy of the Purchase and Sale Agreement is attached hereto as Exhibit C. City and SUC have entered into an agreement for the purchase by City of the assets of the Water System dated as of the date of the Purchase and Sale Agreement (the "Water System Agreement").

12. The assets being purchased by FPC under the Purchase and Sale Agreement (collectively referred to therein as the "Acquired Assets") include, among others, the exclusive right, as between SUC and FPC, to operate an electrical distribution system in SUC's service territory. (Section 1.1 of the Purchase and Sale Agreement). In connection with the granting of that exclusive right, SUC and FPC have entered into, subject to the Commission's approval, the Amendment, a copy of which is attached hereto as

Exhibit D. Under the Amendment, FPC will, for a period of 15 years after the Closing Date, have the exclusive right, as between SUC and FPC, to operate an electric distribution system in the service territory heretofore allocated to SUC in the Territorial Agreement. The purchase of the Acquired Assets is expressly conditioned upon the complete defeasance of SUC's Outstanding Bonds, as described in paragraph 13 (a)(1) below, and the payment in full thereof within 35 days after the Closing Date. FPC and SUC hereby agree to terminate the Settlement Agreement effective on and as of the Closing Date and SUC hereby agrees to dismiss the Appeal effective on and as of the Closing Date.

13. The purchase price for the Acquired Assets, as set forth in Section 2.1 of the Purchase and Sale Agreement (the "Purchase Price"), consists of the sum of the following:

(a) Base Purchase Price. A base purchase price (the "Base Purchase Price") equal to an amount, not to exceed Fifty-Four Million Dollars ($54,000,000.00), that is necessary to:

(1) pay in full, or cause the payment in full of, in accordance with the Bond Resolution defined in paragraph 13(a)(2) below, all of SUC's Series 1986A and 1986B bonds (the "Bonds")(originally issued as part of $115,116,010.13 Sebring Utilities Commission (Sebring, Florida) Utilities System Revenue Refunding Bonds) that are outstanding on the

Closing Date (the "Outstanding Bonds"), and accrued interest thereon to and including a date not more than 35 days after the Closing Date; and

(2) cause all right, title, and interest of the owners of the Bonds (secured by the Master Bond Resolution with respect to the Bonds, adopted May 23, 1985, and amended and restated February 27, 1986, and all resolutions of SUC amending or supplementing the Master Bond Resolution (collectively, the "Bond Resolution")), in the Revenues, Funds, and Accounts mentioned in the Bond Resolution, to cease, determine, and become void on and as of the Closing Date (the "Defeasance");

after taking into account and applying in full to the payment or redemption of the Outstanding Bonds and the Defeasance:

(3) the total purchase price, which shall not be less than Twenty-One Million Five Hundred Thousand Dollars ($21,500,000.00), for SUC's water production, transmission, and distribution system pursuant to the Water System Agreement; and

(4) the balance of all cash and investments in all Funds and Accounts mentioned in the Bond

Resolution, except to the extent that cash is to be transferred to City pursuant to Schedule 1.1(f) of the Purchase and Sale Agreement.

(b) Additional Purchase Price. An additional purchase price equal to the sum of:

(1) the lesser of:

(A) Seven Hundred Fifty Thousand Dollars $750,000.00); or

(B) such amount as will be necessary, as reasonably determined by SUC with the consent of FPC, which will not be unreasonably withheld or delayed, to pay the following items (excluding, however, all items which City is obligated to pay under the Water System Agreement), after applying in full to the payment of such items SUC's remaining cash (other than the cash and customer deposits to be transferred to City under Schedule 1.1(f) of the Purchase and Sale Agreement), cash equivalents, and securities from whatever source derived, including, without limitation, those items described in Schedule 1.1(f) of the Purchase and Sale Agreement:

(i) all of SUC's ordinary costs and expenses of operation, including, without limitation, general and administrative costs and expenses, legal, accounting, consulting, fiscal, actuarial, and other ordinary and necessary expenses to wind up SUC's operations, and supplies, equipment, and services;

(ii) reasonable fees and costs of SUC's attorneys, certified public accountants, and financial and other advisors in connection with the Purchase and Sale Agreement;

(iii) other reasonable miscellaneous expenses necessary to wind-up SUC's operations, including, without limitation: (1) salaries, vacation pay, and sick pay, subject to the terms of Schedule 5.1 of the Purchase and Sale Agreement; and (2) severance pay under the terms

of Schedule 2.1-A of the Purchase and Sale Agreement; and

(2) the amount due and owing by SUC to Tampa Electric Company ("TECO") as of the Closing Date with respect to purchases of electric power and energy under the Tampa Electric Company Agreement for Full Requirements Electric Service for Resale to Sebring Utilities Commission Under Rate Schedule FR-1, dated January 29, 1991, between TECO and SUC (the "Power Purchase Agreement"); and

(3) (i) any debts liabilities, claims, or judgments against, or expenses of, SUC which FPC shall elect to pay after the Closing Date, and (ii) periodic costs and expenses of wind-up similar to those incurred by SUC prior to the Closing, not to exceed Four Thousand Dollars ($4,000.00) per year for the four (4) consecutive full calendar years immediately following the Closing Date, or a one time aggregate amount for such expenses of Sixteen Thousand Dollars ($16,000.00) payable within such four (4) calendar years; provided, however, that nothing in this item (3) shall be construed to constitute an agreement by FPC

to assume any matter not expressly assumed by FPC under Section 1.3 of the Purchase and Sale Agreement; and

(c) Customer Deposits. The obligations of SUC to repay certain of its electric customer deposits which FPC has assumed under Section 1.3(a) of the Purchase and Sale Agreement.

14. Pursuant to the Purchase and Sale Agreement, sufficient funds, together with other funds of SUC, including proceeds from the sale of the Water System, would be available to allow the complete payment of the Outstanding Bonds. Since the amount required to achieve payment of the Outstanding Bonds greatly exceeds the depreciated net book value of the Rate Base Assets, as defined below, the Purchase and Sale Agreement provides that the portion of the Purchase Price in excess of the depreciated net book value of the Rate Base Assets (together with any Additional Amount), would be recovered by FPC over a period of approximately, but not to exceed, 15 years, through a transition rate to be approved by the Commission (the "Transition Rate").

The Transition Rate would apply only to certain retail electric customers in the Sebring area, thus insulating FPC's general body of ratepayers from any adverse economic effects of the repayment of the Outstanding Bonds. The financial burden for repayment of the Outstanding Bonds should be imposed directly on the customers of SUC, which issued the Bonds for the benefit of SUC's operations, rather than spreading such repayment of the

Outstanding Bonds to all customers of FPC who did not benefit from the issuance of the Bonds.

Only the portion of the Purchase Price representing the depreciated net book value of the Rate Base Assets (together with any Additional Amount), would be included in FPC's rate base, pursuant to Section 2.2 of the Purchase and Sale Agreement.

At the same time, the Sebring area customers who would be subject to the Transition Rate (in addition to FPC's standard rates) would receive a substantial immediate reduction in their monthly electric rates compared with current SUC rates, and an additional reduction when the Transition Rate expires. For residential customers, the immediate reduction would be approximately $17.00 per 1, 000 kWh, plus additional reductions of up to $14.00 per month for customers participating in FPC's load management program (based on FPC's and SUC's rates in effect as of the date of the filing of this petition).

The term "Rate Base Assets" (as defined in Section 3.16 of the Purchase and Sale Agreement) means all of the Acquired Assets other than those described in Section 1.1(a), (g) [except for (g)(1)], (h), (i), and (j) of the Purchase and Sale Agreement.

15. The Closing is subject to the Commission's approval of the Transition Rate authorizing FPC to recover from the Affected Customers, as defined in paragraph 17 below, over a period commencing on the Closing Date and extending for approximately, but not exceeding, 15 years after the Closing Date (the "Transition Period"), the following amounts (the "Transition Amount"):

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(a) the difference between:

(1) the Purchase Price; and

(2) the depreciated net book value of the Rate Base Assets, as reflected in the supplementary schedule of the depreciated net book value of the Rate Base Assets contained in the Final Audited Financial Statement, as defined in Section 3.16 of the Purchase and Sale Agreement (together with any Additional Amount);

(b) FPC's costs incurred in issuing its medium term notes (the "Notes"), in the amount of the difference described in paragraph 15(a) above, for the purchase of the Acquired Assets;

(c) FPC's interest expenses with respect to the Notes; and

(d) regulatory assessment fees, gross receipts taxes, and other revenue related taxes (but not income taxes) with respect to the amounts described in paragraph 15(a), (b), and (c) above.

Attached hereto as Exhibit E is SUC's audited financial statement as of, and for the one year period ended, September 30, 1991, including, without limitation, a supplementary schedule of the Rate Base Assets as of such date.

16. FPC and SUC estimate that the Transition Amount will be approximately $68,976,000.00 (without taking into account any

Additional Amount). The Transition Amount will be recovered from the Affected Customers, as defined in and under the terms of paragraph 17 below, by the Transition Rate, which is to be charged in addition to FPC's regular retail electric rate. The initial Transition Rate (which includes the applicable gross receipts tax thereon) is estimated initially to be $21.80 per 1,000 kWh (and a proportionate amount thereof for a fractional portion of 1,000 kWh). The Transition Rate will be subject to increase or decrease, as determined by the Commission, consistent with the terms of the Purchase and Sale Agreement, to the extent necessary to reflect adjustments to the amounts described in paragraphs 15(a), (b), (c) and (d) of this petition, including, without limitation, FPC's actual interest rate in issuing the Notes, and the forecast from time to time of sales of electricity to Affected Customers under the terms of paragraph 17 hereof, so that the Transition Amount will be amortized and collected in full by FPC during the Transition Period.

17. FPC and SUC hereby jointly request that each customer to which or to whom retail electric service is furnished by FPC or its successors or assigns (collectively, the "Utility") after the Closing Date at any one or more of the Affected Locations, as defined below (individually, an "Affected Customer" and collectively, the "Affected Customers"), shall be subject to the payment of the Transition Rate with respect to electric service furnished by the Utility to each of such Affected Locations. The term "Affected Locations" means:

(a) all retail electric service locations within the SUC retail electric service territory (the "SUC Territory") and the FPC retail electric service territory in and near the City of Sebring, Florida, as described on Map I of Exhibit A of the Territorial Agreement that are served by SUC meters as of the Closing Date; and

(b) all retail electric service meters at new locations within the SUC Territory at any time after the Closing Date, except for retail electric service meters in the "separate SEBRING UTILITIES retail service area in and around the Sebring Airport", within the meaning of such quoted phrase in the Territorial Agreement.

18. Because the Outstanding Bonds constitute a debt of SUC and because the Purchase and Sale Agreement provides for the payment in full of the Outstanding Bonds and the payment of certain close-out debts and expenses of SUC, and because the Bonds were issued for the benefit of SUC and its customers rather than for FPC and all of its customers, it is proper for SUC's customers to be charged rates that are different than the rates charged by FPC to its other customers.

19. FPC and SUC believe that it is in the best interest of the Affected Customers to minimize the cost of capital associated with financing the Transition Amount over the term of the Transition Period. Accordingly, FPC intends to issue debt on the

Closing Date in an amount by which the Purchase Price exceeds the depreciated net book value of the Rate Base Assets (together with any Additional Amount), and recover as a cost of capital only the net interest cost on such debt during the Transition Period. The principal amount and cost of such debt will be assigned fully and exclusively to the recovery of the Transition Amount from the Affected Customers and will not be associated in any way with the general body of FPC's customers. FPC will institute accounting procedures to insure that all receipts, disbursements, and transactions associated with the Transition Amount are traceable and comply with the above criteria. It is currently estimated that the interest rate to FPC on such debt will be approximately 8%, although this rate is subject to change based on market conditions at the time FPC obtains the financing.

20. Because the Transition Rate will constitute a portion of the retail electric rates to be charged by FPC and its successors and assigns to the Affected Customers, the Commission should approve the SR-1 Rate Schedule as a part of FPC's rate schedules.

21. SUC and Glades entered into a Territorial Agreement dated February 19, 1987, a copy of which is attached hereto as Exhibit F (the "Glades Agreement"), which has been approved by the Commission. Under the Purchase and Sale Agreement, SUC is to assign to FPC SUC's entire right, title, and interest under the Glades Agreement.

22. The purchase by FPC of the Acquired Assets, under the terms of the Purchase and Sale Agreement, will eliminate

duplication of facilities and improve service to both SUC's present customers and FPC's customers in the Sebring area.

SUC's service territory is in the middle of FPC's Avon Park and Lake Placid districts. FPC's service territory not only surrounds SUC's service territory but many of FPC's customers are also intermingled with SUC's customers. The present duplication of facilities results in additional costs and confusion for all customers. The record keeping and accounting requirements necessary to document consumptive load and the transfer of customers between the two utilities has become burdensome and inefficient. Removing this difficulty will not only benefit FPC and SUC but electric customers in the Sebring area as well. As a result of the purchase, duplicate power lines and other facilities will no longer be required. An additional benefit to customers will be the elimination of confusion when deciding which utility to call in storm emergencies and power restoration. Efficiencies in time and costs will enhance service to the customers.

For the FPC customers served from the Avon Park and Lake Placid district offices who reside in the Sebring area, additional benefits will be realized as a result of the purchase. The purchase of the Acquired Assets will include the acquisition of SUC's customer service office located in Sebring. Through that office, FPC's customers in the Sebring area will be able to receive more convenient service because of the more centralized location.

By combining resources, FPC will be able to better utilize its manpower, material, and transportation resources. In this regard,

the SUC employees that will be hired by FPC will be a valuable resource for FPC because of their knowledge and experience.

For the reasons set forth in this paragraph 22 above, FPC has concluded that the purchase by it of the Rate Base Assets, under the terms of the Purchase and Sale Agreement, is a prudent investment.

23. Under the Purchase and Sale Agreement, SUC will assign to FPC SUC's entire right, title, and interest under the Power Purchase Agreement, as defined in paragraph 13(b)(2) of this petition, and FPC will assume SUC's obligations thereunder.

SUC and FPC hereby request the Commission to approve FPC's right to recover, in Capacity Cost Recovery proceedings pursuant to FPSC Order No. 25773, as clarified by Order No. PSC-92-0414-FOF-EQ, in Docket No. 910794-EQ, the difference between the Demand charges provided for in the Power Purchase Agreement and the production component of FPC's retail cost of service as determined by the Commission in FPC's 1992 base rate case and included in FPC's base rates until such time as the Commission establishes new base rates for FPC (the "Capacity Cost Recovery").

24. The closing of the Purchase and Sale Agreement is conditioned, among other conditions, on the Commission's approval of (a) the Amendment; (b) the depreciated net book value of the Rate Base Assets, as set forth in Exhibit E attached hereto; (c) the imposition of the Transition Rate under the terms set forth in this Joint Petition; (d) the SR-1 Rate Schedule as a part of FPC's rate schedules; (e) the assignment by SUC to FPC of SUC's

entire right, title, and interest under the Glades Agreement; (f) the purchase by FPC of the Rate Base Assets, under the terms of the Purchase and Sale Agreement, as a prudent investment; and (g) the Capacity Cost Recovery.

Timely Commission approval will expedite the further elimination of overlap and duplication and will ensure that former SUC customers in the Sebring area are provided the best possible electric service at substantially lower rates at the earliest possible time.

25. SUC and FPC believe that the granting of the approvals requested in this petition will serve the overall public interest by ending uneconomic and undesirable duplication of facilities and overlapping operations between utilities and thereby serve the policies which the Commission is charged with carrying out.

WHEREFORE, FPC and SUC respectfully request that the Commission approve:

1. the Amendment;

2. the depreciated net book value of the Rate Base Assets, as of September 30, 1991, in the amount of $17,813,753.00 as set forth in Exhibit E attached hereto;

3. any amount in addition to the amount provided in paragraph 2 above that the Commission determines, pursuant to Section 366.06(1), Florida Statutes, to be allocated to Rate Base Assets as a prudent investment by FPC for "going-concern" or "franchise value" for which payment is made under the Purchase and Sale Agreement;

4. the imposition of the Transition Rate and the methodology for any changes thereto under the terms set forth in this Joint Petition, and retention of jurisdiction over the Transition Rate in accordance with the terms of this Joint Petition;

5. the SR-1 Rate Schedule as a part of FPC's rate schedules;

6. the assignment by SUC to FPC of SUC's entire right, title, and interest under the Glades Agreement;

7. the purchase by FPC of the Rate Base Assets, under the terms of the Purchase and Sale Agreement, as a prudent investment;

8. the Capacity Cost Recovery; and

9. grant such other relief as the Commission deems appropriate.

Respectfully submitted this _____ day of _____, 1992, by:

Albert H. Stephens
General Counsel
Florida Power Corporation
3201 - 34th Street, South
St. Petersburg, Florida 33733
(813) 866-4588

Andrew Jackson
Counsel for Sebring
Utilities Commission
Post Office Box 2025
Sebring, Florida 33871
(813) 382-3686

SCHEDULE AND EXHIBITS TO JOINT PETITION

Schedule 1. Tariff

Exhibit:

A. Territorial Agreement between SUC and FPC

B. Settlement Agreement between SUC and FPC

C. Purchase and Sale Agreement

D. Amendment to Territorial Agreement

E. SUC's September 30, 1991 audited financial statement, with Supplementary Schedule of Rate Base Assets as of September 30, 1991

F. Territorial Agreement between SUC and Glades

Florida Power
CORPORATION

RATE SCHEDULE SR-1
SEBRING RIDER

Availability:

To any customer located within:

a) all retail electric service locations of the former Sebring Utilities Commission (SUC) retail electric service territory and the Florida Power retail electric service territory in and near the City of Sebring, Florida as described on Map I of Exhibit A of the Territorial Agreement that are served by SUC meters as of (the closing date).

b) all retail electric service meters at new locations within the former SUC territory at any time after (the closing date), except for retail electric service meters in the "separate SEBRING UTILITIES retail service area in and around the Sebring Airport", within the meaning of such quoted phrase in the Territorial Agreement.

Applicable:

To all customers located within the service territory described under "Availability".

Rate Per Month:

In addition to the charges under the applicable rate schedule for electric service, the following rate shall be assessed:

Sebring Rider: 2.126¢ per KWH

Gross Receipts Tax Factor: See Sheet No. 6.106

Franchise Fee: Sebring Rider is exempt from the Franchise Fee.

Municipal Tax: Sebring Rider is exempt from the Municipal Tax.

Term of Service:

This rate shall be for a maximum term of fifteen (15) years from (the closing date).

ISSUED BY: S. F. Nixon, Jr., Director, Rate Department

EFFECTIVE: (As of closing date)

Territorial Agreement

This Territorial Agreement (Agreement) is made and entered into this 11th day of December, 1986, by and between Sebring Utilities Commission (**SEBRING UTILITIES**), a Florida municipal electric utility, and Florida Power Corporation (**FLORIDA POWER**), a Florida investor-owned electric utility, referred to herein collectively as the parties.

WHEREAS, **SEBRING UTILITIES** furnishes electric service to the public within and near the City of Sebring, Florida in Highlands County; and

WHEREAS, **FLORIDA POWER** furnishes electric service to the public around and near the City of Sebring, Florida in Highlands County; and

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

WHEREAS, the Florida Public Service Commission has determined that territorial agreements between utilities with contiguous and overlapping areas of service which preclude the duplication of facilities, are in the public interest; and

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

WHEREAS, the parties desire to avoid the duplication of facilities and to otherwise realize the benefits of defined retail service areas;

NOW THEREFORE, in fulfillment of the premises, and in consideration of the mutual obligations contained herein, the parties agree as follows:

Section 1 - Term. This Agreement shall become effective upon approval as a territorial agreement by the Florida Public Service Commission and shall continue in effect until December 31, 2007.

Section 2 - Scope. This Agreement shall be applicable to retail electric service by the parties in the areas in and near the City of Sebring, Florida in Highlands County, as depicted on the maps contained in Exhibit A hereto.

Section 3 - Service Areas. The areas identified as "FPC" areas on the maps contained in Exhibit A are hereby allocated to FLORIDA POWER as its retail service areas. The areas identified as "SUC" areas on the maps contained in Exhibit A are hereby allocated to SEBRING UTILITIES as its retail service areas. The boundaries between those retail service areas are described in Exhibit B hereto.

Section 4 - Service Obligations. Each party shall have the exclusive right and obligation to provide retail electric service to the public in its designated retail service areas, except as provided in Sections 5 and 6 herein.

Section 5 - Extra-territorial Service. Each party hereby retains the right and obligation to continue to provide retail electric service at existing points of delivery, which are in the retail service areas of the other party, at the time this Agreement becomes effective. Existing points

of delivery shall mean service drops and underground service laterals which are physically connected to the customer's property, whether energized or not. Each such party may maintain, repair and replace its facilities used to service such existing points of delivery.

For purposes of this section, the party in whose retail service area the customer is located is referred to as the "host utility party." The party serving a customer in the retail service area of the other party is referred to as the "foreign utility party." If service is being provided at an existing point of delivery by a foreign utility party and the service changes to the extent that substantial new utility facilities are required (for example, the extension of three phase facilities to serve an existing single phase point of delivery), the foreign utility party shall notify the host utility party of the changed service, and the host utility party shall have the following options:

(a) the host utility may decline in writing to provide the changed service because it would require an unreasonable extension of its facilities and thereby waive its right and obligation to provide that service;

(b) the host utility party may request in writing, and the foreign utility party may in its discretion agree, that the changed service be provided by the foreign utility party subject to a transfer of the service to the host utility party when the host utility party determines that it is appropriate to extend its facilities; or

(c) the host utility party may notify in writing the foreign utility party that the host utility party will provide the changed service and thereby acquire the right and obligation to provide that service.

If service is to be provided at a new point of delivery which is near the facilities of a foreign utility party, the host utility party shall have the following options:

(a) the host utility party may request in writing, and the foreign utility party may in its discretion agree, that the new service be provided by the foreign utility party because the new service would require an unreasonable extension of the host utility party's facilities, and the host utility party thereby waives its right and obligation to provide that service;

(b) the host utility party may request in writing, and the foreign utility party may in its discretion agree, that the new service be provided by the foreign utility party subject to a transfer of the service to the host utility party when the host utility party determines that it is appropriate to extend its facilities; or

(c) the host utility party may provide the new service and thereby acquire the right and obligation to provide that service.

Section 6 - Service in Airport Area. **FLORIDA POWER** shall continue to serve all customers, existing or new, in the separate **SEBRING UTILITIES** retail service area in and around the Sebring Airport until January 1, 1990, as identified on the maps contained in Exhibit A. If on January 1, 1990, the Sebring Airport is not owned or controlled by the City of Sebring, Florida, then **FLORIDA POWER** shall continue to provide all electric service in the separate **SEBRING UTILITIES** retail service area in and around the Sebring Airport for the balance of the term of this Agreement. If, however, on January 1, 1990, the Sebring Airport is owned or controlled by the City of Sebring, Florida, then **SEBRING UTILITIES** may, within thirty (30) days after

January 1, 1990. elect in writing to acquire FLORIDA POWER'S customers and facilities in that area. If SEBRING UTILITIES so elects, then FLORIDA POWER and SEBRING UTILITIES shall effect a transfer of FLORIDA POWER'S customers and facilities in that area to SEBRING UTILITIES in the calendar year 1992. SEBRING UTILITIES shall pay FLORIDA POWER the depreciated book value of the facilities as recorded on FLORIDA POWER'S property records. If SEBRING UTILITIES does not so elect, then FLORIDA POWER shall continue to provide all electric service in that area for the balance of the term of this Agreement.

Section 7 - Elimination of Overlapping Services. FLORIDA POWER and SEBRING UTILITIES agree to use reasonable efforts to eliminate, during the term of this Agreement, electric services by either party in the retail service areas of the other party. This effort shall include the identification of potential customer and facilities transfers which would eliminate duplication of facilities or avoid hazardous conditions. Neither FLORIDA POWER nor SEBRING UTILITIES shall be obligated to effect any such transfers, and any transfers would be subject to review and approval by the Florida Public Service Commission.

Section 8 - Utility Facilities. Nothing in this Agreement shall be construed to prevent or restrict either party from locating, constructing, maintaining, repairing or replacing its transmission, substation, or distribution facilities in the retail service areas of the other party.

Section 9 - Wholesale Electric Services. Nothing in this Agreement shall be construed to apply to the provision by either party of bulk power

supply for resale, transmission, interchange or other similar wholesale electric services between electric utilities.

Section 10 - Regulatory Approval. This Agreement shall become effective only upon approval by, and shall be subject to the authority of, the Florida Public Service Commission. Neither party shall be bound hereunder in any way until that approval is obtained. The Agreement of the parties hereto is conditioned upon approval of this Agreement without modification.

Section 11 - Notices. Any notices given under this Agreement to SEBRING UTILITIES shall be provided to General Manager, Sebring Utilities Commission, P.O. Box 971, Sebring, Florida 33820. Any notices given under this Agreement to FLORIDA POWER shall be provided to President, Florida Power Corporation, P.O. Box 14042, St. Petersburg, Florida 33733.

Section 12 - Amendment. This Agreement may be amended only by mutual written agreement of the parties.

Section 13 - Headings. The section headings in this Agreement are for reference purposes only and shall not be considered in construing or interpreting this Agreement.

Section 14 - Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the establishment of defined retail electric service areas where the areas served by the parties are contiguous or overlapping. All prior agreements, understandings or

practices with respect to retail electric service areas shall be deemed to have been merged herein and superseded by this Agreement.

In Witness Whereof, the parties hereto have executed this Territorial Agreement as set forth below.

Attest:

Sebring Utilities Commission

By J. W. Jones

Name Jack W. Jones

Title Chairman

Florida Power Corporation

By Maurice H. Phillips

Name Maurice H. Phillips

Title Senior Vice President

TERRITORIAL AGREEMENT
BETWEEN
FLORIDA POWER CORPORATION
AND
SEBRING UTILITIES COMMISSION
DATED DECEMBER 11, 1986

EXHIBIT A

Contents

MAP I - Overall map showing FPC and SUC retail electric service areas in and near the City of Sebring, Florida

MAP II - Map showing FPC and SUC retail electric service areas in and near the Sebring Airport

MAPS 1, 2, 3, 4, 5A, 5B, 6 and 7 - Detail maps referenced on MAP I

SETTLEMENT AGREEMENT
BETWEEN
FLORIDA POWER CORPORATION
AND
SEBRING UTILITIES COMMISSION

Florida Public Service Commission
Docket No. 891034-EU

FLORIDA POWER CORPORATION (FPC) and SEBRING UTILITIES COMMISSION (Sebring) hereby agree to resolve all outstanding issues in this docket, except those issues concerning Sebring Airport Authority, and agree to eliminate duplication of facilities, and to provide for the exchange of accounts, as follows:

1. Term. This agreement shall become effective upon the date it is allowed to go into effect by the Florida Public Service Commission (Commission), and shall remain in effect until December 31, 2007, or until Sebring no longer has enough Sebring Foreign Accounts to balance the kilowatthours (KWH) (and if appropriate the kilowatts (KW)) associated with FPC Foreign Accounts as provided in paragraph 9, whichever occurs first.

2. Termination Of Joint Plan. This Agreement terminates the May 12, 1988 Joint Plan To Resolve Overlapping Services approved in Florida Public Service Commission Docket No. 850605-EU; provided, however, that the parties agree to preserve the general concept of Pure Areas, as provided in paragraph 4(e) and Appendix A of this Agreement. FPC and Sebring agree that FPC shall purchase Sebring's facilities in Thunderbird Hill Mobile Home Park South identified in Appendix E as provided in paragraph 10, and the parties further agree that the Sebring and FPC accounts to which the Joint Plan applied shall become accounts subject to being

exchanged and balanced pursuant to paragraphs 7, 8 and 9 of this Agreement.

3. Territorial Agreement. This Agreement does not alter or amend in any way the December 11, 1986 Territorial Agreement between the parties.

4. Definitions. The following definitions apply to this Agreement:

(a) "Host Utility" means the utility in whose retail service area the account is located, as such retail service areas are defined in the Territorial Agreement.

(b) "Foreign Utility" means the utility serving an account in the retail service area of the other utility as such retail service areas are defined in the Territorial Agreement.

(c) "Foreign Facilities" means those facilities currently used by the Foreign Utility to serve its Foreign Accounts located in the Host Utility's retail service area, whether such facilities are located in Foreign Utility Pure Areas or elsewhere in the Host Utility's retail service territory.

(d) "Foreign Accounts" means a utility's accounts located in the other utility's retail service area.

(e) "Pure Areas" are those areas containing facilities and accounts of a Foreign Utility located in the Host Utility's territory which are totally located within a single development and said development is exclusively served by the Foreign Utility. There are no overlapping facilities within the Pure Areas. Pure

Areas subject to being exchanged are only those areas designated in Appendix D.

(f) "End User Change" means when service to an account at a given location is terminated and service at that location is provided to a new and different customer.

5. Foreign Accounts And Facilities. With respect to FPC, this Agreement applies to only those FPC Foreign Facilities identified in Appendix B and the FPC accounts served by such facilities. With respect to Sebring, this Agreement applies to only those Sebring Foreign Facilities identified in Appendix C and the Sebring accounts served by such facilities.

6. Removal Of Foreign Facilities. Foreign Facilities identified in Appendices B and C shall be removed by the Foreign Utility, or if usable by the Host Utility at its discretion, sold to the Host Utility, within six months of the final Commission order approving this Agreement; provided, however, that certain Foreign Facilities, including but not limited to through feeders, shall not be removed by the Foreign Utility if they are necessary to maintain service to accounts that ultimately will be retained by the Foreign Utility under this Agreement. The cost of the removal of Foreign Facilities not sold to the Host Utility, and the connection of Foreign Accounts to the Host Utility's distribution transformer shall be borne by the Foreign Utility. The Host Utility shall be responsible for all other facilities necessary to serve such an account.

7. Accounts Subject To Being Exchanged. FPC Foreign Accounts served by facilities identified in Appendix B shall continue to be FPC accounts and shall continue to utilize an FPC meter but shall be served by Sebring by connecting these accounts to Sebring's distribution system until there is an End User Change. Sebring Foreign Accounts served by facilities identified in Appendix C shall continue to be Sebring accounts and shall continue to utilize a Sebring meter but shall be served by FPC by connecting these accounts to FPC's distribution system until such time as such accounts are transferred to FPC in order to effect a KWH (and if appropriate a KW) balance pursuant to paragraph 9.

8. True-Up Of Energy And Capacity Provided By Host Utility To Foreign Accounts.

Energy (and if appropriate capacity) provided by one Host Utility to Foreign Accounts in the Host Utility's service territory shall be approximately equal to the energy (and if appropriate capacity) provided by the other Host Utility to Foreign Accounts in its service territory at the time of the removal of Foreign Facilities made pursuant to paragraph 6, and shall remain approximately equal thereafter. The parties will balance or "true up," on a quarterly basis any difference in the amounts of energy (and if appropriate capacity) provided. To this end, each party in its role as Foreign Utility shall on a quarterly basis report its Foreign Account KWH (and if appropriate KW) usage to the Host Utility, and the Host Utility that has provided the greater amount

of KWH (and if appropriate KW) shall invoice the other Host Utility for the difference.

9. Exchange Of Accounts, Kilowatthours And Kilowatts. After End User Changes have occurred with respect to FPC's Foreign Accounts identified in Appendix B such FPC accounts shall become Sebring accounts, provided, however, that on the first day of the next quarter, Sebring shall provide FPC with whatever number of Sebring accounts is necessary to balance the KWH (and if appropriate KW) associated with the FPC accounts exchanged pursuant to this paragraph. In order to measure such balance, the prior 12-month KWH (and if appropriate KW) of FPC accounts exchanged shall be compared to the KWH (and if appropriate KW) of Sebring accounts to be exchanged for the same 12-month period.

10. Price Of Facilities. The price of facilities purchased by the Host Utility shall be replacement cost less depreciation, except in the case of Sebring's facilities in Thunderbird Hill Mobile Home Park South, which facilities are designated in Appendix E, and which shall be sold to FPC for $51,500.

11. Pure Areas. In order to achieve a balance of KWH (and if appropriate KW) pursuant to paragraphs 8 and 9 the Sebring Foreign Facilities located in areas identified in Appendix D shall be removed by Sebring, or if usable by FPC at its discretion purchased by FPC, in accordance with paragraph 6. Sebring's Foreign Accounts which were served by such Sebring Foreign Facilities shall continue to be Sebring accounts and shall continue to use a Sebring meter but shall be served by FPC by connecting

those accounts to FPC's distribution system until such accounts are transferred to FPC in order to effect a KWH (or if appropriate KW) balance pursuant to paragraph 9. New residential dwellings or commercial space added within the areas identified in Appendix D shall become FPC accounts, but Sebring shall be given credit (based on estimated 12-month usage) for such new dwellings or space that occur during the first 12 years of this Agreement, in the exchange of accounts made pursuant to paragraph 9. FPC accounts located in its Pure Areas are not subject to being exchanged under this Agreement.

12. Avoiding Future Duplication. In order to avoid future duplication of facilities, the parties agree that when Sebring is required to construct and serve new accounts in its service area, the parties will jointly arrive at a solution which avoids duplication of any FPC Foreign Facilities that may be in the vicinity. Such solutions may include, but are not limited to, joint use of facilities, FPC serving Sebring's new account, or purchase of FPC's Foreign Facilities by Sebring and Sebring in turn serving FPC's accounts. If pursuant to such a solution, FPC at its sole discretion elects to sell, and Sebring purchases, FPC Foreign Facilities and Sebring in turn serves FPC's Foreign Account, such FPC Foreign Account shall be transferred to Sebring upon an End User Change pursuant to paragraphs 7, 8 and 9.

13. Commission Approval. The parties' consent to this Agreement is contingent upon approval by the Commission without modification.

14. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon FPC and Sebring and their respective successors and assigns.

15. Complete Agreement. The terms and provisions contained in this Agreement constitute the entire agreement between the parties and supersedes all previous communications, representations or agreements either verbal or written with respect to this docket.

16. Appendices. The following Appendices are incorporated by reference into this agreement:

Appendix A - FPC and Sebring Joint Plan Pure Areas

Appendix B - FPC Foreign Facilities Subject To Removal

Appendix C - Sebring Foreign Facilities

Appendix D - Sebring Pure Areas Which Contain Accounts Subject To Being Exchanged And Balanced

Appendix E - Sebring's Facilities In Thunderbird Hill Mobile Home Park South

IN WITNESS WHEREOF, FPC and Sebring have caused this agreement to be executed by their duly authorized representatives.

By: _____
FLORIDA POWER CORPORATION

Date: _____

Attest: _____

By: _____
SEBRING UTILITIES COMMISSION

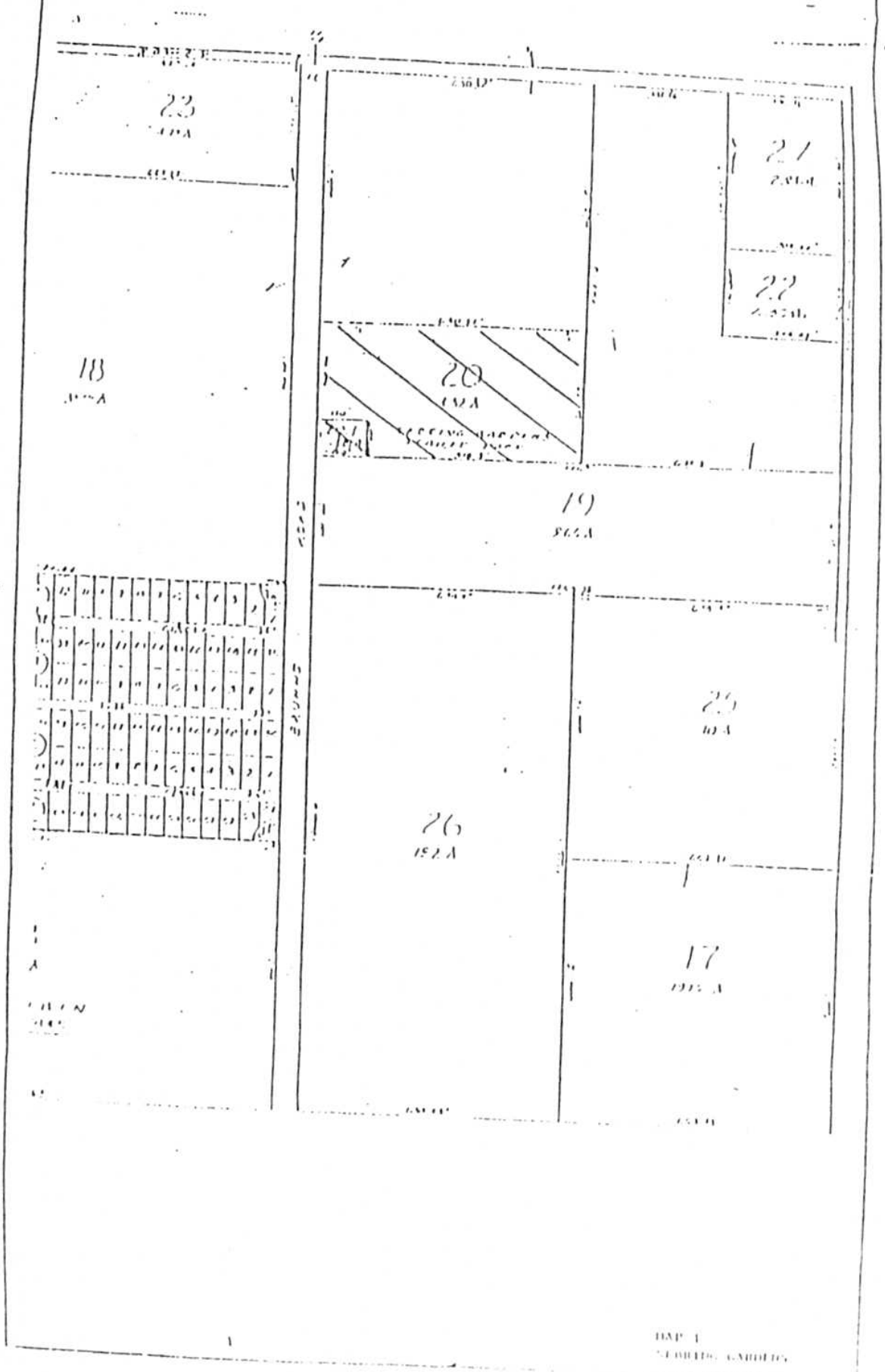
Date: October 26, 1990

Attest: _____

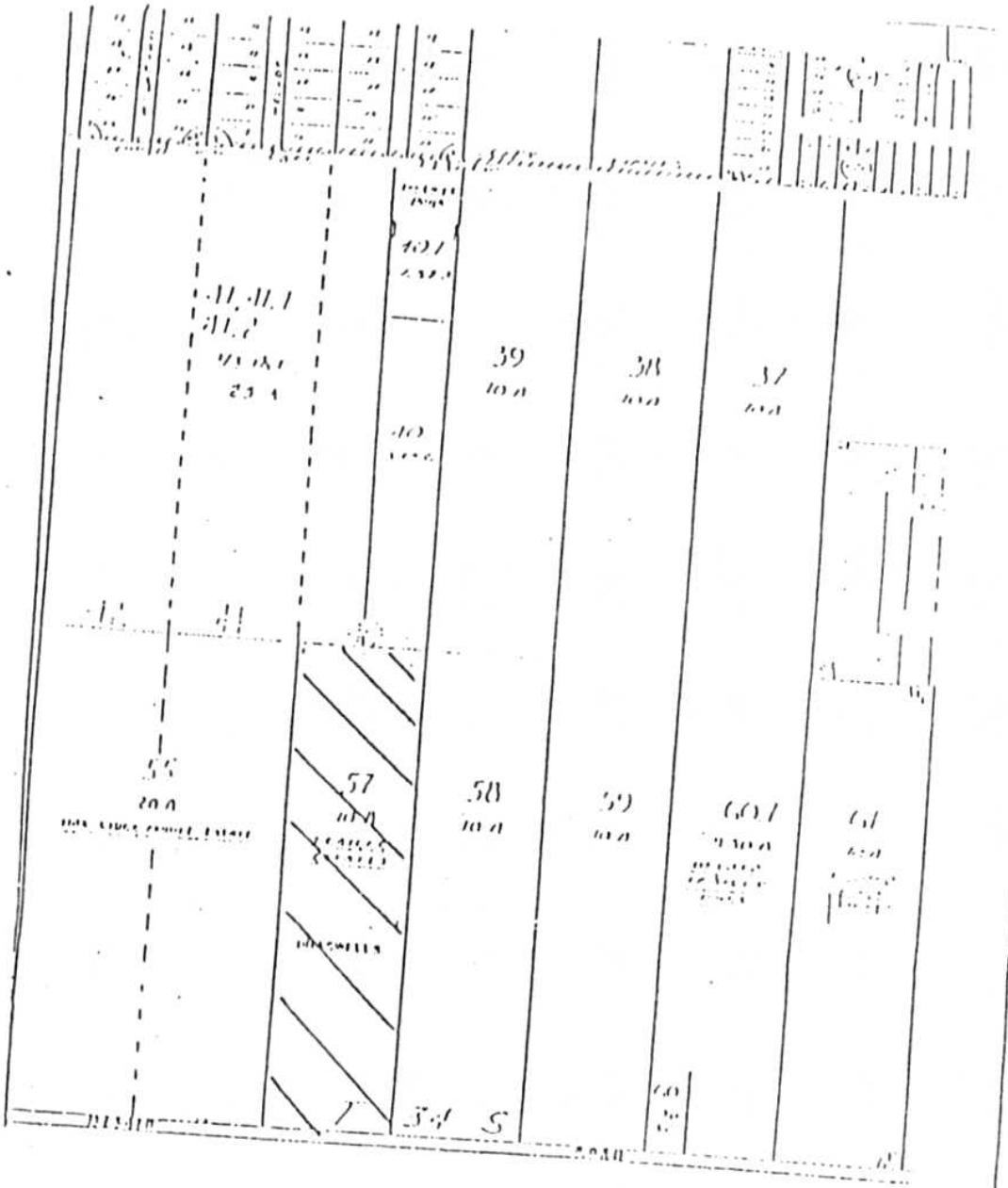
FLORIDA POWER CORP
LEGAL DEPT
APPROVED
Date 10/22/90
By _____

DOCKET 891034 - EU

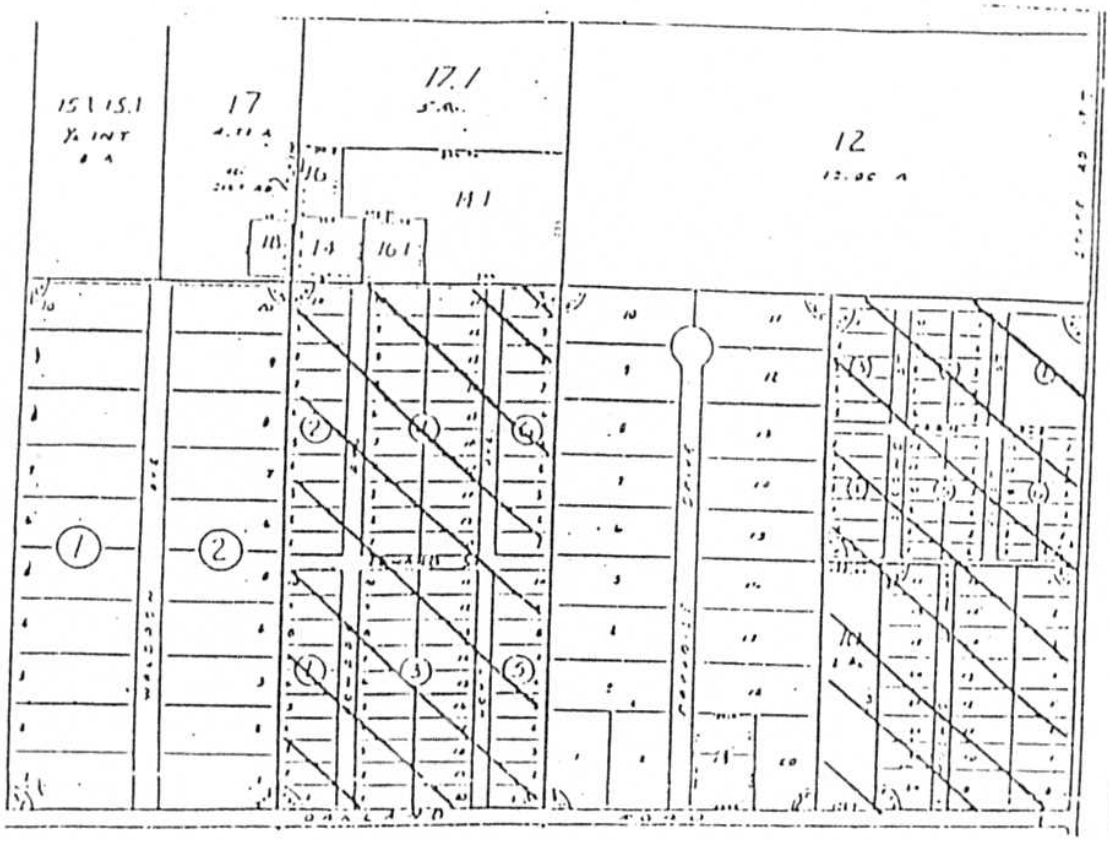
APPENDICES A - E

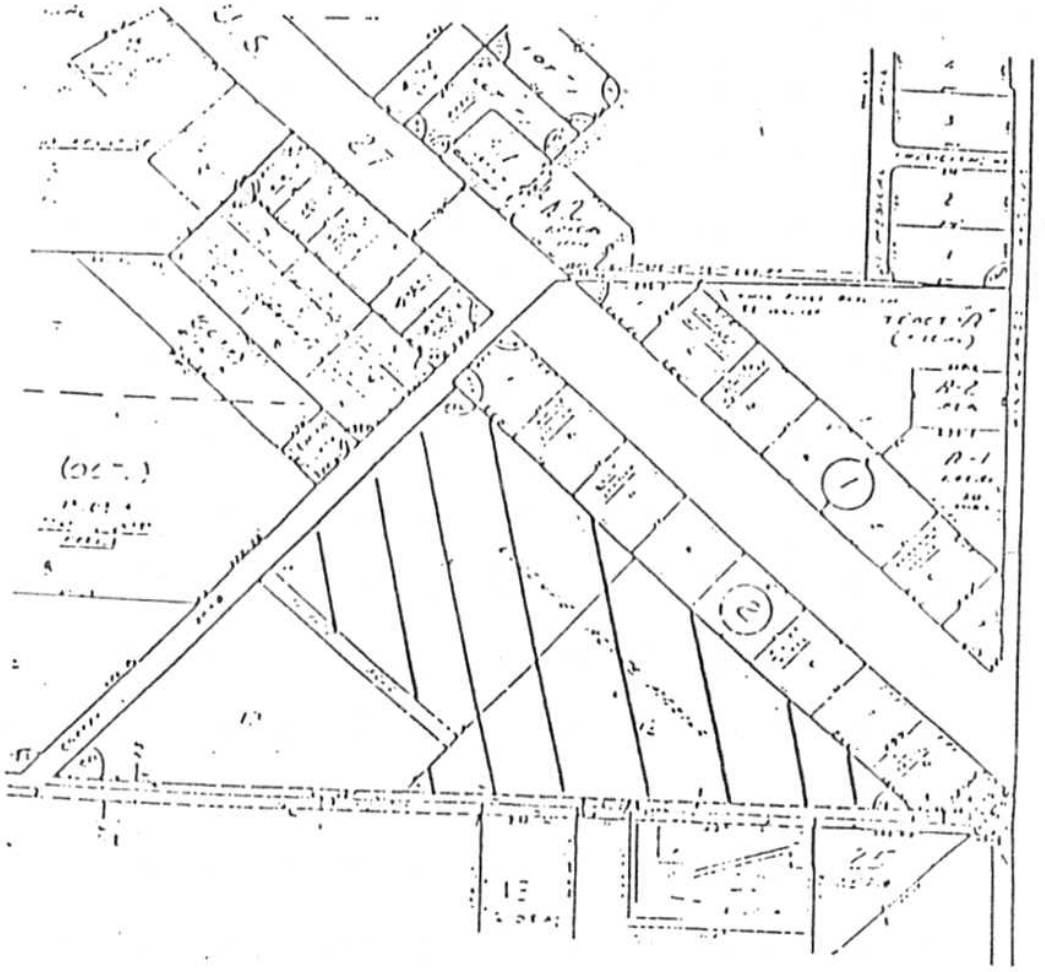


MAP 1

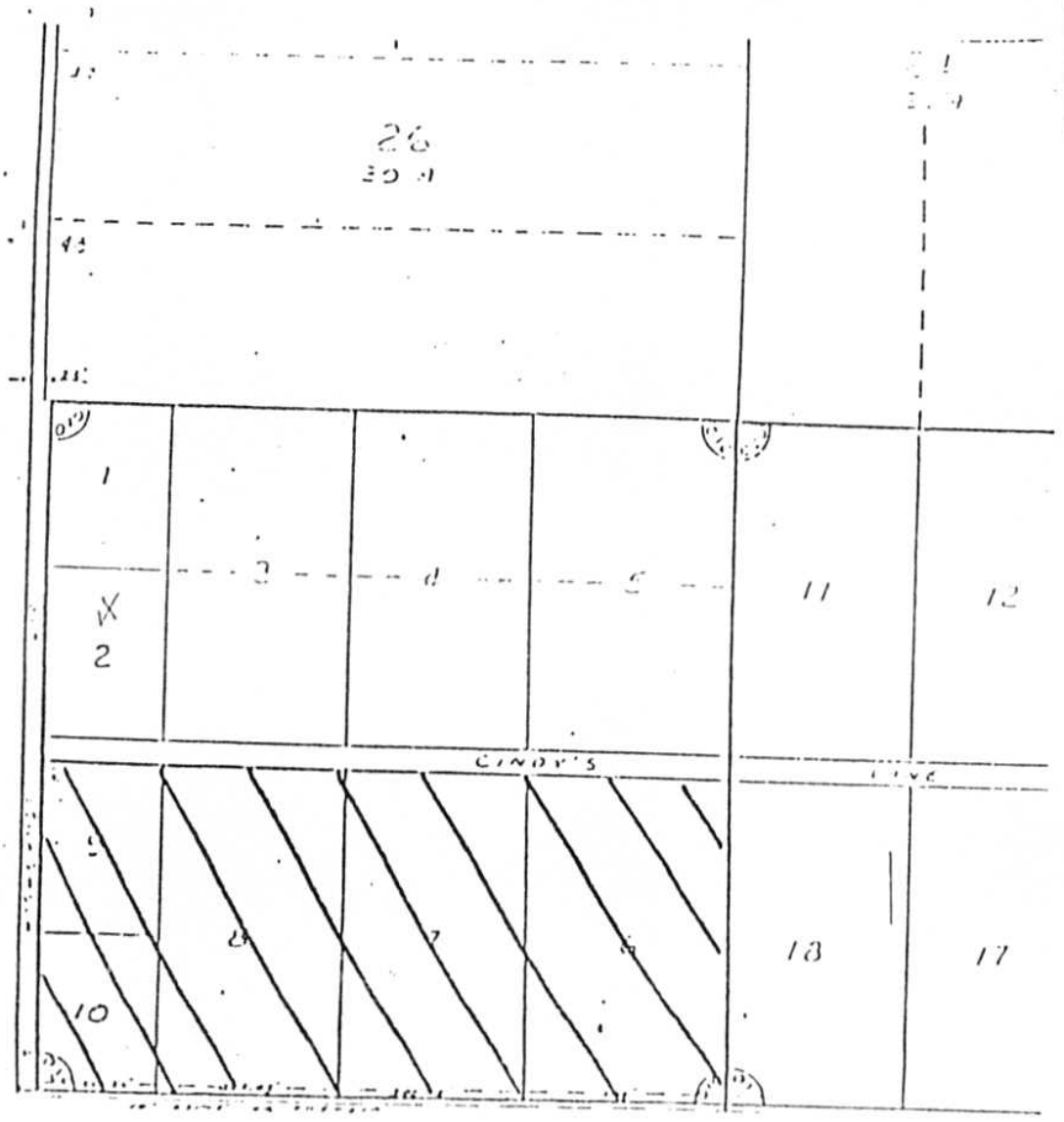


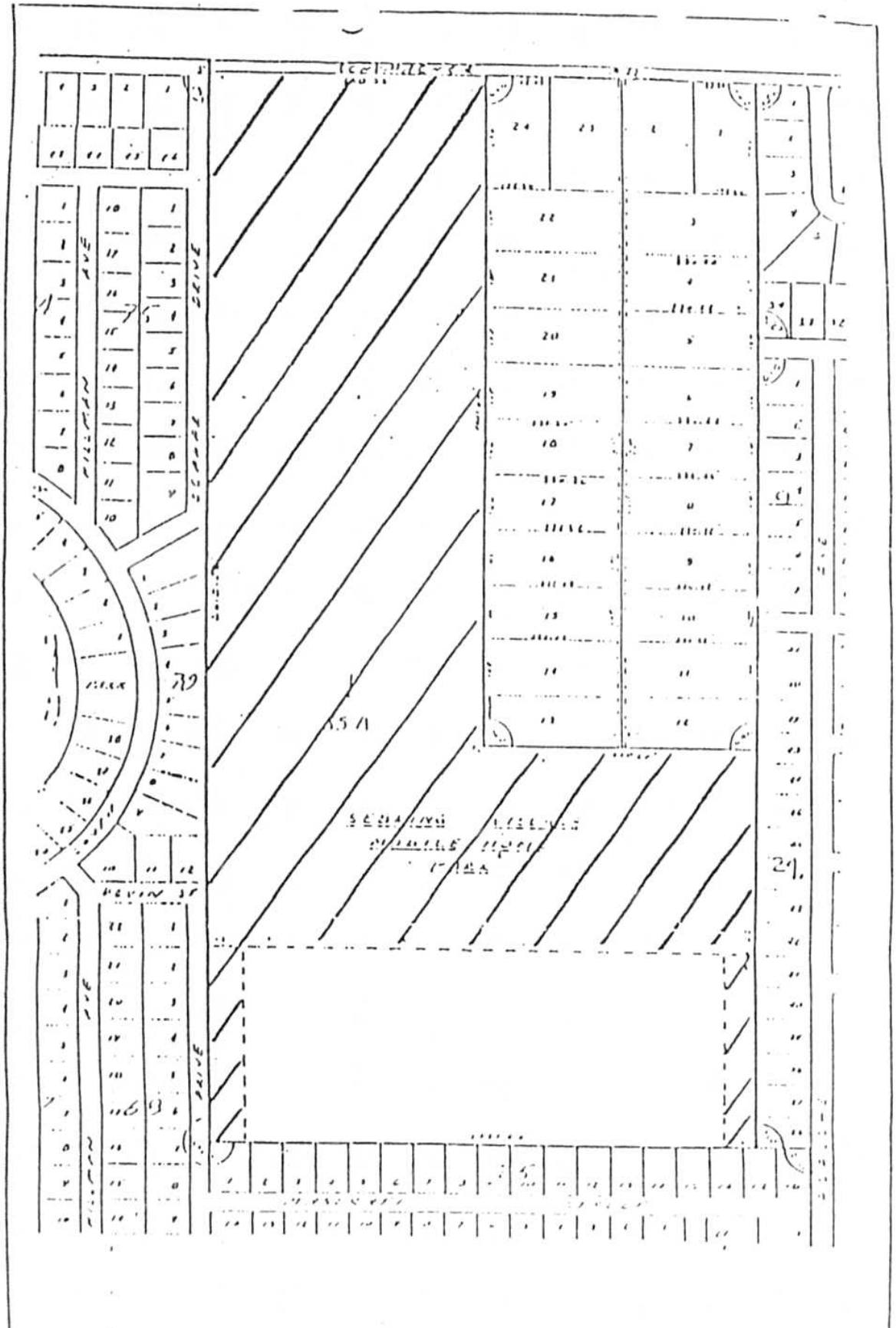
MAP 2
BRANSHILL DR PARK


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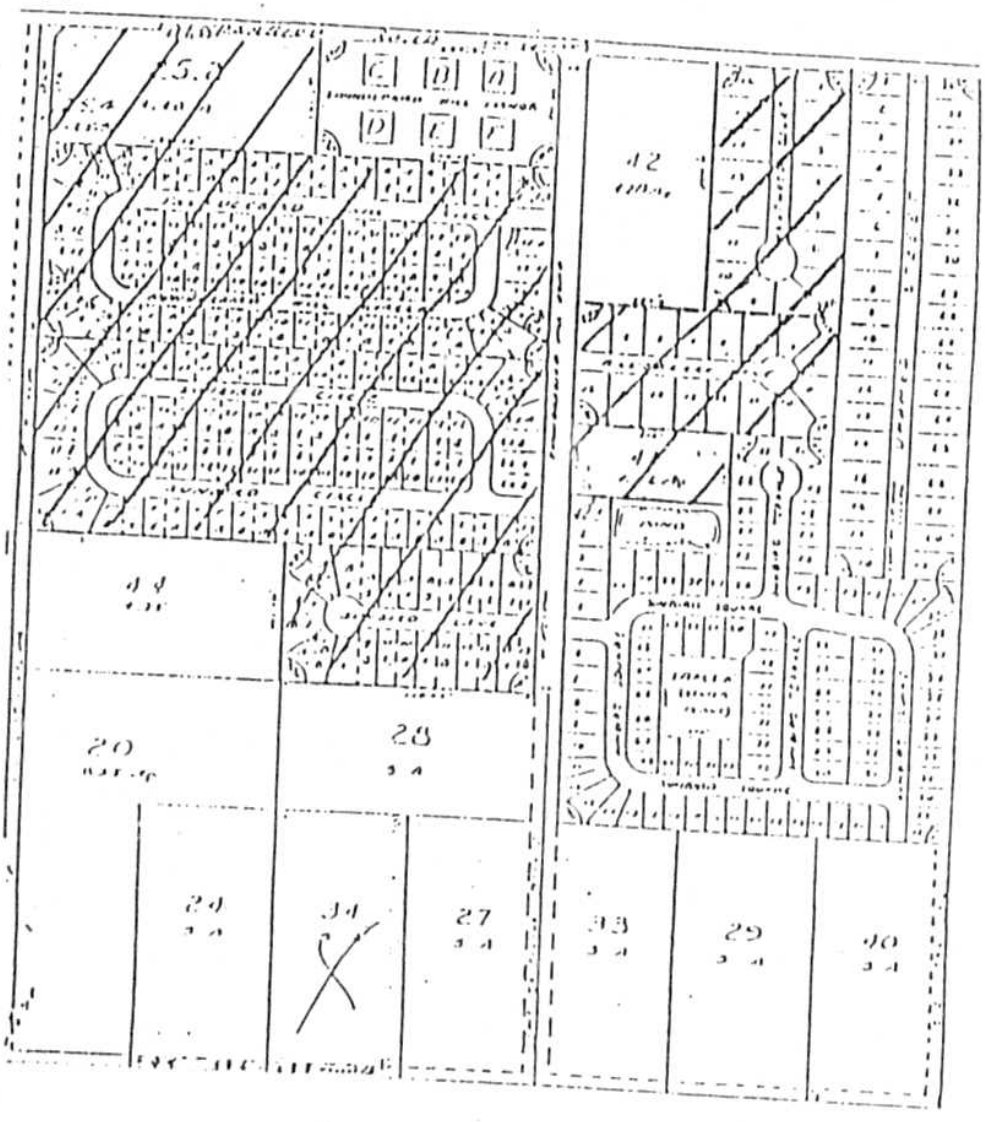


MAP A
LEISURE ACRES

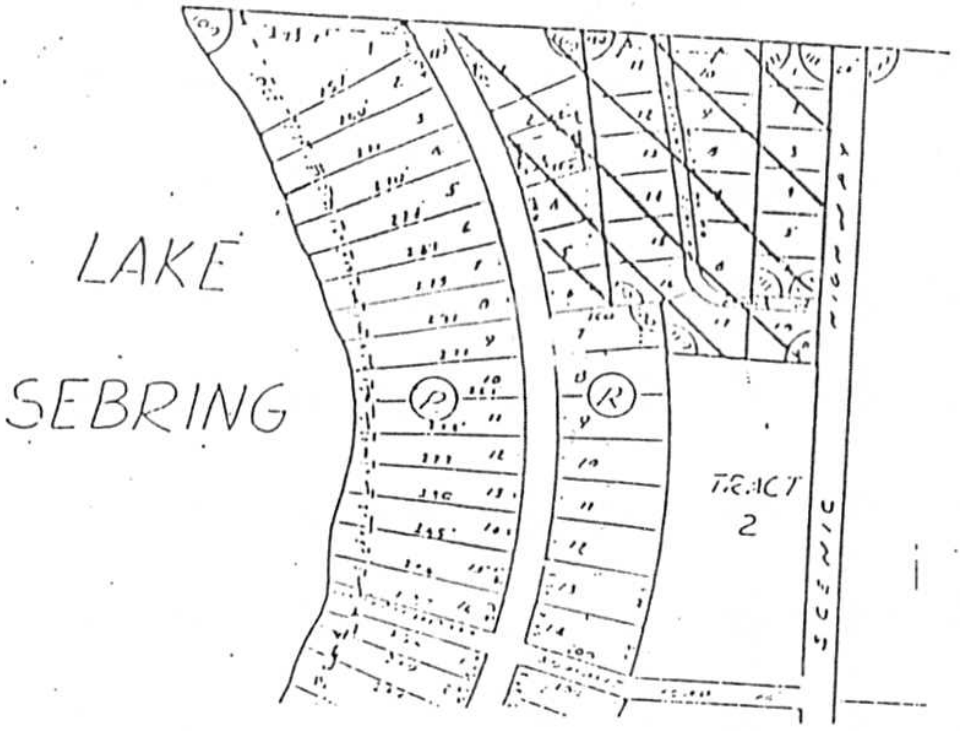

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CINDY'S
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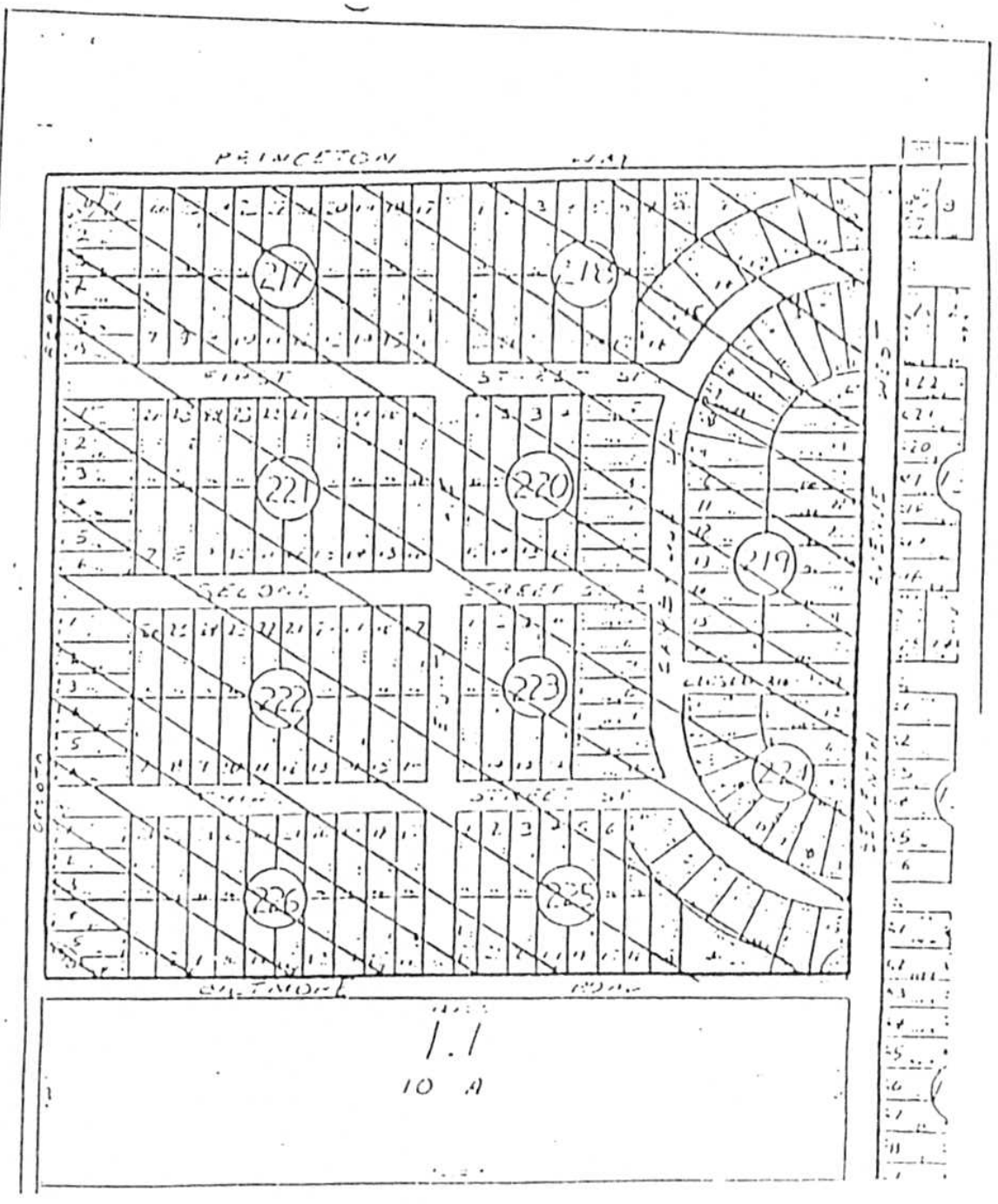
MAP 6
SEBRING VILLAGE

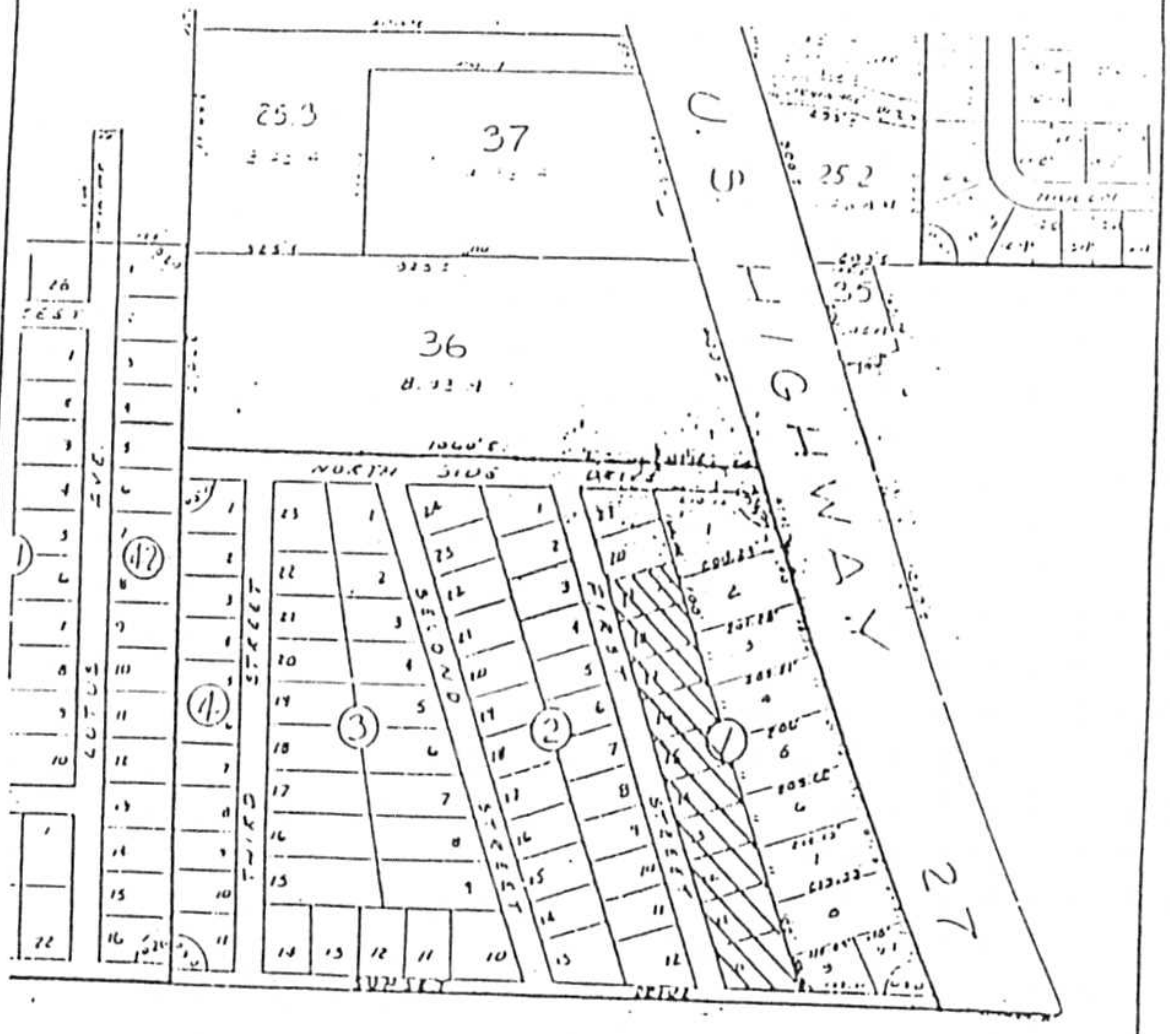


MAP 1
THORNBURIED HILLS
BRAE LOCAL

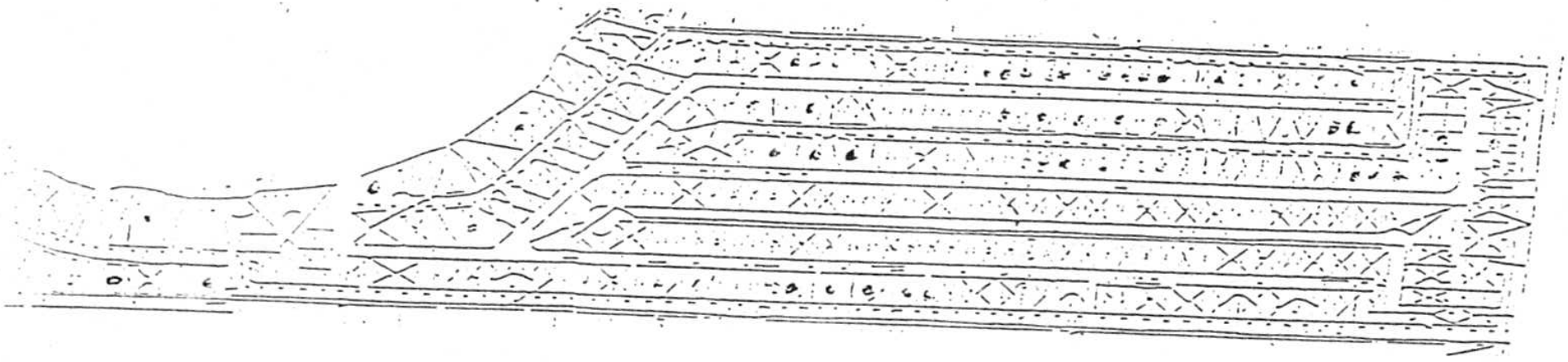


MAP B
LAKE SPORES
SCENIC EST

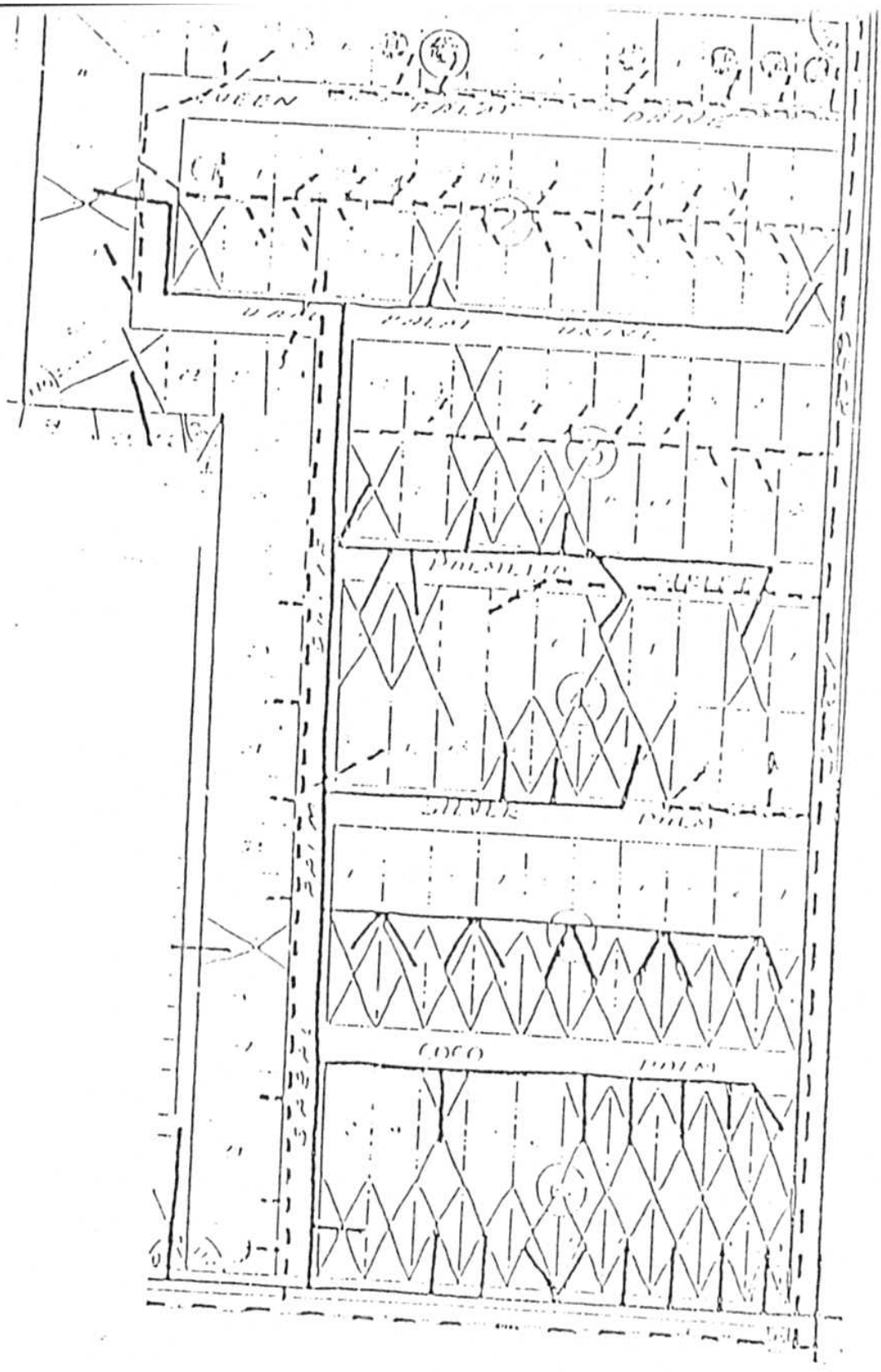

PRINCETON
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10 A



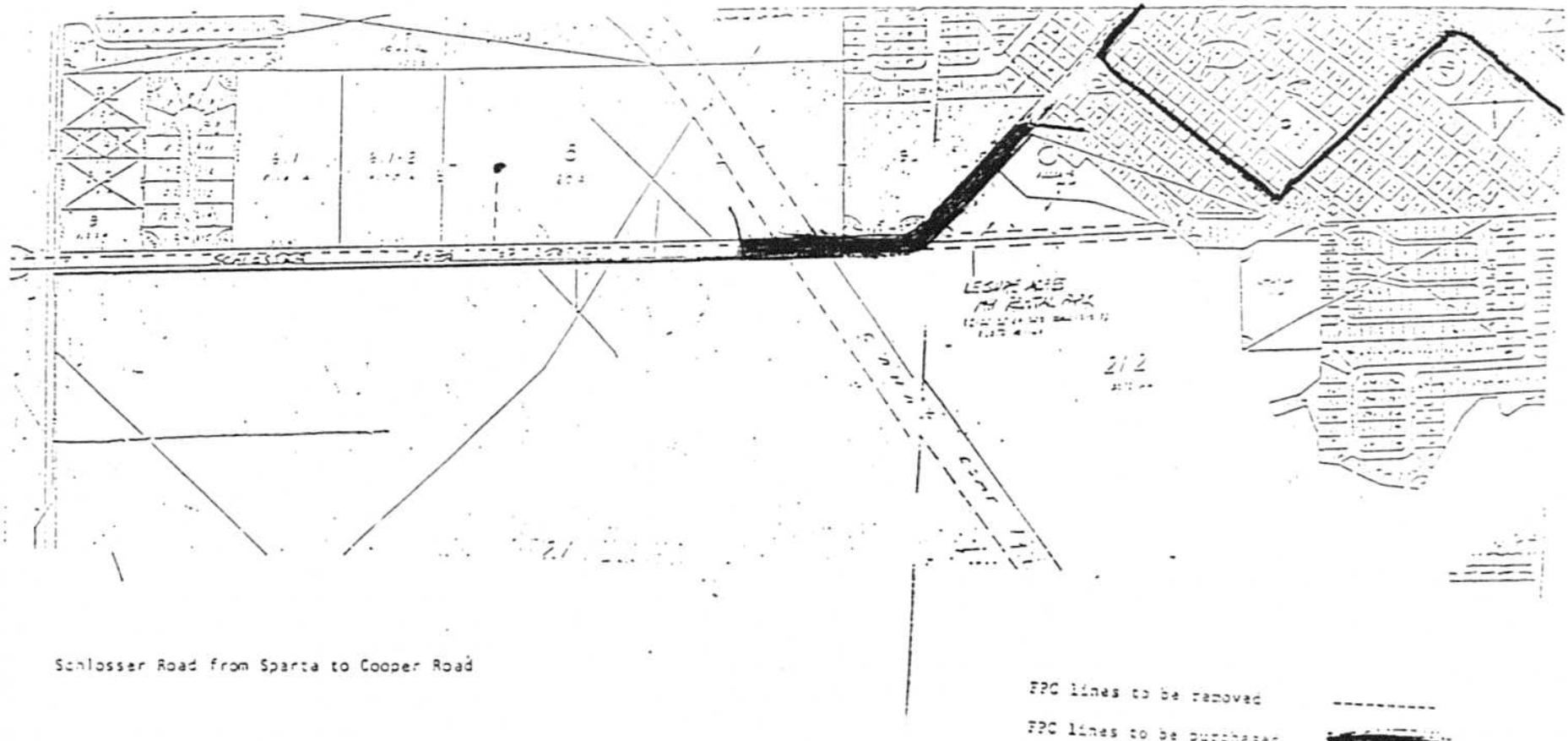
MAP 16
RED BLUFF APTS



Erin Park and Normandy Shores



Sebring Villas



Schlosser Road from Sparta to Cooper Road

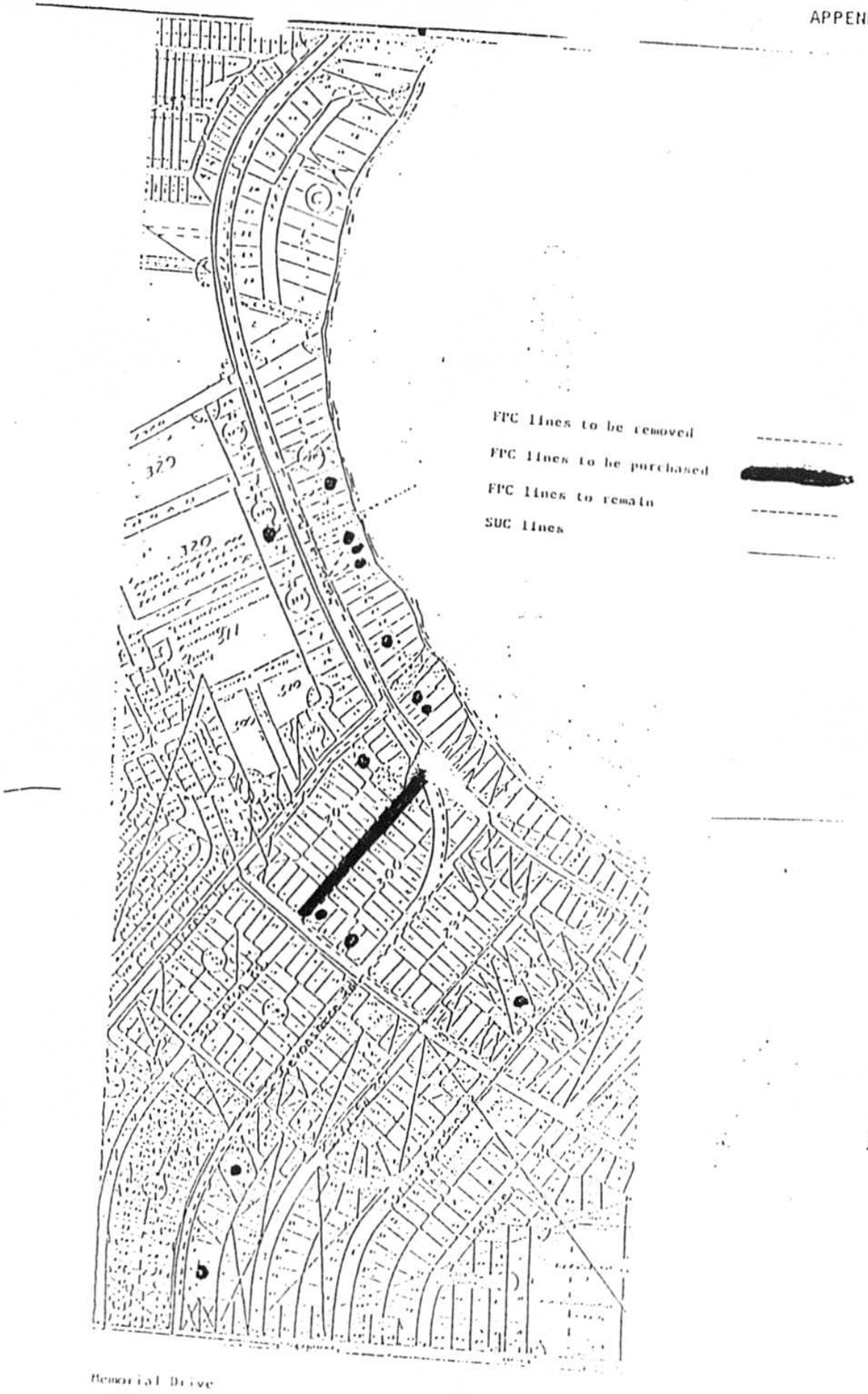
FPC lines to be removed

FPC lines to be purchased

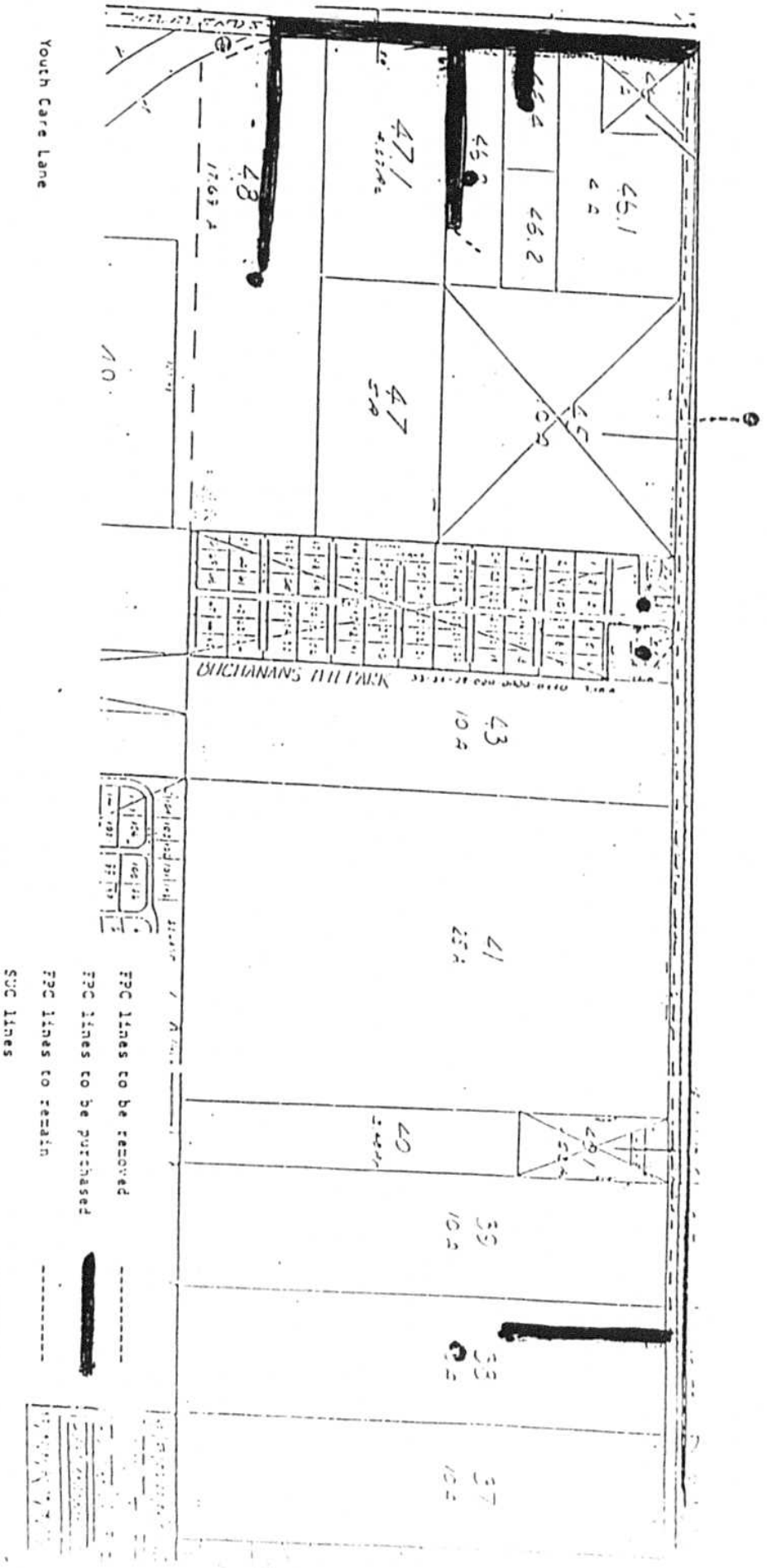
FPC lines to remain

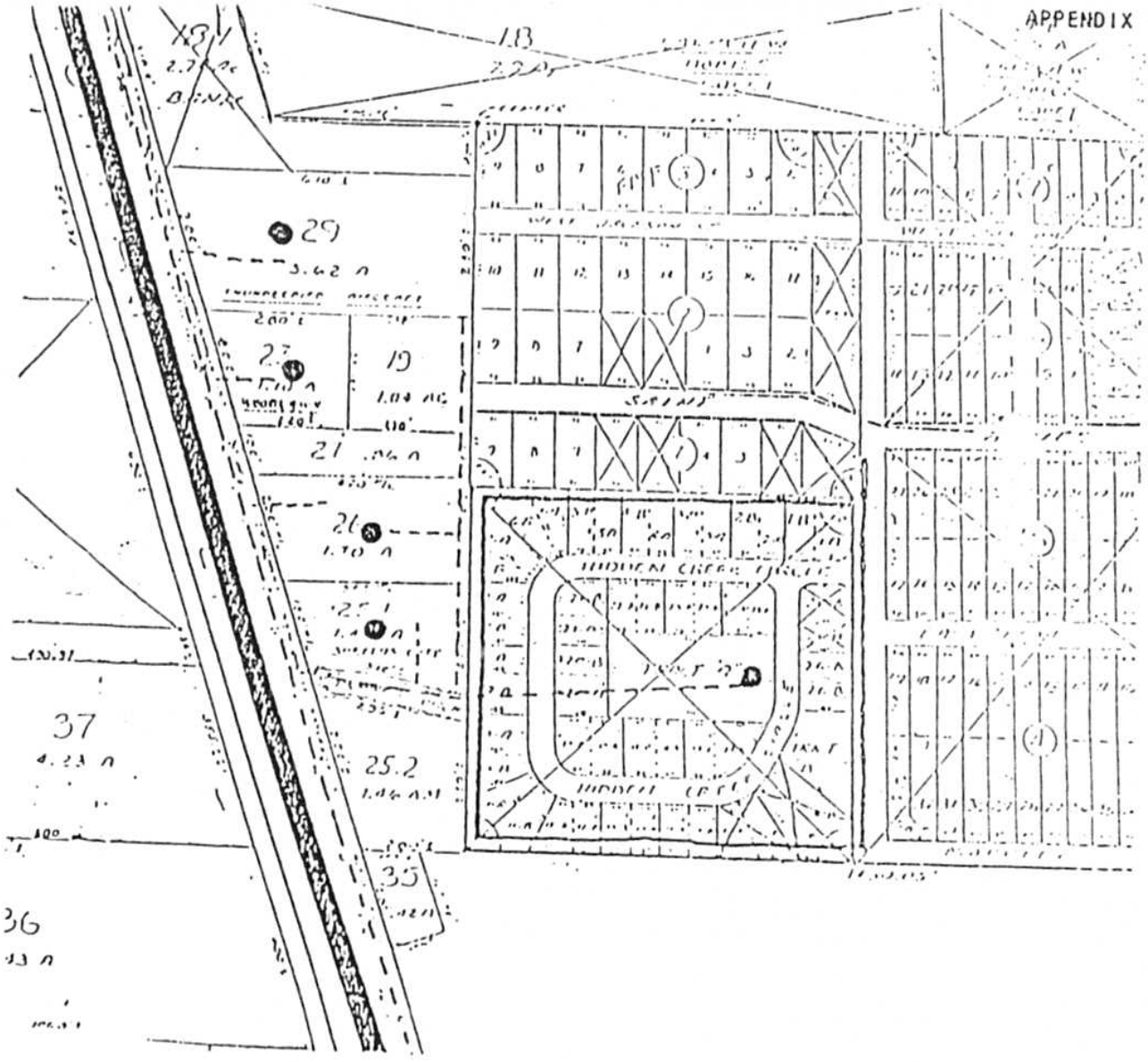
SVC lines

FPC line on Highlands that can be removed as a result of Sheriff Tower Rd. & Youth Care Lane lines being addressed on Map 44 and 48


FPC lines to be removed
FPC lines to be purchased
FPC lines to remain
SUC lines
320
320
311
310
Memorial Drive

FPC lines to be removed
FPC lines to be purchased
FPC lines to remain
SWC lines
Sheriff Tower Road


Youth Care Lane
FPC lines to be removed
FPC lines to be purchased
FPC lines to remain
SDC lines
BUCHANANS HILL PARK



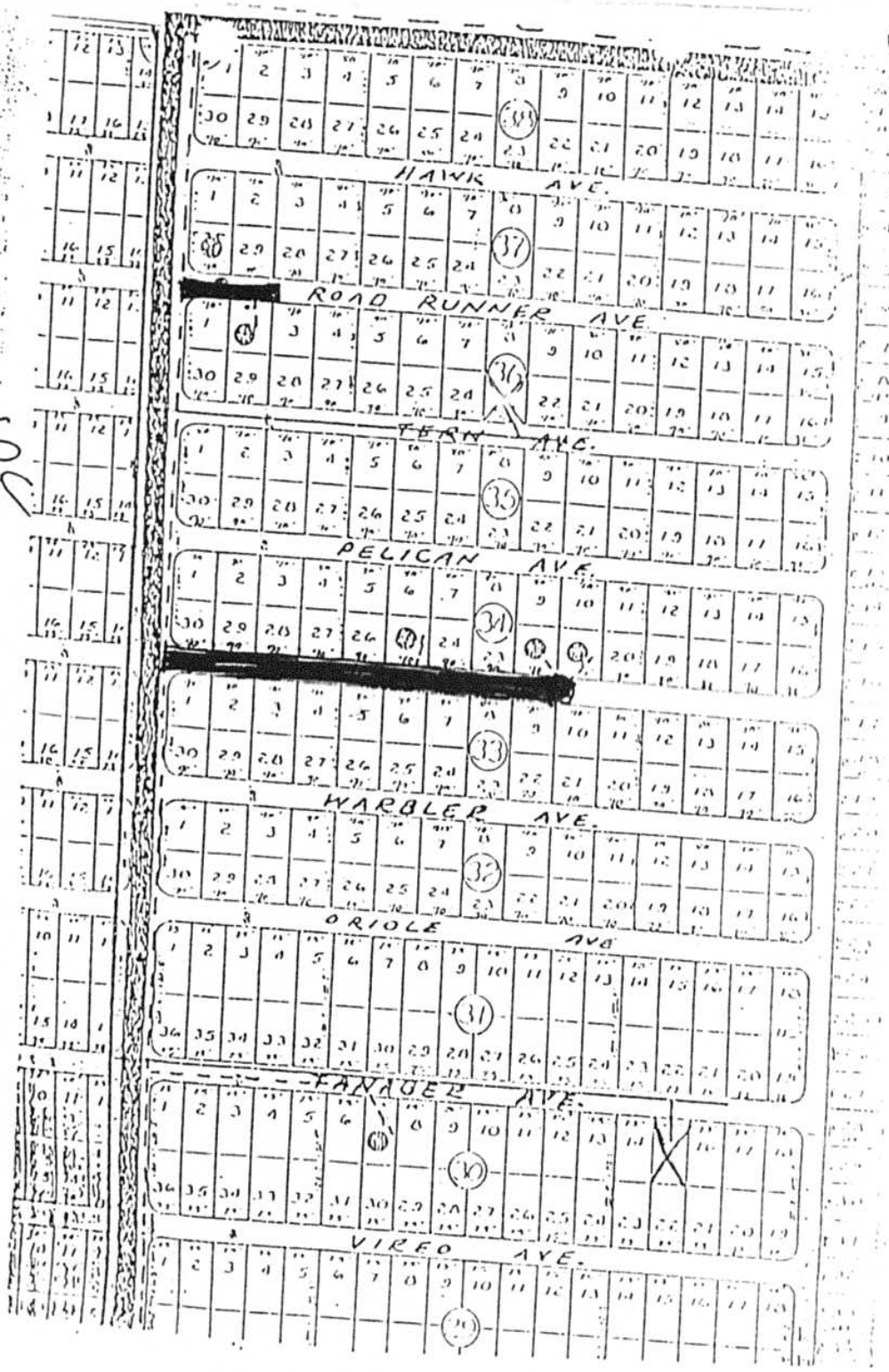
FPC lines to be removed

FPC lines to be purchased

FPC lines to remain

SOC lines

Hidden Creek



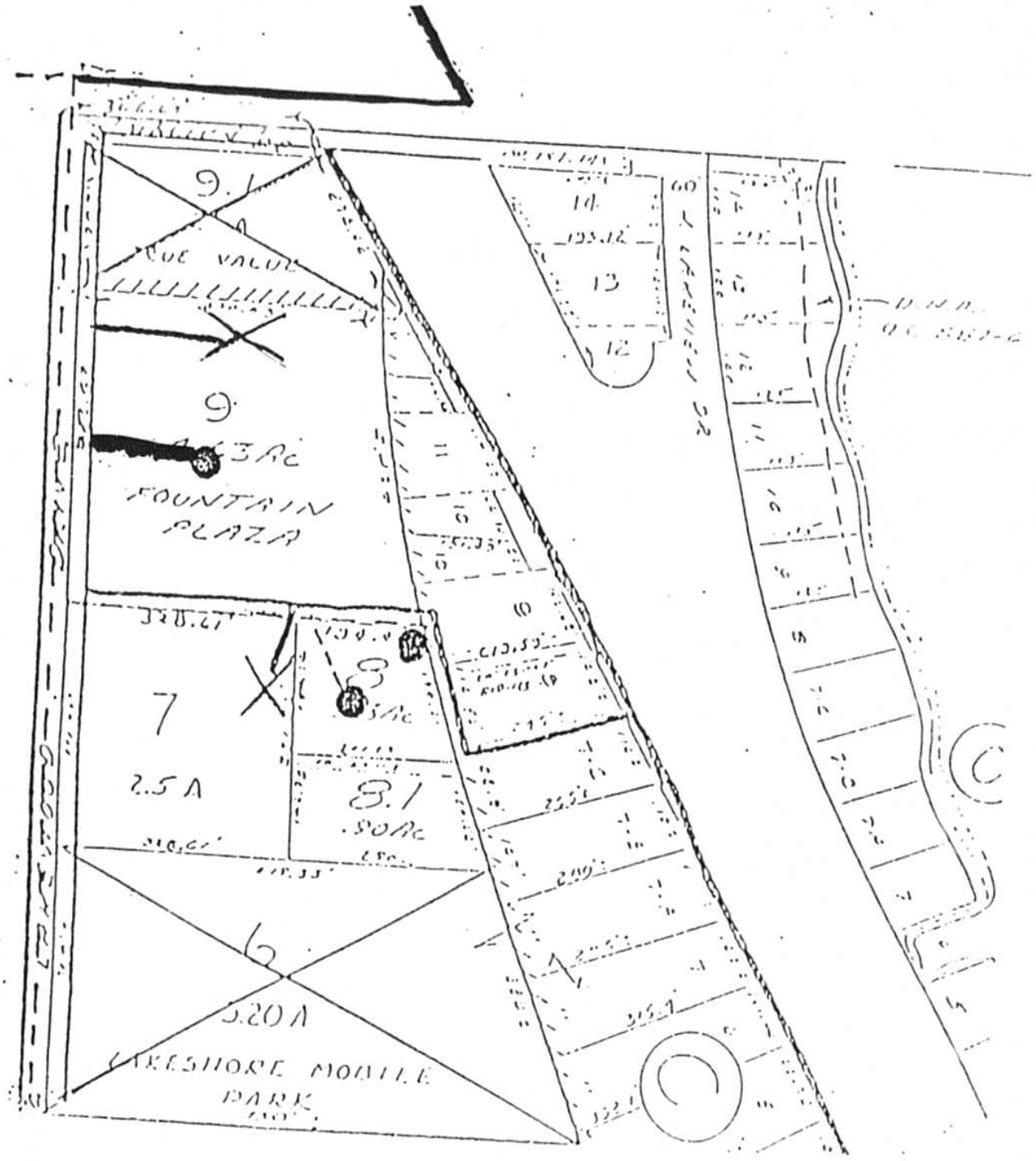
Sebring Hills South

FPC lines to be removed

FPC lines to be purchased

FPC lines to remain

SBC lines



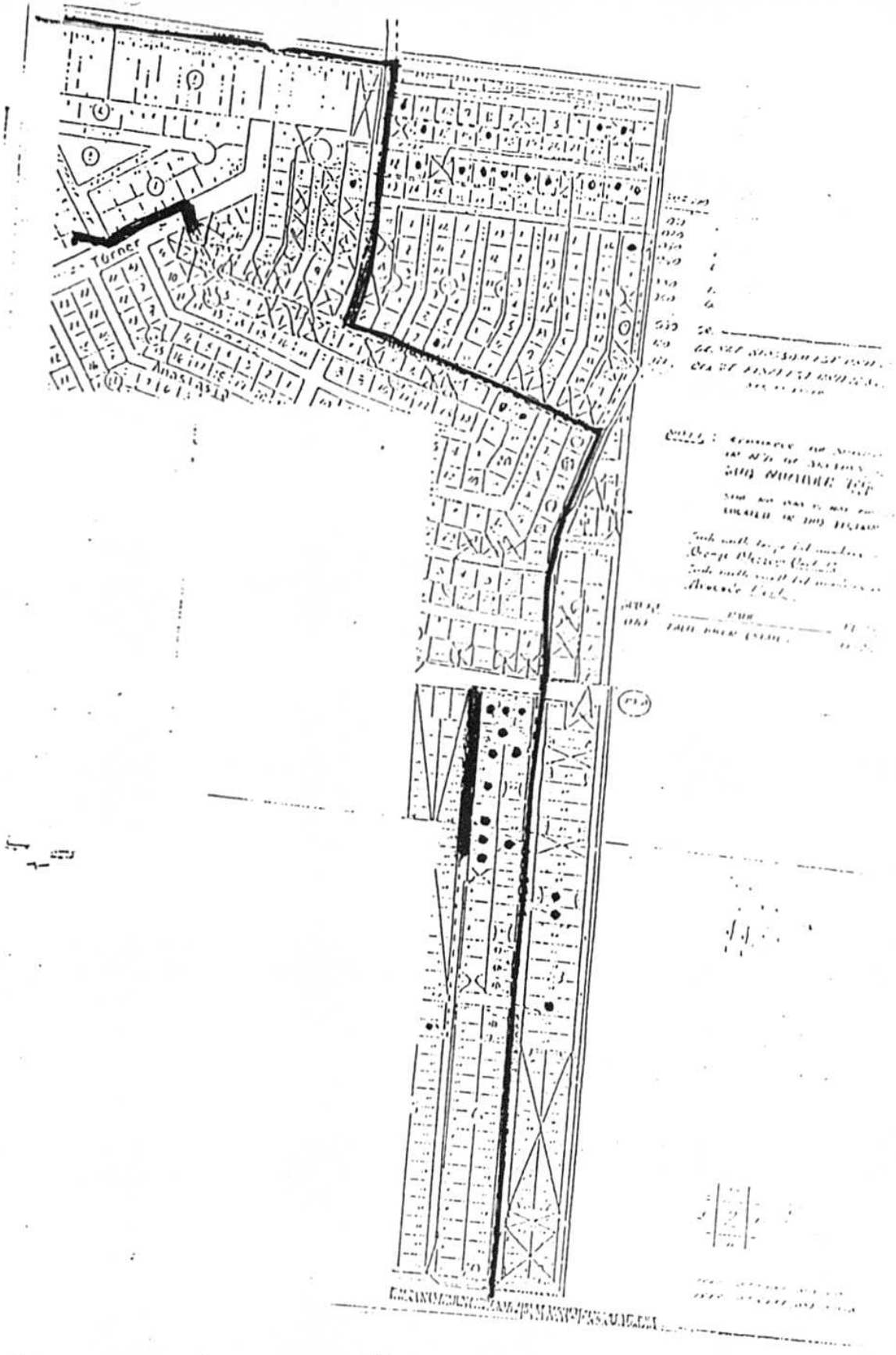
FPC lines to be removed

FPC lines to be purchased

FPC lines to remain

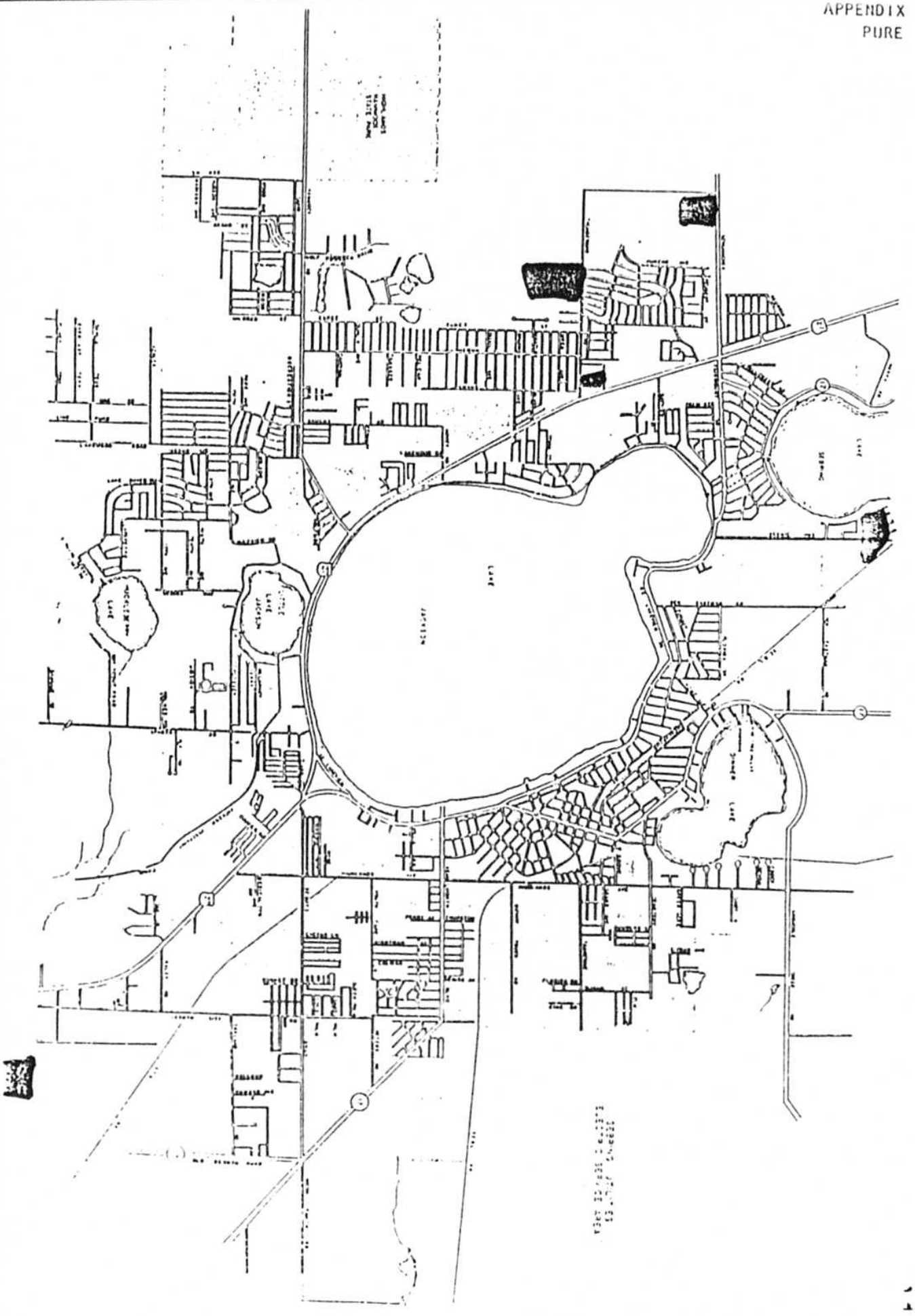
SUC lines

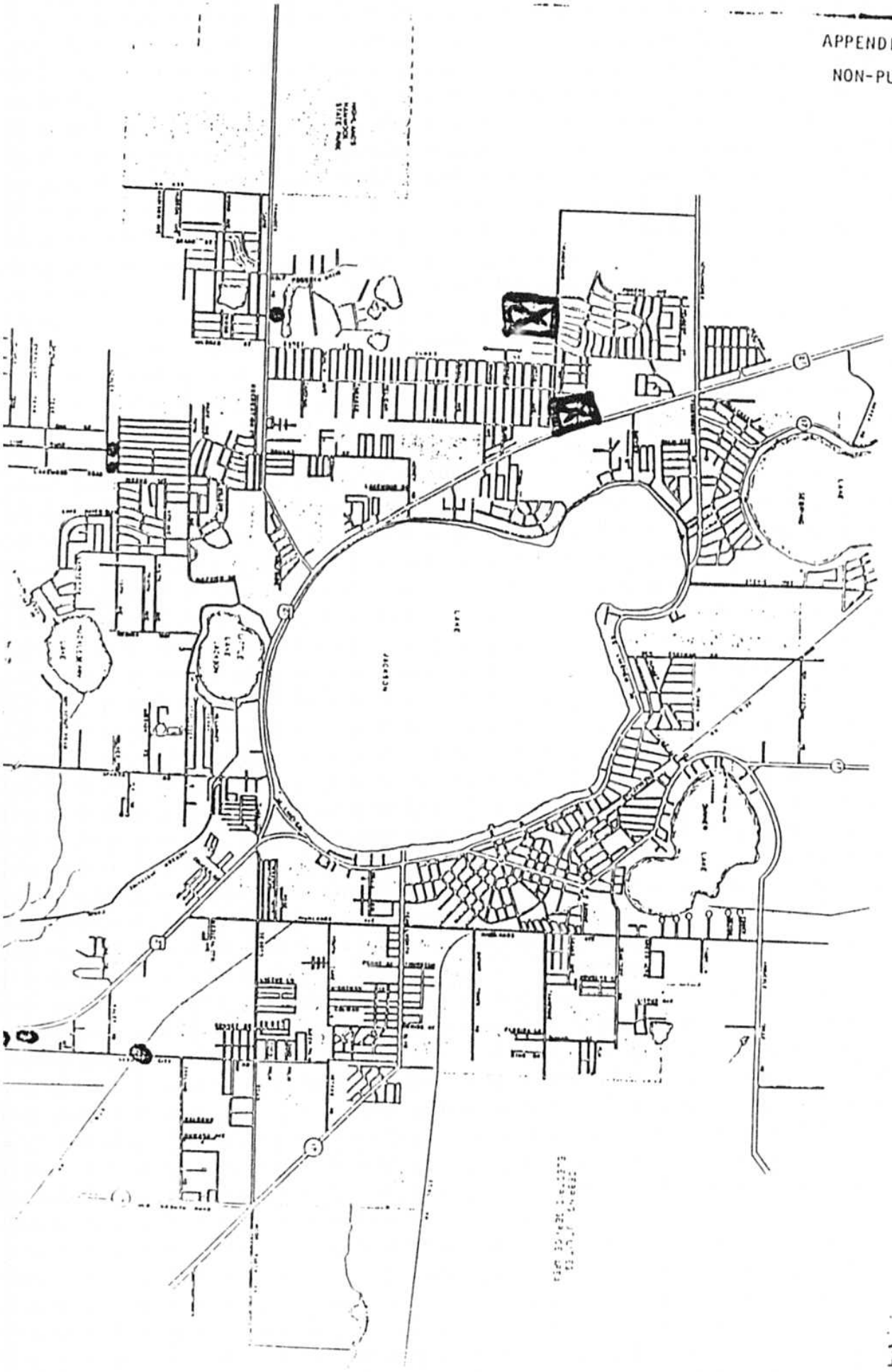
Fountain Plaza
Colony Square

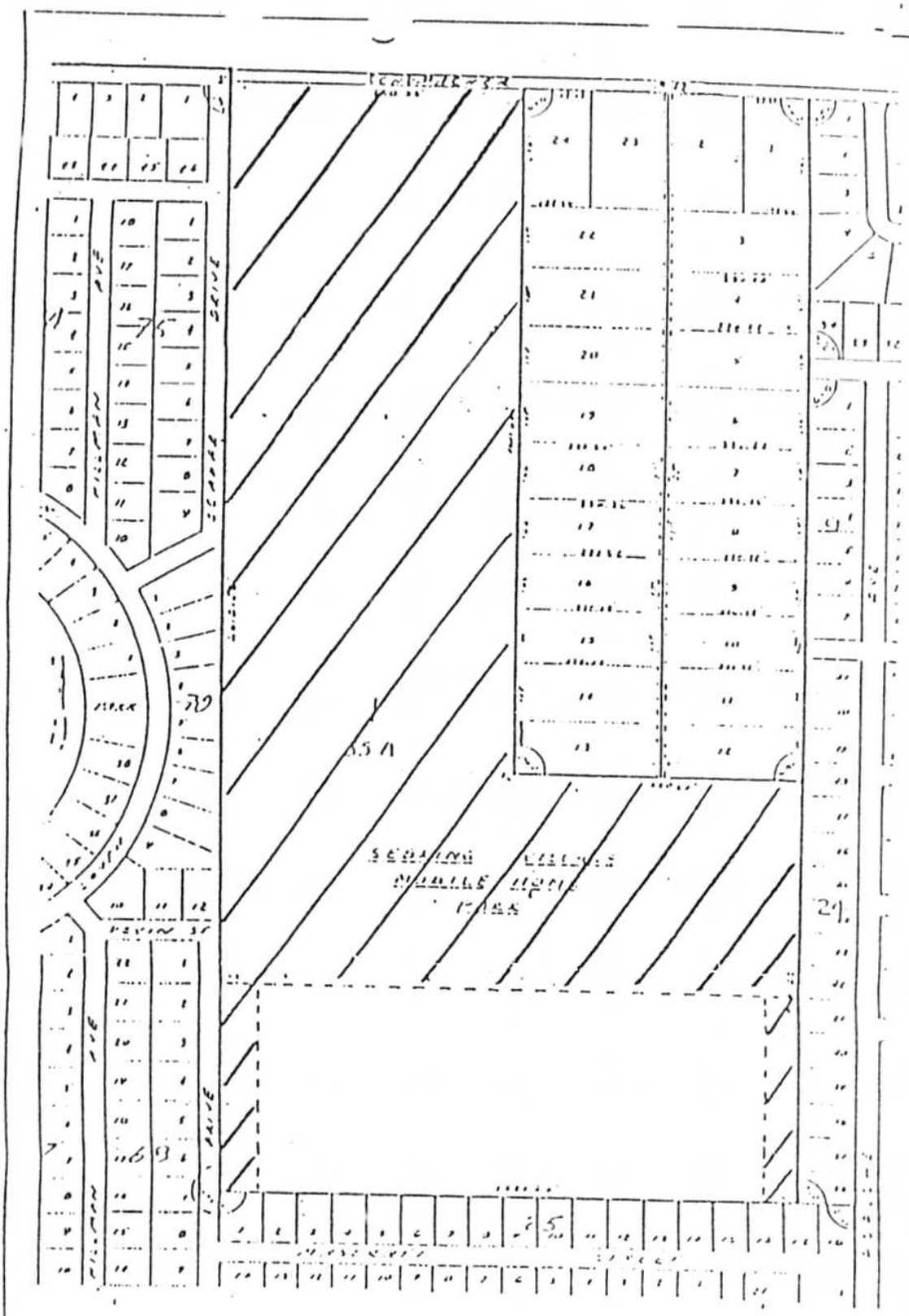


Lakewood Road
Turner Boulevard
Jacklin Avenue

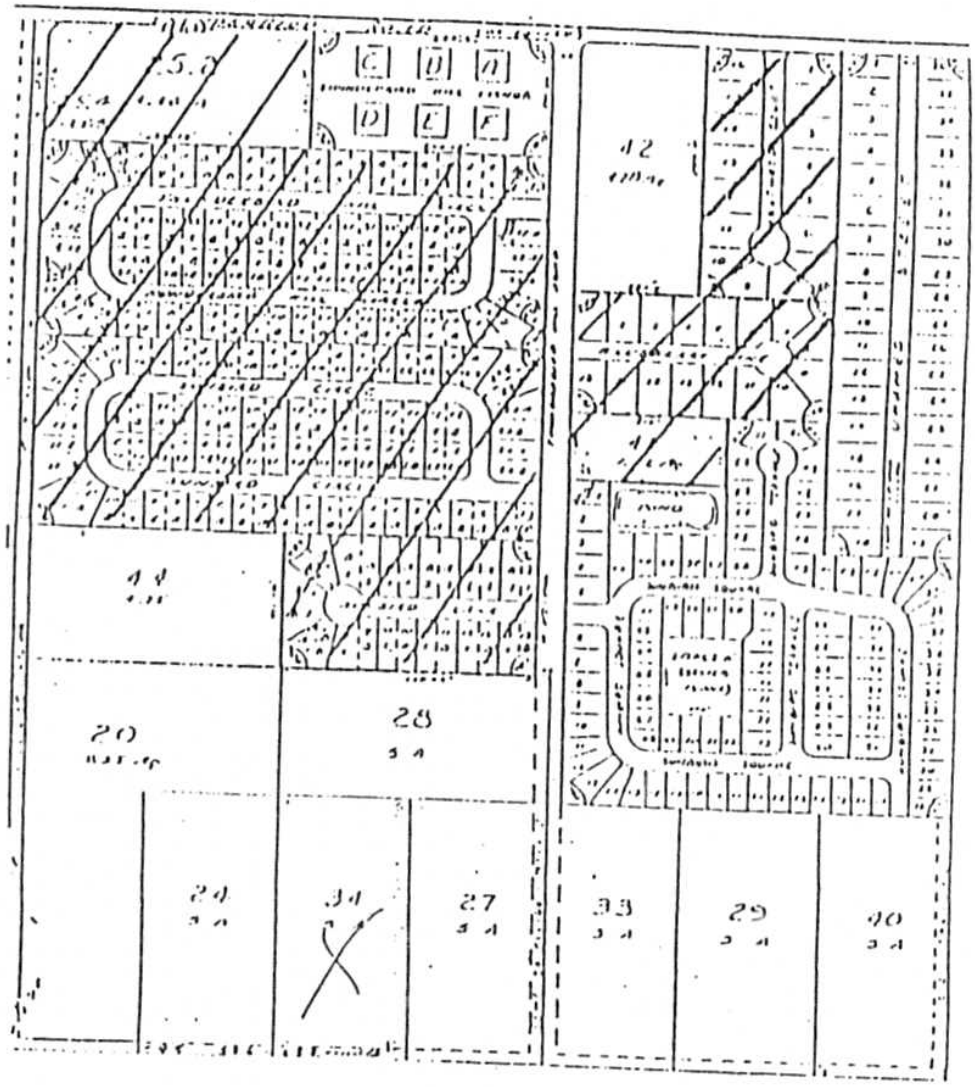
FPC Lines to be removed
FPC Lines to be purchased
FPC Lines to remain
SUC Lines







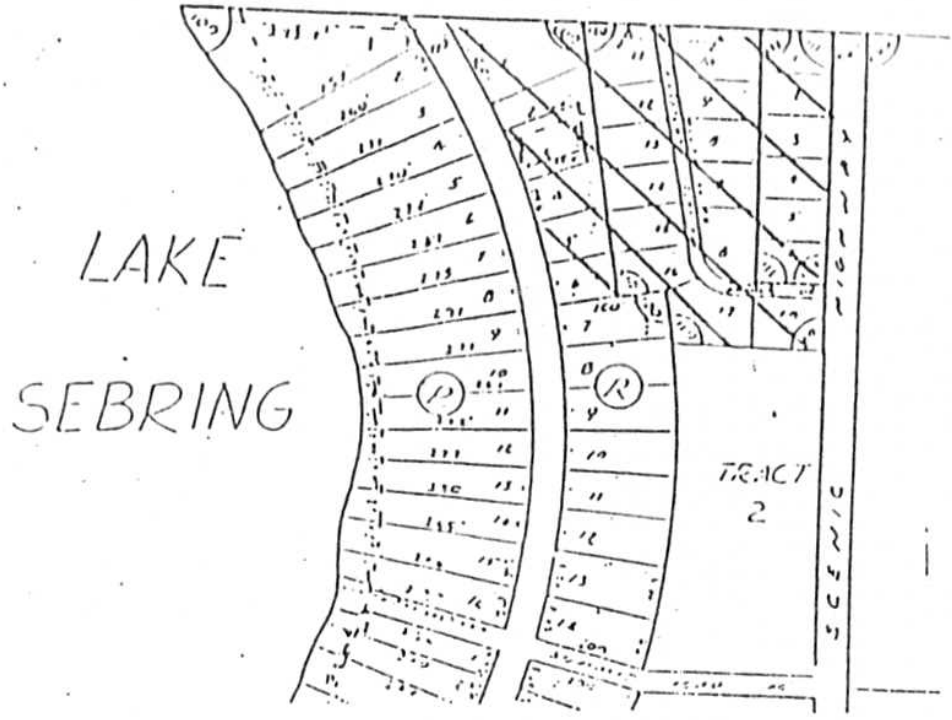
MAP 6
SEBRING VILLAGE



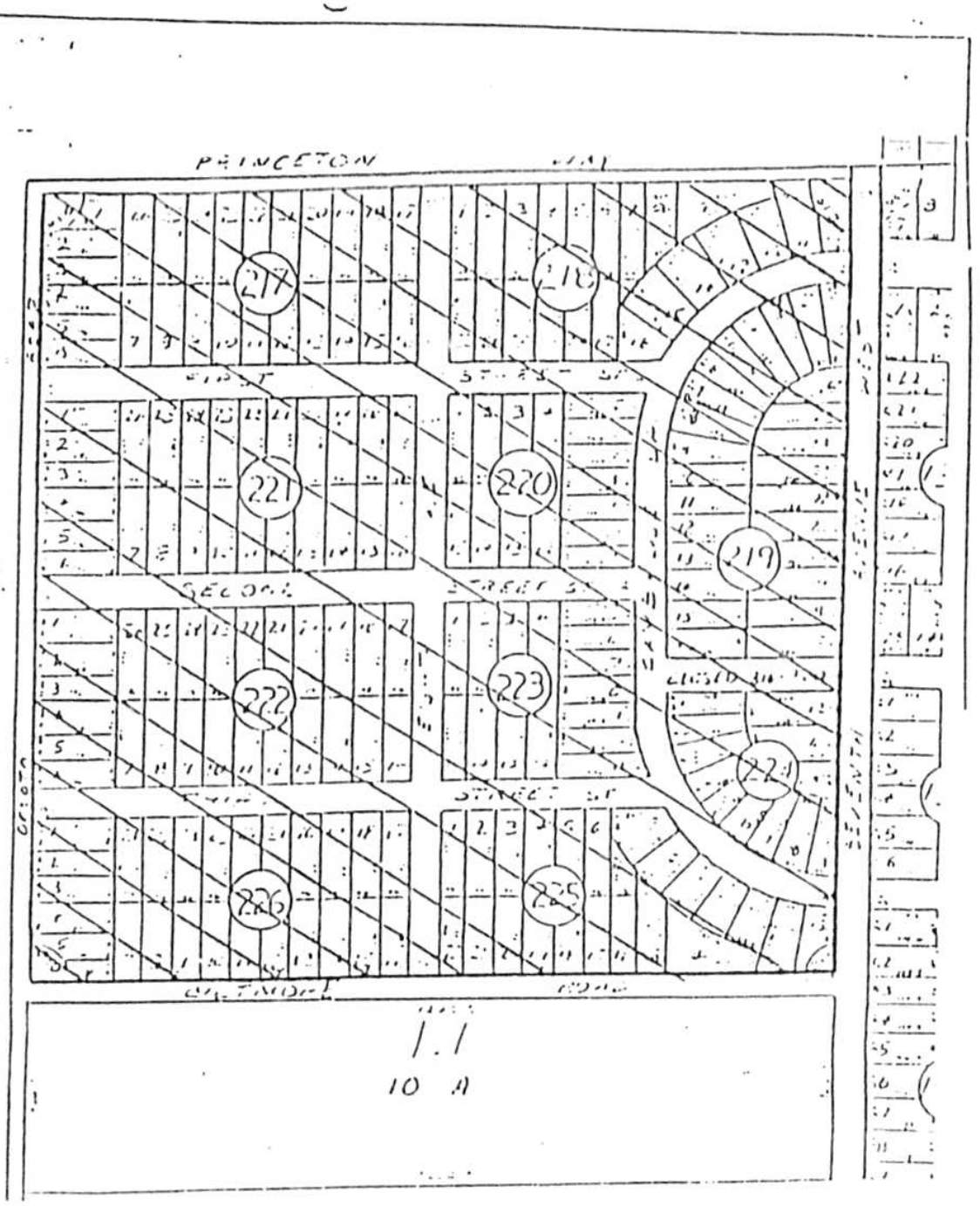
MAP 7

THOUSANDWOOD HILLS

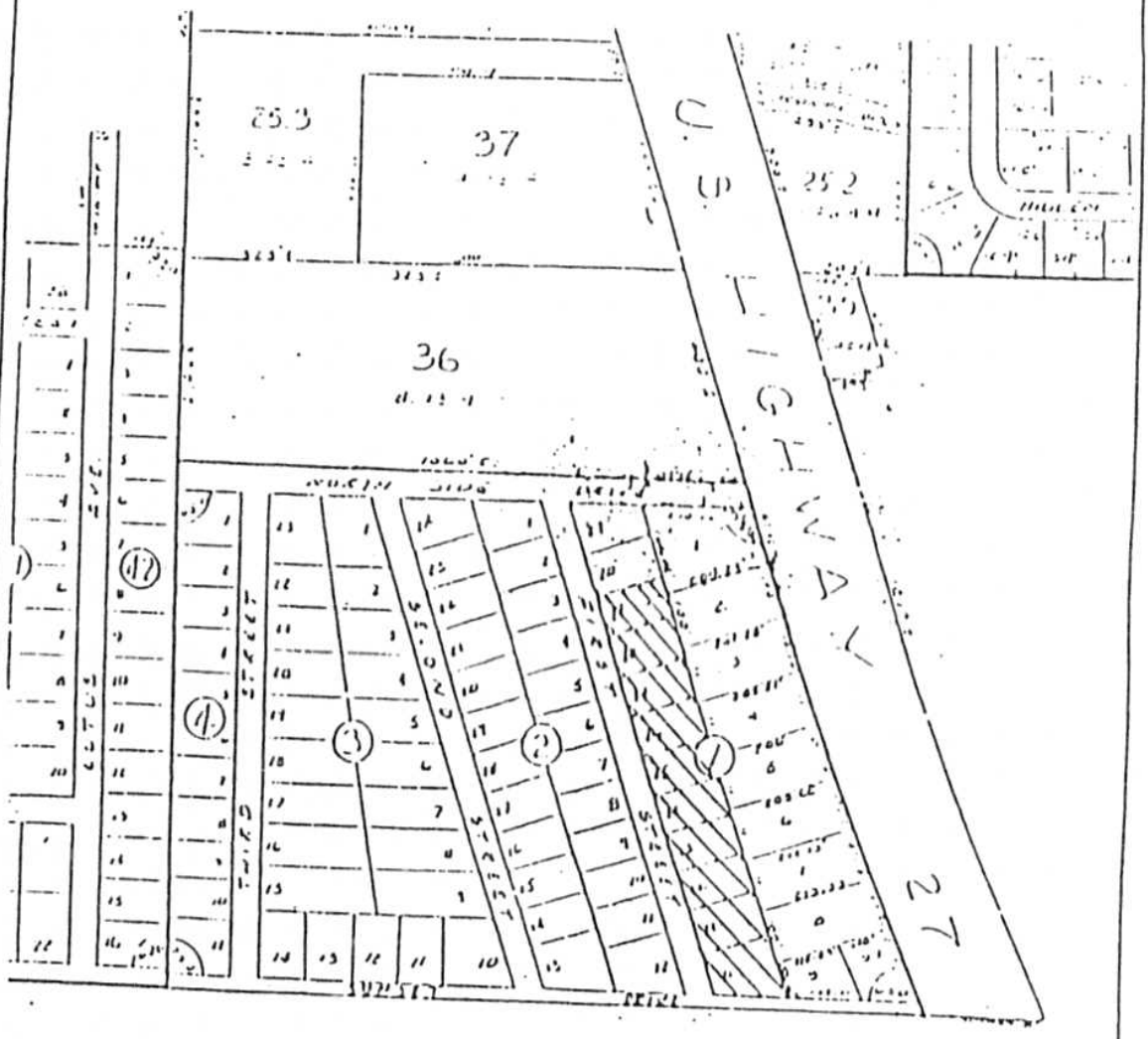
DEAL TOWN



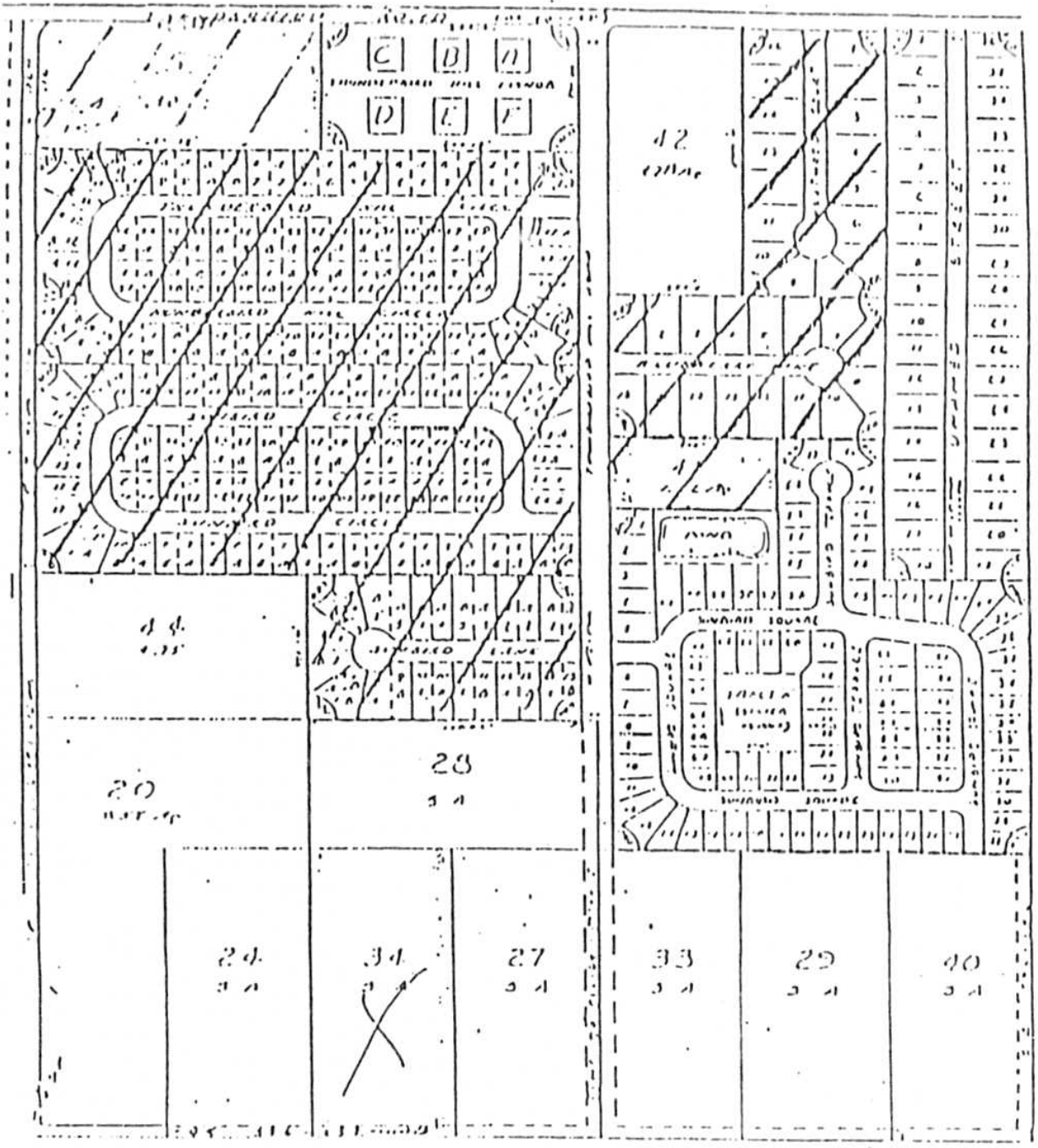
MAP B
LAKE SEBRING
SCENIC EST



MAP 9



MAP 10
RED PINE APTS



Thunderbird Hill South Mobile Home Park

EXHIBIT C
Agreement for Purchase and Sale of Electric System

AMENDMENT TO TERRITORIAL AGREEMENT AND TERMINATION OF SETTLEMENT AGREEMENT

This **AMENDMENT TO TERRITORIAL AGREEMENT AND TERMINATION OF SETTLEMENT AGREEMENT** (this "Agreement") is made and entered into as of the 28th day of August, 1992, by and between **SEBRING UTILITIES COMMISSION** ("Sebring Utilities"), a body corporate and politic created under the laws of the State of Florida, and **FLORIDA POWER CORPORATION** ("Florida Power"), a Florida corporation, together referred to as the "parties."

WHEREAS, the parties are signatories to a certain Territorial Agreement dated December 11, 1986 (the "Territorial Agreement"), which, among other matters (a) allocated to Florida Power certain areas in Highlands County, Florida as Florida Power's retail service territory; and (b) allocated to Sebring Utilities other areas in Sebring and Highlands County as Sebring Utilities' service territory; effective upon approval by the Florida Public Service Commission (the "FPSC") through December 31, 2007; and

WHEREAS, the Territorial Agreement was approved by the FPSC in Order No. 17215, issued February 23, 1987 in Docket No. 861596-EU, which, by its terms, became effective March 17, 1987; and

WHEREAS, as of the date hereof, the parties hereto and City of Sebring, Florida have entered into an Agreement for Purchase and Sale of Electric System (the "Purchase and Sale Agreement") in which Sebring Utilities has agreed to sell and Florida Power has agreed to purchase the assets and properties used in the

operation of Sebring Utilities' electric system, specifically including, without limitation, the exclusive right, as between Sebring Utilities and Florida Power, to operate an electrical distribution system in the service area allocated to Sebring Utilities by the Territorial Agreement; and

WHEREAS, the parties are now desirous of amending the Territorial Agreement to extend the term of the Territorial Agreement and to provide Florida Power the aforesaid exclusive right to operate in the service area of Sebring Utilities; and

WHEREAS, in October, 1990, in order to eliminate any remaining overlap of service territories and duplication of facilities, Florida Power and Sebring Utilities entered into a Settlement Agreement, in Commission docket no. 891034-EU, pursuant to which Florida Power and Sebring Utilities agreed to (a) terminate the May 12, 1988 Joint Plan to resolve overlapping services approved in Docket No. 850605-EU; and (b) resolve all outstanding issues in Docket No. 891034-EU, except those issues concerning the Sebring Airport Authority. Florida Power and Sebring Utilities further agreed in the Settlement Agreement to eliminate duplication of facilities and to provide for the exchange of accounts; and

WHEREAS, upon the closing under the Purchase and Sale Agreement, and as a result of the amendment herein of the Territorial Agreement, the Settlement Agreement will be no longer necessary.

NOW THEREFORE, in consideration of the foregoing premises and the rights and obligations contained in the Purchase and Sale Agreement, the parties hereby agree that:

1. The Territorial Agreement is amended as follows:

a. Florida Power shall have the exclusive right, as between Sebring Utilities and Florida Power, to operate an electrical distribution system in the service territory allocated to Sebring Utilities by the Territorial Agreement for a term of 15 years after the Closing Date under the Purchase and Sale Agreement.

b. During the remaining term of the Territorial Agreement, as amended hereby, Florida Power shall assume all of the obligations of Sebring Utilities under the Territorial Agreement with respect to the provision of electric service to the public in the service territory of Sebring Utilities.

c. Except as amended herein, the Territorial Agreement shall remain in full force and effect.

2. The Settlement Agreement shall be terminated automatically effective as of the Closing Date.

This Agreement is expressly conditioned upon and subject to the approval of the FPSC and the Closing under the Purchase and Sale Agreement, and shall become effective only if such approval is obtained and upon the Closing. The parties agree to cooperate in seeking approval of this Agreement from the FPSC.

Any term not defined herein shall have the meaning given to such term under the Purchase and Sale Agreement.

The parties have executed this Agreement as of the day and year first above written.

ATTEST:

_____
Secretary

SEBRING UTILITIES COMMISSION

By: _____
as its Chairman

ATTEST:

_____
Secretary

FLORIDA POWER CORPORATION

By: _____
_____, its
_____

SEBRING UTILITIES COMMISSION

SEBRING, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 1991

Certified Public Accountants

Wicks, Brown, Williams & Co.

SEBRING UTILITIES COMMISSION

SEBRING, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 1991

SEBRING UTILITIES COMMISSION
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Wicks, Brown, Williams & Co.

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INDEPENDENT AUDITORS' REPORT

Sebring Utilities Commission
Sebring, Florida

We have audited the balance sheet of Sebring Utilities Commission as of September 30, 1991, and the related statements of loss, retained deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sebring Utilities Commission as of September 30, 1991 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 12 to the financial statements, the Commission changed its method of accounting for nuclear decommissioning costs and its method of accounting for electric system contributions in aid of construction.

As discussed in Note 15 to the financial statements, the Commission is attempting to sell all of its assets, satisfy all of its liabilities, and dissolve.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the statistical data presented for pension plan supplementary information; therefore, we express no opinion thereon.

Wicks, Brown, Williams & Co.

Wicks, Brown, Williams & Co.

June 11, 1992

MEMBERS American Institute of C.P.A.'s Florida Institute of C.P.A.'s

C10

SEBRING UTILITIES COMMISSION
BALANCE SHEET
SEPTEMBER 30, 1991

ASSETS

PROPERTY, PLANT AND EQUIPMENT, at cost:	
Property, plant and equipment in service	$32,454,929
Less: Accumulated depreciation	11,301,513
Net property, plant and equipment in service	21,153,416
Construction work in progress	523,366
Nuclear fuel, at amortized cost	329,883
Total property, plant and equipment	22,006,665
RESTRICTED ASSETS:	
Bond service fund	5,312,750
Sinking fund reserve	12,375,500
Bond redemption fund	2,408,839
Nuclear decommissioning account	87,452
Total restricted assets	20,184,541
CURRENT ASSETS:	
Cash and investments	2,933,452
Accounts receivable, net of allowance for doubtful accounts of $49,304	2,410,585
Inventories of materials	664,084
Prepaid expenses	163,614
Total current assets	6,171,735
DEFERRED CHARGES:	
Unamortized bond expense	1,152,056
Other deferred charges	156,280
Total deferred charges	1,308,336
TOTAL ASSETS	$49,671,277

CAPITALIZATION AND LIABILITIES

CAPITALIZATION:	
Long-term debt:	
Revenue bonds payable, net of unamortized discount of $1,405,528	$88,924,747
Notes payable	49,543
Total long-term debt	88,974,290
Contributed capital:	
Contributed by City of Sebring	712,647
Contributions in aid of construction	4,439,954
Total contributed capital	5,152,601
Retained deficit:	
Reserved for bond sinking fund	12,375,500
Unreserved	(68,242,052)
Total retained deficit	(55,866,552)
Total capitalization	38,260,339
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:	
Bond principal	5,033,839
Accrued interest	2,687,750
Total current liabilities payable from restricted assets	7,721,589
CURRENT LIABILITIES:	
Accounts payable	1,386,142
Revenue bonds payable - current portion	626,162
Notes payable - current portion	10,913
Customer deposits	1,222,187
Accrued expenses	443,945
Total current liabilities	3,689,349
TOTAL CAPITALIZATION AND LIABILITIES	$49,671,277

The notes to the financial statements are an integral part of this statement.

SEBRING UTILITIES COMMISSION
STATEMENT OF LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 1991

OPERATING REVENUE	$ 20,140,769
OPERATING EXPENSES	13,087,229
OPERATING INCOME	7,053,540
OTHER INCOME (EXPENSE):	
Interest income	1,675,005
Net losses on sale of investments	(232,017)
Interest expense	(9,395,911)
Total other income (expense)	(7,952,923)
LOSSES ON SALE OF PRODUCTIVE ASSETS	(12,779,723)
LOSS BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	(13,679,106)
EXTRAORDINARY ITEM - LOSS ON REDEMPTION OF DEBT	(1,172,871)
NET CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	(190,303)
NET LOSS	$(15,042,280)

The notes to the financial statements are an integral part of this statement.

SEBRING UTILITIES COMMISSION
STATEMENT OF RETAINED DEFICIT
FOR THE YEAR ENDED SEPTEMBER 30, 1991

RETAINED DEFICIT - October 1, 1990:	
As previously reported	$(46,951,972)
Prior period adjustments	6,127,700
As restated	(40,824,272)
Net loss	(15,042,280)
RETAINED DEFICIT - September 30, 1991	$(55,866,552)

The notes to the financial statements are an integral part of this statement.

SEBRING UTILITIES COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1991

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$19,978,801
Cash payments to suppliers for goods and services and to employees	(9,167,529)
Other operating payments	(69,035)
Net cash provided by operating activities	10,742,237
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Proceeds from customer deposits	77,650
Net cash provided from non-capital financing activities	77,650
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments of note principal	(9,510)
Payments of bond principal	(41,781,778)
Interest paid	(5,574,340)
Proceeds from contributed capital	319,522
Net proceeds from sale of productive assets	38,312,158
Purchase and construction of capital assets	(1,692,622)
Increase in other deferred charges	(156,280)
Net cash used for capital and related financing activities	(10,582,850)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on cash and investments	1,714,359
Proceeds from sale and maturity of investments	16,255,098
Net losses on sale of investments	(232,017)
Purchase of investments	(7,589,345)
Net cash provided from investing activities	10,148,095
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,385,132
CASH AND CASH EQUIVALENTS - beginning of year	8,788,772
CASH AND CASH EQUIVALENTS - end of year	$19,173,904
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 7,053,540
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,300,278
Amortization of nuclear fuel	118,064
Decrease in accounts receivable	198,421
Decrease in inventories	610,868
Increase in prepaid expenses	(116,034)
Increase in accounts payable	555,152
Increase in accrued expenses	21,948
Net cash provided by operating activities	$10,742,237

The notes to the financial statements are an integral part of this statement.

NOTE 1. Summary of Significant Accounting Policies:

The Sebring Utilities Commission (the "Commission") is a political subdivision of the State of Florida, created by a special act of the legislature (Chapter 23535, Florida Statutes) for the purpose of providing water and electric service within the geographical boundaries of the City of Sebring and outlying areas. The commissioners are appointed by the City of Sebring's elected city council. The Commission's charter prohibits the Commission from selling, conveying, transferring, or leasing its assets with a book value in excess of $100,000, without the approval and consent of the city council. The Charter further provides that the Commission shall not borrow any monies in excess of $100,000 without approval of the city council.

The reporting entity of the Commission, includes the operation, management, and oversight responsibilities of the electric and water systems. Oversight responsibilities include but are not limited to financial inter-dependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The City of Sebring has been excluded from these financial statements since it has no operational, managerial, budgetary involvement or fiscal responsibility for the Commission. No other component units exist in which the Commission has any oversight responsibilities which would require inclusion in the Commission's financial statements.

Measurement Focus: The Commission operates the electric and water system in a manner similar to private business; therefore, operations are accounted for as an enterprise fund where costs of providing services to customers on a continuing basis are recovered through user charges.

The financial statements have been prepared on the accrual basis of accounting based on generally accepted accounting principles as applicable to governments and substantially in conformity with accounting principles and methods prescribed for electric utilities by the Federal Energy Regulatory Commission and prescribed for water utilities by the National Association of Regulatory Utility Commissioners, except for the method of accounting for water system contributed capital, described in the notes to the financial statements.

Property, plant and equipment are stated at cost. Construction costs include payroll and the related costs, such as taxes, pension and other fringe benefits, and allocation of indirect charges for engineering, supervision and transportation expenses. Construction period interest is capitalized. No interest cost was capitalized in 1991. The assets are depreciated over estimated useful lives ranging from 10 to 55 years, using the straight-line method of depreciation. A summary of property, plant and equipment and accumulated depreciation is included in Note 9.

Maintenance is charged with the cost of repairs of property, and the plant accounts are charged with the cost of renewals and replacements.

NOTE 1. Summary of Significant Accounting Policies: (continued)

Nuclear fuel is carried in the electric plant accounts at cost, net of estimated energy consumed. The amount consumed is charged to nuclear fuel expense. Amortization of energy consumed has been determined by the unit-of-production method, based on engineering estimates. Nuclear fuel expense does not include a provision for salvage value nor a provision for future disposition costs.

For the purpose of the statements of cash flows, the Commission considers all highly liquid assets (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Electric rates include fuel adjustment provisions under which fuel and purchased energy costs above or below the base level are billed or credited to customers.

Unbilled utility revenues are accrued based on the estimated usage between the last meter reading dates and the end of the year.

Inventories are stated at the lower of cost or market. Cost is determined generally on an average cost method, except for fuel inventory costs, which are determined using the last-in, first-out (LIFO) method. Reusable materials that have been removed from service are included in inventories at the carrying value of similar new materials.

The Commission considers amounts received for construction and expansion of the utility's water system and new water service connections from developers and customers as capital contributions (contributions in aid of construction). Accordingly, these capital contributions are added to plant assets and are treated as a separate component of Commission capitalization. Depreciation applicable to contributed water utility plant is included as an operating expense in determining net income.

Issuance expenses related to the bonds payable are deferred and amortized over the lives of the bonds using the bonds outstanding method. Discounts and premiums are amortized using the interest method.

The Commission considers deposits collected from customers for electric and water services as available for working capital purposes and, accordingly, customer deposits are not classified as a restricted asset.

NOTE 2. Restricted Assets:

Certain assets are restricted by bond resolutions.

Restricted Assets consists of the following at September 30, 1991:

Cash and investments	$19,826,314
Receivable from equipment sale	358,227
	$20,184,541

NOTE 3. **Cash and Investments:**

Cash: At September 30, 1991, the carrying amount of the Commission's bank deposits was $956,250, and the bank statement balance was $897,988. All of these amounts are deposited with qualified public depositories and are fully insured or collateralized. Additionally, the Commission maintained $2,600 in petty cash and working funds.

Statutes authorize the Commission to invest in direct obligations of the U.S. Treasury (and obligations fully guaranteed by the U.S. Treasury), obligations of (or guaranteed by) certain U.S. Agencies, the Local Government Surplus Funds Trust Fund, and bank or savings and loan accounts regulated by the State of Florida or federal authority.

Investments: The Commission's investments are summarized and categorized below to give an indication of the level of credit risk assumed by the Commission at September 30, 1991. The categories used to classify investment securities are described below:

Category 1 - Insured or registered, or securities held by the Commission or its agent in the Commission's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Commission's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commission's name.

	Category			Carrying Amount	Market Value
	1	2	3		
Investments:					
Certificates of deposit	$300,000	$ -	$5,025,432	$ 5,325,432	$ 5,325,432
Other trust investments	-	-	87,452	87,452	87,452
	$300,000	$ -	$5,112,884	5,412,884	5,412,884
Mutual funds invested in U.S. Treasuries				16,388,032	16,388,032
Total investments				$21,800,916	$21,800,916
Deposits and cash funds					$ 958,850
Investments					21,800,916
					$22,759,766

These deposits and investments are classified in the balance sheet in the following accounts:

Restricted assets	$19,826,314
Cash and investments	2,933,452
	$22,759,766

NOTE 4. Long-term Debt:

In September 1978, the Commission provided for advance refunding on the Series 1964, 1973 and 1975 revenue bonds (Refunded Bonds) by the sale of $8,400,000 Utilities System Revenue Bonds (Series 1978) and Utilities System Special Obligation Bonds (Series 1978A). From the proceeds of the sale of the two issues, and other sources, sufficient monies were deposited into irrevocable escrow accounts, and invested in United States obligations that will provide sufficient funds for the payment of the maturing principal and interest on the Series 1964, 1973 and 1975 outstanding revenue bonds. In March, 1981, the Series 1981 Bonds were issued and a portion of the proceeds were used to refund the Series 1978 Bonds and in March and April, 1986 the Series 1986 Bonds were issued and a portion of the proceeds were used to refund the Series 1981 and 1984 Bonds and the 1986 Notes in the same manner that the 1978 Bonds refunded prior issues. The aggregate balance of refunded bonds outstanding at September 30, 1991 was $96,186,000.

The Series 1986 Bonds are secured by a pledge of the net revenues of the Commission.

In February and August, 1991, the Commission sold substantially all its electric generation and transmission assets and rights thereto in a sale to Tampa Electric Company, except for their .4473% undivided ownership interest in the Crystal River Unit 3. The Series 1986 bond resolutions stipulate that in the event a sale of assets occurs, all net proceeds from such sale shall be used to redeem outstanding Series 1986 Revenue Bonds, exempt of any required call premium. Accordingly, the Commission has redeemed or called bonds to be redeemed in accordance with the Bond resolutions. See Note 14 for discussion regarding bonds redeemed subsequent to September 30, 1991.

Series 1986 Revenue Bonds principal outstanding at September 30, 1991 is as follows:

Capital Appreciation Series 1986A Serial Bonds, maturing semi-annually from April 1, 1987 through October 1, 1994, insured as to principal and interest, zero coupon rate, 5.5% to 7.2% effective rate	$23,815,000
Current Interest Series 1986A Serial Bonds, maturing semi-annually from April 1, 1995 through April 1, 2001, insured as to principal and interest, 7.0% to 7.35% coupon rate and effective rate	74,455,000
Capital Appreciation Series 1986B Serial Bonds, maturing semi-annually from April 1, 2001 through April 1, 2012, uninsured, zero coupon rate, 11.5% effective rate	760,000
	99,030,000
Less unamortized discount and deferred interest	4,445,252
	94,584,748
Current principal payable from restricted assets	5,033,839
Principal classified as current liabilities	626,162
Total long-term revenue bonds	$88,924,747

NOTE 4. Long-term Debt: (continued)

The bond resolutions provide, among other things, that a sinking fund and renewal and replacement fund be established and funded and that the Commission maintain net revenues of at least 1.10 times (the "coverage ratio") the aggregate debt service for the forthcoming twelve-month period. For the year ended September 30, 1991, the Commission's net revenues were less than the coverage requirement. Management is of the opinion that utility rates are sufficient such that the Commission may be expected to meet the coverage requirement for the fiscal year ending September 30, 1992. The resolutions also provide for issuing additional parity bonds.

Following is a summary of notes payable at September 30, 1991:

Mortgage notes payable, bearing interest at 8% and 12% annually, due in 1994 and 1998	$60,456
Less: current portion	10,913
	$49,543

Following is a schedule of annual principal, interest and sinking fund requirements on the revenue bonds and notes payable at September 30, 1991:

Fiscal Year Ending	1986 Revenue Bonds Principal and Interest	1986 Revenue Bonds Sinking Fund	Note Payable	Total Combined
1992	$ 11,035,500	$ 1,120,000	$15,838	$ 12,171,338
1993	11,910,500	1,093,825	15,838	13,020,163
1994	12,935,500	849,645	12,426	13,797,571
1995	14,040,500	-	9,132	14,049,632
1996	15,016,200	-	9,132	15,025,332
Thereafter	72,231,708	(15,438,470)	13,550	56,806,788
	$137,169,908	$(12,375,000)	$75,916	$124,870,324

NOTE 5. Pension Plan:

Plan Description

Sebring Utilities Commission contributes to the Sebring Utilities Commission Retirement System which is a Single-Employer Pension Employees' Retirement System (PERS). It is the responsibility of the Sebring Utilities PERS to function as an investment and administrative agent for Sebring Utilities Commission with respect to the pension plan.

For the year ended September 30, 1991, the Commission's total covered payroll for all employees was $2,674,820. Covered payroll refers to all compensation paid by the Commission to active employees covered by the Sebring Utilities Commission Retirement System on which contributions to the plan are based.

NOTE 5. Pension Plan: (continued)

Based upon provisions of the pension plan, all employees are required to enter the plan upon their date of employment. Under provisions of the plan, pension benefits vest after ten years of full-time employment. An employee may retire at age 60 and receive pension benefits based on a percentage of his average monthly earnings for his highest five (5) consecutive years taking into consideration years of service and years of employee contributions. The earnings base includes all compensation. The plan also provides for early retirement, death and disability benefits.

Under provisions of the plan, all employees must contribute 5% of their gross earnings. In addition, the Commission must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by the plan.

Funding Status and Progress

Presented below is the total pension benefit obligation of Sebring Utilities Commission PERS. The amount of the total pension benefit obligation is based on a standardized measurement established by Governmental Accounting Standards Board (GASB) Statement Number 5 that, with some exceptions, must be used by a PERS. The standardized measurement is the actuarial present value of credited projected benefits. The pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases. A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of PERS financial statements to (a) assess Sebring Utilities Commission PERS funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among PERS.

Because the standardized measure is used only for disclosure purposes by Sebring Utilities Commission PERS, the measurement is independent of the actuarial funding method used to determine contributions to the PERS as explained elsewhere in this note.

A variety of significant assumptions are used to determine the standardized measure of the pension benefit obligation and these assumptions are summarized as follows:

The present value of future pension payments was computed at a discount rate of 8% compounded annually. The discount rate is equal to the estimated long-term rate of return on current and future investments of the pension plan, compounded annually.

Future pension payments reflect the assumption of an 8% annual salary increase.

Future pension payments reflect no post-retirement benefit increases, which is consistent with the terms of the pension agreement.

The standardized measure of the pension benefit obligation included in the most recent actuarial valuation report dated October 1, 1990, is as follows:

NOTE 5. Pension Plan: (continued)

Pension Benefit Obligation:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$1,183,158
Current Employees:	
Accumulated employees' contributions including allocated investment income	758,151
Employer-financed vested	1,045,950
Employer-financed non-vested	458,513
Total pension benefit obligation	3,445,772
Net assets available for benefits, at market value	4,219,448
Assets in excess of pension benefit obligation	$ 773,676

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during the year ended September 30, 1991.

Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the frozen entry age actuarial cost method. Normal cost is funded on a current basis. As of the most recent valuation date, there was no unfunded actuarial accrued liability. Monthly contributions of normal cost is based on the level percentage of payroll method. The funding strategy should provide sufficient resources to pay employees' pension benefits on a timely basis.

Significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation.

Total contributions to the pension plan during the year ended September 30, 1991 amounted to $295,204 of which $161,463 and $133,741 were made by the Commission and its employees, respectively. The contributed amounts were actuarially determined as described above and were based on actuarial valuations as of October 1, 1990. Contributions made by Sebring Utilities Commission and its employees as a percentage of covered payroll are shown as follows:

Commission	6.04%
Employees	5.00%

NOTE 5. Pension Plan: (continued)

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information may be found on page 21, as supplementary information to the Commission's financial statements.

Trend information currently available for the past three years follows:

Year Ended September 30	Net Assets Available For benefits as a Percentage of Pension Benefit Obligation	Assets in Excess of Pension Benefit Obligation as a Percentage of Covered Payroll	Employer Contributions as a Percentage of Covered Payroll
1988	119.19%	23.69%	3.92%
1989	128.32%	36.40%	5.51%
1990	122.45%	31.32%	5.88%

NOTE 6. Insurance in Force:

Coverage	Limits
Workmen's Compensation and Employers' Liability:	
Each accident	$ 100,000
By disease	$ 100,000
Aggregate by disease	$ 500,000
Automobile:	
Bodily injury and property damage Combined single limit	$ 2,000,000
General Liability:	
Bodily injury and property damage Combined single limit	$ 2,000,000
Fire, Lightning and Extended Coverages:	
Buildings and personal property	$106,712,649
Boiler and Machinery, per accident	$ 20,000,000

NOTE 7. Budget Analysis:

Revenue and expense budgets are prepared on an annual basis in accordance with the Commission's bond resolutions and submitted to the Commission for approval prior to October 1 of the fiscal year. Actual revenues and expenses are compared to the budgets on a line item basis within departments and an analysis of variances report is prepared and submitted to the Commission each month. The following is an analysis of a budget to actual comparison for the year ended September 30, 1991:

	Budget	Actual
Operating revenue	$21,046,969	$20,140,769
Interest income	1,725,000	1,675,005
Operating expense	(10,989,340)	(10,668,887)
Income before depreciation, amortization and debt service	$11,782,629	$11,146,887
Variance over (under)		$ (635,742)

NOTE 8. Rate Revisions:

According to the existing laws of the State of Florida, the five members of the Commission act as the regulatory authority for the establishment of the amount of electric and water rates. The Florida Public Service Commission has authority to regulate the electric "rate structures" of municipal utilities in Florida, but not the actual amounts.

Electric rates were increased effective December 1, 1990 and May 1, 1991 in accordance with adopted rate schedules. Electric and water rates were reduced effective October 1, 1991.

NOTE 9. Property, Plant and Equipment in Service:

	Cost	Accumulated Depreciation
Land	$ 180,335	$ -
Electric System:		
Generation Plants	3,001,017	1,500,472
Transmission Plant	798,372	124,055
Distribution Plant	19,713,940	5,740,050
Water System	7,051,693	3,053,964
General Plant	1,709,572	882,972
	$32,454,929	$11,301,513

NOTE 10. Electric Power Supply:

The Commission has become a full requirements system with Tampa Electric Company as the sole electric power supplier at rates regulated by the Federal Energy Regulatory Commission.

Note 11. Funding of Nuclear Decommissioning Costs:

The Commission's estimated contribution, established by regulatory authority to the external fund amounts to $48,820 per year from 1992 through 2016. The Commission's contribution for the year ended September 30, 1991 was $48,820.

NOTE 12. Changes in Accounting Principles:

Nuclear decommissioning costs associated with the Commission's participation interest in a nuclear generating plant is charged to operating expense over the life of the plant based on engineering studies which project future dismantling, decontamination and site restoration costs. Expense for the year ended September 30, 1991 includes a change in accounting to include the effect of recording expense over the plant life. Before the change in accounting principle, the amount required to be transferred to an external fund, was charged to expense when transferred. The cumulative effect of the change on prior years increased net loss for the year ended September 30, 1991 by $216,634. The effect of the change was to decrease loss before extraordinary item and cumulative effect of changes in accounting principles by $1,915 and to increase net loss by $214,719 for the year ended September 30, 1991, and to increase net loss by $10,290 for the year ended September 30, 1990.

Electric system contributions in aid of construction are recorded as decreases in the cost of property, plant and equipment when placed in service. Before the change, electric system contributions in aid of construction were recorded as capital contributions and the full cost of related property plant and equipment was depreciated. The effect of the change is a reduction of contributed capital, property, plant, and equipment, and depreciation expense. The cumulative effect of the change on prior years decreased net loss for the year ended September 30, 1991 by $26,331. The effect of the change was to decrease net loss before extraordinary item and cumulative effect of changes in accounting principles by $8,750 and to decrease net loss by $35,081 for the year ended September 30, 1991, and to decrease net loss by $7,572 for the year ended September 30, 1990.

The actual and pro forma amounts assuming application of the new methods for the years ended September 30, 1991 and 1990 are as follows:

	ACTUAL	
	1991	1990
Loss before extraordinary item	$(13,679,106)	$(4,190,893)
Net loss	$(15,042,280)	$(4,190,893)

	PRO FORMA	
	1991	1990
Loss before extraordinary item	$(13,679,106)	$(4,193,611)
Net loss	$(14,851,977	$(4,193,611)

Note 12. Changes in Accounting Principles: (Continued)

The Commission implemented both of the above changes in accounting principles for the purpose of making its financial statements comparable to the industry practices of other electric utilities.

NOTE 13. Prior Period Adjustments:

The Commission recorded an adjustment at October 1, 1990 increasing property, plant and equipment and decreasing retained deficit by $5,775,379. The increase in property, plant and equipment resulted from a study made by the Commission's consulting engineer which considered, among other things, depreciation rates and an inventory of electric and general plant assets. The effects of this adjustment on previously reported net income is not determinable.

In 1991, the Commission discovered that in prior years certain miscellaneous electric revenues which should have been recorded as revenues were classified as contributions in aid of construction. The Commission recorded an adjustment at October 1, 1990 decreasing both retained deficit and electric system contributions in aid of construction by $352,321. If the Commission had recorded this adjustment prior to 1991, net loss for the year ended September 30, 1990 would have been decreased by $38,884.

NOTE 14. Subsequent Events:

On March 18, 1992, the Commission sold its .4473% undivided ownership interest in the Crystal River Unit 3 to Florida Power Corporation for approximately $1,950,000. On March 27, 1992, the Commission sold transmission assets to Tampa Electric Company for $155,580.

The proceeds from the March, 1992 assets sales, together with the proceeds from certain sales completed during the fiscal year ended September 30, 1991, were applied to the redemption of Series 1986 Revenue Bonds. Bond redemptions occurring subsequent to September 30, 1991 from asset sales are summarized as follows:

Date	Principal Amount Redeemed
October 1, 1991	$2,004,824
April 1, 1992	$2,545,884

As discussed in Note 15, the Commission is negotiating to sell all of its assets, satisfy all of its liabilities, and dissolve.

NOTE 15. Potential Dissolution:

The Commission had incurred substantial losses and has a retained deficit of $55,866,552 at September 30, 1991. The Commission may not be able to generate sufficient revenues to meet all of its financial commitments on a long-term basis. Accordingly, the Commission is attempting to sell all of its assets, satisfy all of its liabilities, and to dissolve.

Note 15. Potential Dissolution: (continued)

During the fiscal year ended September 30, 1991, the Commission sold substantially all of its electric generation and transmission assets. Subsequent to September 30, 1991, the Commission sold additional assets described in Note 14.

The Commission is currently negotiating with Florida Power Corporation (an investor owned utility) to sell substantially all of its remaining electric transmission and distribution assets, certain general plant assets, and certain current assets. See the supplementary schedule of electric system assets identified for sale (page 20). The Commission is also negotiating to sell all other assets (generally the Water System) to the City of Sebring.

The proceeds from the asset sales are not expected to be sufficient in amount to satisfy all outstanding liabilities. The negotiations for sale of the electric system include provisions for the remaining outstanding liabilities of the Commission to be paid by Florida Power Corporation. Florida Power Corporation will recover the amount of the remaining outstanding liabilities and other incidental costs over a period of 15 years from the Commission's electric customers by a transition rate to be charged in addition to the purchaser's regular retail electric rate.

The consummation of the prospective sales would be subject to normal conditions, including obtaining certain environmental, regulatory and other governmental consents.

SEBRING UTILITIES COMMISSION
SUPPLEMENTARY SCHEDULE OF OPERATING INCOME
ELECTRIC SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 1991

OPERATING REVENUE:	
Sale of electricity	$16,822,220
Interdepartmental sales	218,734
Miscellaneous sales and service	225,340
Total operating revenue	17,266,294
OPERATING EXPENSES:	
Generation and transmission:	
Fuel	1,011,416
Purchased power	6,000,967
Operation and maintenance	1,053,128
Transmission system operation and maintenance	192,518
Distribution operation and maintenance:	
Operating expenses	216,198
Maintenance expenses	281,222
Depreciation	2,074,655
General and administrative expense	1,014,536
State taxes	90,361
Total operating expenses	11,935,001
OPERATING INCOME	$ 5,331,293

SEBRING UTILITIES COMMISSION
SUPPLEMENTARY SCHEDULE OF OPERATING INCOME
WATER SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 1991

OPERATING REVENUE:	
Sale of water	$2,874,475
OPERATING EXPENSES:	
Production operation and maintenance:	
Operating expenses	275,702
Maintenance expenses	66,247
Transmission and distribution operation and maintenance:	
Operating expenses	23,643
Maintenance expenses	222,834
Depreciation	225,623
General and administrative expenses	338,179
Total operating expenses	1,152,228
OPERATING INCOME	$1,722,247

SEBRING UTILITIES COMMISSION
SUPPLEMENTARY SCHEDULE OF ELECTRIC
SYSTEM ASSETS IDENTIFIED FOR SALE
SEPTEMBER 30, 1991

PROPERTY, PLANT AND EQUIPMENT, at cost:	
Transmission Plant:	
Poles & fixtures	$ 123,923
OH conductor & devices	429,306
	553,229
Distribution Plant:	
Land & land rights	32,209
Structures & improvements	141,898
Station equipment	2,233,157
Poles	3,624,269
OH conductor & devices	4,327,163
UG conduit	68,419
UG conductor & devices	2,818,032
Transformers	3,536,534
Services	1,036,683
Meters	1,211,758
Street lighting	536,289
	19,566,411
General Plant:	
Land & land rights	35,458
Structures	240,984
Office furniture & equipment	57,188
Transportation equipment	201,246
Tools & equipment	133,841
Communication equipment	18,631
	687,348
Property, plant and equipment in service	20,806,988
Less: Accumulated depreciation	5,958,803
Net property, plant and equipment in service	14,848,185
Construction work in progress:	
Electric	275,383
General	1,379
Total property, plant and equipment	15,124,947
Current Assets:	
Accounts receivable, net of $43,433 allowance for doubtful accounts	1,146,994
Accounts receivable, other	202,937
Accrued unbilled revenue	787,761
Materials inventory	459,476
Prepaid expense	91,638
Total current assets	2,688,806
TOTAL ELECTRIC SYSTEM ASSETS IDENTIFIED FOR SALE	$17,813,753

The Commission is currently negotiating with Florida Power Corporation (an investor owned utility company) to sell the assets identified in this supplementary schedule.

SEBRING UTILITIES COMMISSION
PENSION PLAN SUPPLEMENTARY INFORMATION (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 1991

This schedule presents pension benefit information for the last four years currently available. This schedule will expand to ten years as the information becomes available.

Year Ended 9-30	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Unfunded/ (Overfunded) Pension Benefit Obligation (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded/ (Overfunded) Pension Obligation as a percentage of covered Payroll (4)/(5)
1987	$3,309,429	$2,531,885	130.7%	$(777,539)	$2,182,329	(35.6)%
1988	3,454,714	2,898,607	119.2	(556,107)	2,347,360	(23.7)
1989	4,072,085	3,173,348	128.3	(898,737)	2,469,343	(36.4)
1990	4,219,448	3,445,772	122.5	(773,676)	2,469,972	(31.3)

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides an indication of pension funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the pension plan. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Commission's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the pension plan.

TERRITORIAL AGREEMENT

This Territorial Agreement (Agreement) is made and entered into this 19th day of Feb, 1987, by and between Sebring Utilities Commission (SEBRING UTILITIES), a Florida municipal electric utility and Glades Electric Cooperative, Inc. (GLADES), an Electric Cooperative, referred to herein collectively as the parties.

WHEREAS, SEBRING UTILITIES furnishes electric service to the public within and near the City of Sebring, Florida in Highlands County; and

WHEREAS, GLADES furnished electric service to the public around and near the City of Sebring, Florida in Highlands County; and

WHEREAS, the respective areas of service of the parties are contiguous and overlapping in some areas with the result that in the future substantial duplication of service facilities may occur unless such duplication is precluded by a territorial agreement; and

WHEREAS, the Florida Public Service Commission has determined that territorial agreements between utilities with contiguous and overlapping areas of service which preclude the duplication of facilities, are in the public interest; and

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

WHEREAS, the parties desire to avoid the duplication of facilities and to otherwise realize the benefits of defined retail service areas;

NOW, THEREFORE, in fulfillment of the premises, and in consideration of the mutual obligations contained herein, the parties agree as follows:

Section 1 - Term. This Agreement shall become effective upon approval as a territorial agreement by the Florida Public Service Commission and shall continue in effect until December 31, 2007.

Section 2 - Scope. This Agreement shall be applicable to retail electric service by the parties in the areas in and near the City of Sebring, Florida, in Highlands County, as depicted on the maps contained in Exhibit A hereto.

Section 3 - Service Areas. The areas identified as "GLADES" areas on the maps contained in Exhibit A are hereby allocated to GLADES as its retail service areas. The areas identified as "SUC" areas on the maps contained in Exhibit A are hereby allocated to SEBRING UTILITIES as its retail service areas. The boundaries between those retail service areas are described in Exhibit B hereto.

Section 4 - Service Obligations. Each party shall have the exclusive right and obligation to provide retail electric service to the public in its designated retail service areas in Section 5.

Section 5 - Extra-territorial Service. Each party hereby retains the right and obligation to continue to provide retail electric service at existing points of delivery, which are in the retail service areas of the other party, at the time this Agreement becomes effective. Existing points of delivery shall mean service drops and underground service laterals which are physically connected to the customer's property, whether energized or not. Each such party may maintain, repair and replace its facilities used to service such existing points of delivery.

For purposes of this section, the party in whose retail service area the customer is located is referred to as the "host utility party." The party serving a customer in the retail service area of the other party is referred to as the "foreign utility party." If service is being provided at an existing point of delivery by a foreign utility party and the service changes to the extent that substantial new utility facilities are required (for example, the extension of three phase facilities to serve an existing single phase point of delivery), the foreign utility party shall notify the host utility party of the changed service, and the host utility party shall have the following options:

(a) the host utility may decline in writing to provide the changed service because it would require an unreasonable extension of its facilities and thereby waive its right and obligation to provide that service.

(b) the host utility party may request in writing, and the foreign utility party may in its discretion agree, that the changed service by provided by the foreign utility party subject to a transfer of the service to the host utility party when the host utility party determines that it is appropriate to extend its facilities; or

(c) the host utility party may notify in writing the foreign utility party will provide the changed service and thereby acquire the right and obligation to provide that service.

If service is to be provided at a new point of delivery which is near the facilities of a foreign utility party, the host utility party shall have the following options:

(a) the host utility party may request in writing, and the foreign utility party may in its discretion agree, that the new service be provided by the foreign utility party because the new service would require an unreasonable extension of the host utility party's facilities, and the host utility party thereby waives its right and obligation to provide that service;

(b) the host utility party may request in writing, and the foreign utility party may in its discretion agree,

that the new service by provided by the foreign utility party subject to a transfer of the service to the host utility party when the host utility party determines that it is appropriate to extend its facilities; or

(c) the host utility party may provide the new service and thereby acquire the right and obligation to provide that service.

Section 6 - Elimination of Overlapping Services. GLADES and SEBRING UTILITIES agree to use reasonable efforts to eliminate, during the term of this Agreement, electric services by either party in the retail service areas of the other party. This effort shall include the identification of potential customer and facilities transfers which would eliminate duplication of facilities or avoid hazardous conditions. Neither GLADES nor SEBRING UTILITIES shall be obligated to effect any such transfers, and any transfers would be subject to review and approval by the Florida Public Service Commission.

Section 7 - Utility Facilities. Nothing in this Agreement shall be construed to prevent or restrict either party from locating, constructing, maintaining, repairing or replacing is transmission, substation, or distribution facilities in the retail service areas of the other party.

Section 8 - Wholesale Electric Services. Nothing in this Agreement shall be construed to apply to the provision by either

party of bulk power supply for resale, transmission, interchange or other similar wholesale electric services between electric utilities.

Section 9 - Regulatory Approval. This Agreement shall become effective only upon approval by, and shall be subject to the authority of the Florida Public Service Commission. Neither party shall be bound hereunder in any way until that approval is obtained. The Agreement of the parties hereto is conditioned upon approval of this Agreement without modification.

Section 10- Notices. Any notices given under this Agreement to SEBRING UTILITIES shall be provided to General Manager, Sebring Utilities Commission, P. O. Box 971, Sebring, Florida 33870. Any notices given under this Agreement to GLADES shall be provided to General Manager, Glades Electric Cooperative, Inc., P. O. Box 519, Moore Haven, Florida 33570.

Section 11 - Amendment. This Agreement may be amended only by mutual written agreement of the parties.

Section 12 - Headings. The section headings in this Agreement are for reference purposes only and shall not be considered in construing or interpreting this Agreement.

Section 13 - Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the

establishment of defined retail electric service areas where the areas served by the parties are contiguous or overlapping. All prior agreements, understandings or practices with respect to retail electric service areas shall be deemed to have been merged herein and superseded by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Territorial Agreement as set forth below.

ATTEST:

SEBRING UTILITIES COMMISSION

BY _____

NAME JACK W. JONES

TITLE CHAIRMAN

ATTEST:

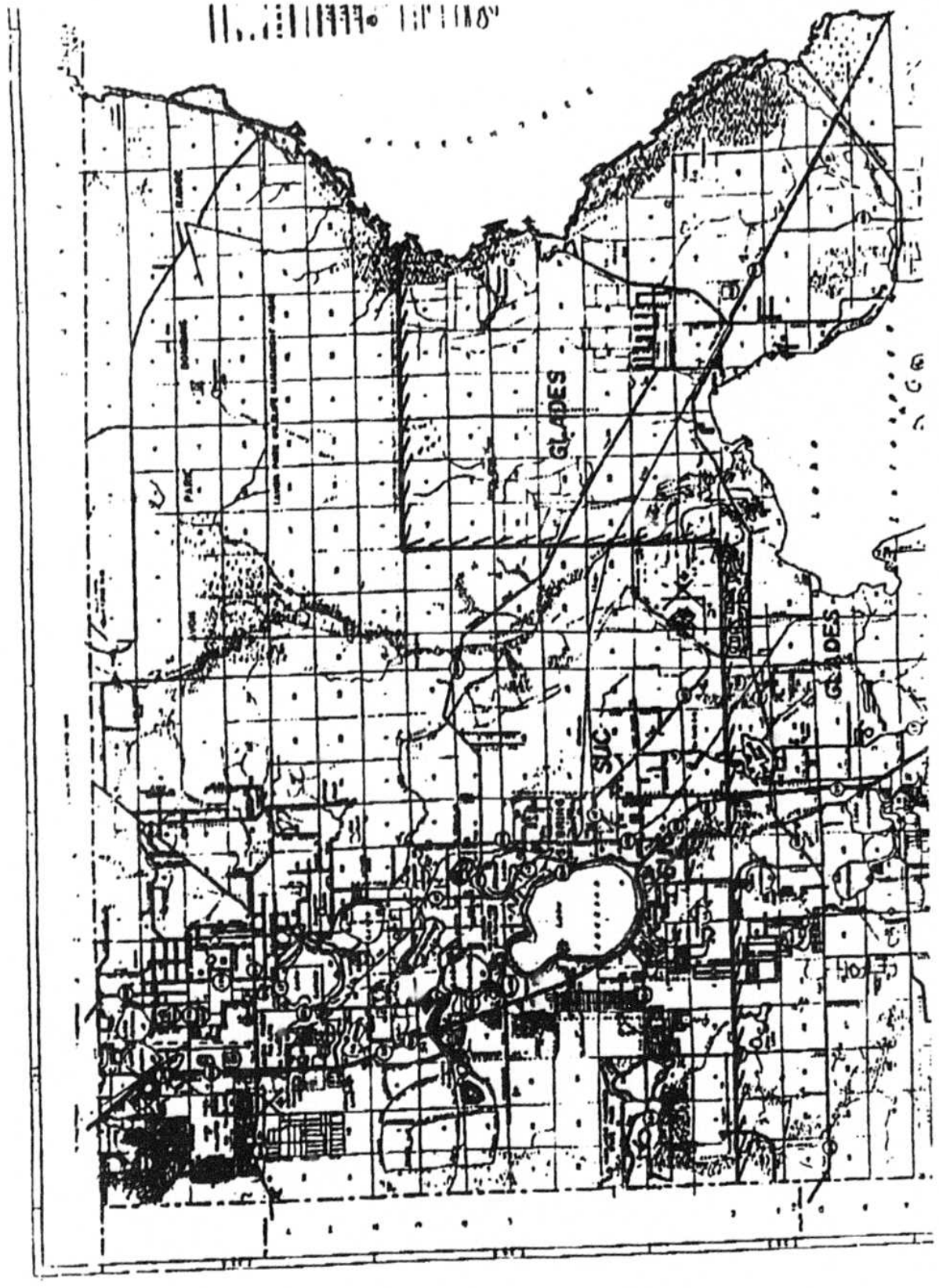
GLADES ELECTRIC COOPERATIVE, INC.

BY: _____

NAME ORVIS N. SYKES

TITLE PRESIDENT

Begin at the NW corner of Section 18, Township 35 South, Range 28 East, said Point of Beginning being on the Hardee-Highlands County boundary line, run thence East along the North Boundary lines of Sections 18, 17, 16, 15, 14, 13, of Township 35 South, Range 28 East; continuing East along the North boundary of said Section 18; thence North along the West boundary of Section 8; Township 35 South, Range 29 East; thence East along the North boundary of said Section 8; thence South along the East boundary of said Section 8; thence East along the North boundaries of Sections 16, 15, 14 and 13, of Township 35 South, Range 29 East; continue East along the North boundaries of Sections 18, 17 and 16, Township 35 South, Range 30 East; thence run North along the West boundaries of Sections 10 and 3, of Township 35 South, Range 30 East, Continue North along the west boundaries of Sections 34, 27, 22, 15 and 10, of Township 34 South, Range 30 East; thence East along the North boundaries of Sections 10, 11 and 12, of Township 34 South, Range 30 East; continue East along the North boundaries of Sections 7, 8, 9 and 10 of Township 34 South, Range 31 East, to the intersection of the Highlands-Okeechobee County boundary line.


GLADES
SUC
GLADES

SCHEDULE 2.1-A

SEVERANCE PAYMENTS

Seller may make severance payments to any individual listed in Schedule 5.1-A who does not accept an offer of employment by Buyer under the terms of Schedule 5.1, if the offer of employment requires the individual either to:

(a) relocate; or

(b) travel

to a job location that is more than 40 miles (one-way) further from such individual's residence in the Sebring area than the distance between such individual's residence in the Sebring area and his or her job location with Seller as of the date of this Agreement; provided, however, the severance pay to any such individual shall not exceed the greater of (i) one week's salary or pay from Seller to such individual for every year of continuous service by such individual to Seller, with a minimum of 12 weeks of severance pay, or (ii) the severance pay under the terms of a written agreement between Seller and the individual, a copy of which has been furnished to Buyer, and a receipt therefor has been signed by Buyer, prior to the date of this Agreement.

Seller shall not make severance payments to any of such individuals other than under the terms as set forth in this Schedule 2.1-A.

Schedule 2.1-B

[Form of]

DEFEASANCE ESCROW DEPOSIT AGREEMENT

This is a Defeasance Escrow Deposit Agreement dated _____, 1992, by and between **SEBRING UTILITIES COMMISSION**, a body corporate and politic under the laws of the State of Florida (the "Issuer"), and **[First Union National Bank of Florida, Jacksonville]**, Florida, a national banking association having trust powers and a member of the Federal Deposit Insurance Corporation, organized and existing under the laws of the United States of America and having its office in which its duties hereunder are to be performed in **[Jacksonville]**, Florida, as the escrow agent (the "Escrow Agent"):

WITNESSETH:

WHEREAS, the Issuer has previously issued its Sebring Utilities Commission (Sebring, Florida) Utilities System Revenue Refunding Bonds, Series 1986A and Series 1986B, of which $_____ in aggregate principal amount presently remains outstanding (the "Refunded Bonds"), and

WHEREAS, the Issuer wishes to make provisions for the redemption and payment in full of the Refunded Bonds on the earliest applicable call date by irrevocably depositing in trust moneys in an amount which, together with investment earnings thereon, will be sufficient to pay the principal of and interest on the Refunded Bonds on the redemption date as herein provided; and

WHEREAS, in order to deposit such amount of money in trust the Issuer has agreed to utilize (i) certain proceeds from the sale of its electrical transmission and distribution system (the "Electric System") pursuant to the Agreement for Purchase and Sale of Distribution System dated as of _____, 1992, (the "Electric Sale Agreement"), among Florida Power Corporation ("FPC"), the Issuer and the City of Sebring, Florida ("City"); (ii) certain proceeds derived by the Issuer from the sale of its water production, transmission and distribution system (the "Water System") pursuant to an Agreement for the Purchase and Sale of the Water System dated as of _____, 1992 (the "Water Sale Agreement") between the City and the Issuer; and (iii) certain moneys previously held in the funds and accounts established under the Master Bond Resolution adopted by the Issuer on May 23, 1985, as amended and restated on February 27, 1986, and as thereafter supplemented and amended (the "Master Bond Resolution"); and

WHEREAS, a portion of the proceeds derived from the sale of the Electric System and the Water System, together with certain other funds of the Issuer, will be applied to the purchase of certain noncallable direct obligations of the United States of America which are hereinafter defined as "Government Obligations," the principal of which, together with investment earnings thereon, will be sufficient to pay when due at redemption the principal of and interest on the Refunded Bonds; and

WHEREAS, in order to provide for the proper and timely application of the moneys deposited in said trust to the payment of the Refunded Bonds, it is necessary to enter into this Escrow Deposit Agreement with the Escrow Agent on behalf of the holders from time to time of the Refunded Bonds;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the principal of and interest on the Refunded Bonds according to their tenor and effect, the Issuer does hereby deliver to and give, grant, mortgage, assign and pledge to the Escrow Agent, and to its successors in the trusts hereby created, and to it and its assigns forever, all and singular the property hereinafter described:

I.

All right, title and interest of the Issuer in and to (a) $_____ derived from the proceeds of the sale of the Electric System, (b) $_____ derived from the sale of the Water System and (c) $_____ derived from amounts on deposit in the Reserve Account, and other funds and accounts held under the Master Bond Resolution for the Refunded Bonds.

II.

All right, title and interest of the Issuer in and to the Government Obligations purchased from the moneys described in Clause I above and more particularly described in Schedule "A" hereto.

III.

All right, title and interest of the Issuer in and to all cash balances held from time to time hereunder and all income and earnings derived from or accruing to the Government Obligations described in Clause II above and more particularly described in Schedule "A" attached hereto and made a part hereof, and all proceeds thereof.

IV.

All property which is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property of every kind and nature that may, from time to time hereafter, by delivery or by writing of any kind, be conveyed, pledged, assigned, or transferred as and for additional security hereunder or to be subject to the pledge hereof, by the Issuer or by anyone in its behalf, and the Escrow Agent is hereby authorized to receive the same at any time as additional security hereunder.

TO HAVE AND TO HOLD, all the same, including all additional property which by the terms hereof has or may become subject to the encumbrances of this Agreement given, granted, pledged and assigned or agreed or intended so to be, with all privileges and appurtenances hereby to the Escrow Agent, and its successors in said trust and to them and their assigns, forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection, as herein described, of the holders or owners from time to time of the Refunded Bonds in the manner herein provided; but if the Refunded Bonds shall be fully and promptly paid when due or redeemed in accordance with the terms thereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereinafter set forth.

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. In addition to words and terms elsewhere defined in this Agreement, as used herein, unless some other meaning is plainly intended, the following terms and phrases shall have the following meanings:

"**Agreement**" means this Escrow Deposit Agreement between the Issuer and the Escrow Agent.

"**Chairman**" means the Chairman or the Vice Chairman of the Issuer.

"**Escrow Agent**" means First Union National Bank, Florida, a national banking association organized and existing under and by virtue of the laws of the United States of America and being duly qualified to accept and administer the trusts hereby created, and its successors in trust.

"**Escrow Deposit Trust Fund**" means the fund so designated and established under Section 2.01 of this Agreement.

"**Government Obligations**" means the noncallable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America constituting part of the Trust Estate and described in Schedule "A" attached hereto. The term "Government Obligations" does not include money market funds, even money market funds investing in direct obligations of the United States of America.

"**Issuer**" means Sebring Utilities Commission.

"**Master Bond Resolution**" means the Master Bond Resolution adopted by the Issuer on May 23, 1985, as amended and restated on February 27, 1986, and as subsequently supplemented prior to the date hereof.

"**Paying Agent**" means First Union National Bank of Florida, N.A., and its successors.

"**Refunded Bonds**" means the Sebring Utilities Commission (Sebring, Florida) Utilities System Revenue Refunding Bonds, Series 1986A and Series 1986B.

"**Trust Estate,**" "**trust estate**" or "**pledged property**" shall mean the property, rights and interest of the Issuer which are subject to the lien of this Agreement.

"**Written Request**" with respect to the Issuer means a request in writing signed by the Chairman or any other officer or official of the Issuer duly authorized by the Issuer to execute such request and satisfactory to the Escrow Agent.

SECTION 1.02. Uses of Phrases. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II

ESTABLISHMENT OF FUNDS; FLOW OF FUNDS

SECTION 2.01. Creation of Escrow Deposit Trust Fund.

(a) There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the "Escrow Deposit Trust Fund" to be held in the custody of the Escrow Agent separate and apart from other funds of the Issuer or of the Escrow Agent.

(b) On the date hereof the Issuer has deposited with the Escrow Agent, and the Escrow Agent by execution hereof hereby acknowledges receipt of immediately available moneys, in the amount of $_____ from the sources described in Clause I above to be deposited in the Escrow Deposit Trust Fund.

(c) The funds deposited in the Escrow Deposit Trust Fund pursuant to subsection (b) above, shall be immediately invested by the Escrow Agent in the noncallable Government Obligations described in Schedule "A" hereto. The Issuer hereby represents that the noncallable Government Obligations described in Schedule "A," together with earnings to be received thereon, will provide sufficient funds to pay the principal of and interest on the Refunded Bonds as the same are called for redemption on _____, 199_ **[to be a date no more than 35 days from the date hereof]**. The total aggregate receipts from such investments pursuant to Schedule "A" is shown on Schedule "B" attached hereto. The debt service on the Refunded Bonds due to and on such call date is shown on Schedule "C" hereto.

SECTION 2.02. Irrevocable Trust Created. Except as provided in Section 4.01 hereof with respect to certain amendments, the deposit of moneys and Government Obligations in the Escrow Deposit Trust Fund as described in Schedule "A" shall constitute an irrevocable trust fund deposit of said moneys and Government Obligations for the benefit of the registered owners of the Refunded Bonds and such registered owners shall have an express lien on all moneys and the principal of and interest on all such Government Obligations and all cash balances therein, until used and applied according to this Agreement. Such moneys and investments, and the matured principal of the Government Obligations and the interest thereon shall be held in trust by the Escrow Agent in the Escrow Deposit Trust Fund created hereunder for the benefit of the registered owners of the Refunded Bonds as

herein provided, and shall be kept separate and distinct from all other funds of the Issuer and the Escrow Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 2.03. Purchase of Government Obligations. The Escrow Agent is hereby directed to immediately purchase the Government Obligations listed on Schedule "A" hereto solely from the moneys deposited in the Escrow Deposit Trust Fund as hereinabove described and by execution hereof the Escrow Agent hereby acknowledges receipt of the Government Obligations listed in Schedule "A" hereto. Except as otherwise provided in Section 2.05 below, cash balances received from the Government Obligations described in Schedule "A" as shown on Schedule "B" shall be held uninvested until applied in accordance with the terms hereof.

SECTION 2.04. Redemption of Bonds; Use of Moneys in the Escrow Deposit Trust Fund.

A. The Issuer has irrevocably instructed the Paying Agent to call all of the Outstanding Refunded Bonds for redemption on _____, 199_, in accordance with the terms of the Master Bond Resolution, and the Issuer hereby agrees to take any action necessary to effect such call. The Paying Agent has been instructed to provide notice of such redemption in substantially the form of Notice of Redemption attached hereto as Exhibit "D." The Escrow Agent shall have no obligation with respect to the redemption of the Refunded Bonds other than to make payments to the Paying Agent for the Refunded Bonds at the times and in the manner set forth herein.

B. As any principal of and interest on the Government Obligations set forth in Schedule "A" shall mature and is received as shown on Schedule "B," the Escrow Agent shall, no later than one (1) day prior to the interest payment dates and the principal payment or redemption date with respect to the Refunded Bonds (unless any such date shall not be a business day, in which case, the next succeeding date which is a business day), transfer from the Escrow Deposit Trust Fund to the Paying Agent for the Refunded Bonds amounts sufficient to pay the principal of and interest on the Refunded Bonds on the next interest payment date or principal or redemption payment date, as shown on Schedule "B." Such amounts shall be applied by the Paying Agent to pay the principal of and interest on the Refunded Bonds and in turn applied, pursuant to the terms of the Bond Resolution to pay the principal of and interest on the Refunded Bonds. Except as otherwise provided herein, all cash balances remaining from time to time in the Escrow Deposit Trust Fund, as described in

Schedule "B," shall be held uninvested until needed for the purposes hereof.

SECTION 2.05. At the written direction of the Issuer, the Escrow Agent may invest and reinvest any moneys remaining from time to time in the Escrow Deposit Trust Fund until such time that they are needed in noncallable Governmental Obligations. Any interest income resulting from reinvestment of moneys pursuant to this Section 2.05 shall be transferred to the Issuer and used for any lawful purpose.

SECTION 2.06. Transfer of Funds after all Payments Required by this Agreement are Made. After all of the transfers by the Escrow Agent to the Paying Agent for payment of the principal of and interest on the Refunded Bonds have been made, all remaining moneys and Government Obligations, together with any income and interest thereon, in the Escrow Deposit Trust Fund shall be transferred to the Issuer by the Escrow Agent and used for any lawful purpose; provided, however, that no such transfer (except transfers made in accordance with Section 2.05 hereof) to the Issuer shall be made until all of the principal of, interest on and premiums, if any, with respect to the Refunded Bonds have been paid.

ARTICLE III

CONCERNING THE ESCROW AGENT

SECTION 3.01. Appointment of Escrow Agent. The Issuer hereby appoints **[First Union National Bank of Florida, National Association, Jacksonville,]** Florida, as Escrow Agent under this Agreement.

SECTION 3.02. Acceptance by Escrow Agent; Fees and Expenses. By execution of this Agreement, the Escrow Agent accepts the duties and obligations as Escrow Agent hereunder. The Escrow Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute and perform its obligations under the trust hereby created. The Issuer has paid the Escrow Agent's one-time fee in the amount of $_____ and anticipated expenses for services rendered hereunder shall be paid by the Issuer from funds of the Issuer other than those held hereunder. Expenses incurred hereunder by the Escrow Agent shall be reimbursed by the Issuer only if documented to the Issuer's satisfaction. The Escrow Agent shall have no lien whatsoever upon any of the moneys or investments in the Escrow Deposit Trust Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 3.03. Liability of Escrow Agent. The Escrow Agent shall not be liable in connection with the performance of its duties hereunder except for its own negligence or default. The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to the terms and provisions of this Agreement.

The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of moneys and of the principal amount of the Government Obligations and the earnings thereon to pay the Refunded Bonds. So long as the Escrow Agent applies any moneys, the Government Obligations and the interest earnings therefrom to pay the Refunded Bonds as provided herein, and complies fully with the terms of this Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations.

In the event of the Escrow Agent's failure to account for any of the Government Obligations or moneys received by it hereunder, said Government Obligations or moneys shall be and remain the property of the Issuer in trust for the holders of the Refunded Bonds, as herein provided, and if for any improper reason such Government Obligations or moneys are not applied as herein provided, the assets of the Escrow Agent shall be impressed with a trust for the amount thereof until the required application shall be made.

SECTION 3.04. Permitted Acts. The Escrow Agent and its affiliates may become the owner of or may deal in any obligations of the Issuer described herein as fully and with the same rights as if it were not the Escrow Agent.

SECTION 3.05. Resignation of Escrow Agent. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than sixty (60) days' advance written notice to the Issuer and by publishing notice thereof, specifying the date when such resignation will take effect, at least once not less than sixty (60) days before such resignation is to take effect in a newspaper printed in the English language and of general circulation in Highlands County, Florida, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Refunded Bonds or by the Issuer as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent, and the transfer to such successor Escrow Agent of the funds and accounts held by the Escrow Agent hereunder and payment by

such resigning Escrow Agent of any unearned fees previously paid by the Issuer to the resigning Escrow Agent for the performance of its duties hereunder.

SECTION 3.06. Removal of Escrow Agent.

(a) The Escrow Agent may be removed at any time if the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding file a request for removal in writing with the Issuer, but the Escrow Agent shall remain in office until the appointment and taking office of a successor Escrow Agent in accordance with the provisions of this Agreement. A copy of such request shall be delivered by the Issuer to the Escrow Agent.

(b) The Escrow Agent may also be removed at any time for any breach of trust or for any violation of this Agreement by a court of competent jurisdiction upon the application of the Issuer or the holders of not less than five percent (5%) in aggregate principal amount of the Refunded Bonds then outstanding.

(c) The Escrow Agent shall be deemed to have been removed if it is dissolved, becomes incapable of exercising the powers necessary to carry out its obligations hereunder or is taken over by any governmental action.

(d) Upon such removal, any portion of the fees paid to the Escrow Agent which will not be earned due to such removal shall be immediately returned to the Issuer.

SECTION 3.07. Successor Escrow Agent.

(a) When the position of the Escrow Agent becomes or is about to become vacant, the Issuer shall appoint a successor Escrow Agent to fill such vacancy.

(b) If no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this Section, the holder of any Refunded Bond then outstanding may, or any Escrow Agent retiring or being removed from office shall, apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Upon the deposit by the retiring Escrow Agent of all funds and securities held by it under the provisions hereof into the registry of such court and the return to the Issuer of any unearned fees, such retiring Escrow Agent shall be relieved of all future duties hereunder.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Amendments to this Agreement. This Agreement is made for the benefit of the Issuer and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this section, including the extent, if any, to which any repeal, revocation, alteration or amendment affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Prior to any repeal, revocation, alteration or amendment of this Agreement, the Issuer shall provide written notice of such proposed repeal, revocation, alteration or amendment, if the Refunded Bonds are then rated by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Corporation ("S&P"), to Moody's and S&P, as applicable, at the following addresses, respectively:

Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007
Attn: Municipal Rating Desk/Refunded Bonds

Standard & Poor's
25 Broadway
New York, New York 10004

SECTION 4.02. Severability. If any one or more of the covenants or agreements provided in this Agreement should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed to be separate and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 4.03. Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the Issuer or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, and shall be for the benefit of the holders of the Refunded Bonds, whether so expressed or not.

SECTION 4.04. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made.

SECTION 4.05. Governing Law. This Agreement shall be governed by the applicable laws of the State of Florida.

SECTION 4.06. Execution by Counterparts. This Agreement may be executed in several counterparts, each of which shall be regarded for all purposes as an original, and all of which, together, shall constitute and be but one and the same instrument.

SECTION 4.07. Notices. All notices and communications required to be delivered pursuant to this Agreement shall be given in writing, or by telegram, telex, or cable or first class mail, postage prepaid, addressed to the following parties, at the following addresses:

The Issuer: Sebring Utilities Commission
321 Mango Street
P.O. Box 971
Sebring, Florida 33871-0971

The Escrow Agent: **[First Union National Bank of Florida]**
_____
_____

Attention: Corporate Securities Services

IN WITNESS WHEREOF, the Issuer and the Escrow Agent have duly executed this Agreement as of the date first written above.

SEBRING UTILITIES COMMISSION

By_____
Chairman

(SEAL)

Attested and countersigned:

By_____
Secretary

[FIRST UNION NATIONAL BANK OF FLORIDA]
_____, Florida,
as Escrow Agent

By_____
Authorized Officer

LAK-25682.3

SCHEDULE 3.2

THIRD-PARTY AUTHORIZATIONS

1. POLE RENTAL AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND COX CABLEVISION CORPORATION d/b/a COX CABLE SEBRING/AVON PARK (formerly Highlands Cable Television Corporation), a Georgia Corporation, DATED MAY 1, 1985. Assigned to REDWOOD CABLE VISION per Cox Cablevision Corporation Assignment of Contract, DATED JULY 26, 1985.

2. POLE RENTAL AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND UNITED TELEPHONE COMPANY OF FLORIDA, a Florida Corporation, DATED JANUARY 22, 1985.

3. ATTACHMENT AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND TAMPA ELECTRIC COMPANY, a Florida Corporation, DATED AUGUST 29, 1991.

4. UTILITY JOINT POLE USE AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND FLORIDA DEPARTMENT OF TRANSPORTATION, DATED APRIL 12, 1990.

5. UTILITY AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND FLORIDA DEPARTMENT OF TRANSPORTATION, DATED APRIL 13, 1990.

6. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED APRIL 10, 1968, NO. RE-24911-RG, 1,367 ft. northwestwardly, measured along center line, from Mile Post 867, Sebring, Florida.

7. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND ATLANTIC COAST LINE RAILROAD COMPANY, DATED JULY 31 1950, 335 ft. eastwardly, measured along the center line of main track, from Mile Post VC-875, Sebring, Florida.

8. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED MAY 14, 1975, NO. RE-27531, 1,115 ft. northwestwardly, measured along the center line of main track, from Mile Post AVC-875, Sebring, Florida.

9. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED APRIL 24, 1975, NO. RE-34400, 2,179 ft. southwardly, measured along the center line of main track, from Mile Post AVC-876, Sebring, Florida.

10. WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY, DATED APRIL 13, 1971, NO. RE-29404, 951.3 ft. southwardly, measured along the center line of main track, from Mile Post AVC-876, Sebring, Florida.

SCHEDULE 3.2

THIRD-PARTY AUTHORIZATIONS

11. **WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD**, DATED APRIL 12, 1971, NO. RE-29415, 2,160.3 ft. northwestwardly, measured along the center line, from Mile Post AVC-876, Sebring, Florida.

12. **WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY**, DATED NOVEMBER 13, 1970, RE-28808, 2,944 ft. northwestwardly, measured along the center line, from Mile Post SX-868, Sebring, Florida.

13. **WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY,** DATED OCTOBER 28, 1970, NO. RE-28743, 1,436 ft. southeastwardly, measured along the center line of main track, from Mile Post AVC-875, Sebring, Florida.

14. **WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY,** DATED JUNE 10, 1970, NO. RE-28216, 2,865.6 feet northeastwardly, measured along the center line, from Mile Post AVC-867, Sebring, Florida.

15. **WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY**, DATED JUNE 10, 1970, NO. RE-28221, 2,179 feet northwestwardly, measured along the center line of of main track, from Mile Post AVC-869, Sebring, Florida.

16. **WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMPANY,** DATED MAY 11, 1970, NO. RE-28085, 2,493 ft. southeastwardly, measured along center line of main track, from Mile Post AVC-877, Sebring, Florida.

17. **WIRE CROSSING AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND SEABOARD COAST LINE RAILROAD COMANY,** DATED MARCH 23, 1970, NO. RE-27920, 231.5 ft. northwestwardly, measured along the center line of main track, from Mile Post AVC-874, Sebring, Florida.

18. **LEASE/PURCHASE AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND XEROX CORPORATION,** DATED SEPTEMBER 1, 1991, CONTRACT NO. 600-380-91-1 (Xerox Model 5052, Serial No. 15P-354800.

19. **TERRITORIAL AGREEMENT BETWEEN SEBRING UTILITIES COMMISSION AND GLADES ELECTRIC COOPERATIVE, INC.,** DATED FEBRUARY 19, 1987.

SCHEDULE 3.3
LITIGATION

There is no existing litigation which would materially affect this transaction other than:

SUPREME COURT OF FLORIDA

Sebring Utilities Commission,

Appellant,

vs. Case No. 77,197

Florida Public Service Commission

Appelee.

****

SHIRLEY v. FLORIDA POWER CORPORATION
Case Number: 88-1299-CA

****

LOFQUIST v. FLORIDA POWER CORPORATION
Case Number: 88-1300-Ca

****

DELMAR ENGLAND, etal,

Plaintiffs,

vs.

SEBRING UTILITIES COMMISSION, a municipal utility, and FLORIDA POWER CORPORATION, a Florida corporation and a public utility,

Defendants.

CASE NO. GC-92-277
****

There are many general threats to file suit against SUC to prohibit this transaction and especially the threat to challenge the legality of the Transitional Rate.

SCHEDULE 3.4
PERMITTED ENCUMBRANCES

1. Existing electric and water lines in place and lying on, over and across Parcel #1 (Headquarters Building), #2 (Lakewood Substation) and #3 (Dinner Lake Substation) as described in Schedule 1.1(b) - REAL ESTATE, the location of which shall not unreasonably interfere with Buyer's use of such property for the purposes of the Agreement.

2. The existing electric and storm sewer lines in place and lying on, over and across Parcel #3 (Dinner Lake Substation) as described in Schedule 1.1(b) - REAL ESTATE. Written easements covering the existing electric and storm sewer lines shall be in form and substance satisfactory to Buyer and Seller and subject to verification of location of such lines and easement areas by survey, the location of which shall not unreasonably interfere with Buyer's use of such property for the purposes of the Agreement. Such easements shall be executed and placed of record prior to the Closing Date between and among, as appropriate, the City of Sebring, Tampa Electric Corporation and Sebring Utilities Commission or its successor under this Agreement, Florida Power Corporation.

3. The properties described above will be subject to Highlands County zoning laws and water management district rules, regulations and restrictions.

4. Existing Exceptions to be satisfied at closing:

   (a) Mortgage from Sebring Utilities Commission to Cecil G. Heston and Louise Heston, dated 2nd day of March, 1982, and recorded in O.R. Book 714, page 468, public records of Highlands County, Florida.

   (b) Mortgage from Cecil G. Heston and Louise Heston, his wife, to First National Bank of Sebring, dated the 13th day of March, 1978, and recorded in O.R. Book 576, page 775, pubic records of Highlands county, Florida (assumed by Sebring Utilities Commission).

   (c) Final Judgment in suit styled Almda D. Lloyd, joined by her husband, Ray W. Lloyd, and Ray W. Lloyd, individually, vs. Sebring Utilities Commission, a Florida corporation, and United States Fidelity and Guaranty Insurance Company, Case No. 81-182-G, dated March 7, 1984, filed March 9, 1984, and recorded in O.R. Book 785, page 880, file #526658, for the sum of $47,200.00.

SCHEDULE 3.8
ACCOUNTS RECEIVABLE
Balances as of September 30, 1991

Customer Accounts Receivable	$1,190,426.63
Allowance For Doubtful Accounts	(43,432.98)
Net Customer Accounts Receivable	1,146,993.65
Miscellaneous Accounts Receivable	205,729.06
Allowance For Doubtful Accounts	(18,261.62)
Net Miscellaneous Accounts Receivable	187,467.44
TECO Capital - Accounts Receivable	15,469.22
Total Accounts Receivable Net of Allowance For Doubtful Accounts	$1,349,930.31

SCHEDULE 3.10(a)

PERMITS

1. RADIO STATION LICENSE ISSUED TO SEBRING UTILITIES COMMISSION BY THE FEDERAL COMMUNICATIONS COMMISSION. License Issue Date - October 25, 1990; License Expiration Date - October 25, 1995. FCC File Number 8512368698.

2. CITY OF SEBRING, FLORIDA, ORDINANCE NO. 788, ESTABLISHING A FRANCHISE FEE ON SEBRING UTILITIES COMMISSION, Dated September 15, 1987, as amended by ORDINANCE NO. 841, Dated September 17, 1991.

Federal Communications Commission
Gettysburg, PA 17325-7245

RADIO STATION LICENSE

License Name: SEBRING UTILITIES COMMISSION

Radio Service Code: IW POWER
Call Sign: KNTT210 File Number: 0810369639
Frequency Authorized: See Below
Number of Mobile Units by Category: [illegible]

License Issue Date: 891005
License Expiration Date: 991005

901028R 101 1 1R

SEBRING UTILITIES COMMISSION
JAMES E MOOTHART
POB 971
SEBRING FL 33870

Station Technical Specifications

FCC ID	Frequencies MHz	Station Class	No. of Units	Emission Designator	Output Power Watts	E.R.P. (Watts)	Ground Elevation	Ant. Hgt. To T.O.	Antenna Latitude	Antenna Longitude
1:	158.22000	FB	1	20K0F3E	45.000	114.000	60	88	27-26-47	081-21-53
	158.22000	MO	45	20K0F3E	110.000					
2:	158.22000	FB	1	20K0F3E	110.000	295.000	105	80	27-30-28	081-26-17

	TRANSMITTER STREET ADDRESS	CITY	COUNTY	STATE
1:	1/2 MI N HWY 98 ON HENDRICKS FIELD RD	SEBRING	HIGHLANDS	FL
2:	1246 NORTH RIDGEWOOD DR	SEBRING	HIGHLANDS	FL

AREA OF OPERATION
SITE 1: 3 MIRA 27-26-47N 081-21-53W SEBRING HIGHLANDS FL

CONTROL POINTS:221 MANGO STREET SEBRING FL
CONTROL POINT PHONE: 813-385-0191

EMISSION DESIGNATOR(S) CONVERTED TO CONFORM TO DESIGNATOR(S)
SET OUT IN PART 2 OF THE COMMISSION'S RULES.

FEDERAL COMMUNICATIONS COMMISSION

This authorization becomes invalid and must be returned to the Commission if the stations are not placed in operation within eight months unless an extension of time has been granted. EXCEPTION 900 MH. trunked and certain 800 MHz station licenses cancel automatically if not constructed within one year.

2nd Passed

ORDINANCE NO. 788

AN ORDINANCE ESTABLISHING A FRANCHISE FEE ON SEBRING UTILITIES COMMISSION FOR THE RIGHT AND PRIVILEGE OF MAINTAINING ITS ELECTRICAL AND WATER DISTRIBUTION SYSTEM ON, ABOVE AND UNDER THE THOROUGHFARE AND UNDER PUBLIC WAYS OF THE CITY OF SEBRING AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Sebring Utilities Commission is operating and maintaining its electrical and water distribution system on, above and under the thoroughfares and other public ways of the City of Sebring; and,

WHEREAS, it is in the best interest of the City of Sebring that a franchise fee be charged to Sebring Utilities Commission for such usage.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SEBRING, FLORIDA, that:

Section 1. Sebring Utilities Commission is entitled to construct, erect, operate, modify and maintain, in, upon, along, across, above over and under the highways, streets, alleys, sidewalks, public ways and public places now laid out or dedicated and all extensions thereof, and additions thereto, in the city, poles, wires, cables, underground conduits, pipes, manholes and other electrical and water transmission facilities necessary for the maintenance and operation in the City of Sebring of a utility system for the purpose of distributing electricity and water to the public.

Section 2. A franchise fee is hereby imposed on the Sebring Utilities Commission for a period of one year from October 1, 1987, in an amount equal to two percent (2%) of the monthly gross revenues received by the Sebring Utilities Commission for the supplying of electricity and water within the City of Sebring. Said franchise fee shall be paid by the fifteenth day of each month for the preceding month.

Section 3. This franchise fee shall take effect on October 1, 1987 and shall terminate on September 30, 1988.

PASSED at a regular meeting of the City Council of the City of Sebring, Florida, this 15TH day of SEPTEMBER, 1987.

ATTEST: _____
City Clerk

_____
President, City Council
City of Sebring, Florida

This Ordinance was adopted by reading at two separate meetings and, after publication in a local newspaper and upon hearing being held, this Ordinance was duly passed on the 15TH day of SEPTEMBER, 1987, and the same is hereby certified to the Mayor for his approval or disapproval.

WITNESS My hand and seal at Sebring, Florida, this 15TH day of SEPTEMBER, 1987.

_____
City Clerk

The foregoing Ordinance was received by me this 15TH day of SEPTEMBER, 1987, and by me approved this 15TH day of SEPTEMBER, 1987.

_____
Mayor, City of Sebring, Florida

I, JACK R. STROUP, City Clerk of the City of Sebring, Florida, hereby certify that a copy of the foregoing Ordinance was posted by me at the door of the City Hall on the 15TH day of SEPTEMBER, 1987, and that same remained so posted until the _____ day of _____, 19__.

_____
City Clerk

ORDINANCE NO. 841

AN ORDINANCE AMENDING ORDINANCE NUMBER 788 TO PROVIDE FOR THE EXTENSION OF A FRANCHISE FEE ON THE SEBRING UTILITIES COMMISSION; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, it is in the best interest of the City of Sebring that the franchise fee contained in Section 2 of Ordinance number 788 be continued.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SEBRING, FLORIDA, that:

Section 1. Section 3 of Ordinance number 788 be amended to terminate on September 30, 1992.

Section 2. All other sections of Ordinance number 788 shall remain unchanged.

Section 3. This Ordinance shall take effect immediately upon the approval by the Mayor, or without his approval as provided by law.

PASSED at a regular meeting of the City Council of the CIty of Sebring, Florida this 17th day of September, 1991.

ATTEST: _____

_____
President, City Council
City of Sebring, Florida

This Ordinance was adopted by reading at two separate meetings and after publication of notice in a local newspaper, was duly passed by the City Council of the City of Sebring, Florida, on the 17th day of September, 1991, and as required by the City Charter, the same is hereby certified to the Mayor for his approval or disapproval.

WITNESS my hand and seal at Sebring, Florida, this 17th day of September, 1991.

Shirley Kitchings

The foregoing Ordinance was received by me this 17th day of September, 1991, and by me approved this 17th day of September, 1991.

Mayor, City of Sebring, Florida

I, SHIRLEY KITCHINGS, City Clerk of the City of Sebring, Florida, hereby certify that a copy of the foregoing Ordinance was posted by me at the door of the City Hall on the 17th day of September, 1991, and that same remained so posted until the 17th day of Sept., 1991.

Shirley Kitchings
City Clerk

SCHEDULE 3.10(d)
ENVIRONMENTAL, HEALTH & SAFETY EXCEPTIONS

1. Yellow Water Road Site, Jacksonville, Florida
Claimant: E.P.A.
Claim No.: 7900 MP 021139-99-5

U.S. Environmental Protection Agency ("EPA") determined that Sebring Utilities Commission ("SUC") was a potentially responsible party ("PRP") for the Yellow Water Road Superfund Site. The Remedy Action ("RA") for Operable Unit One (soil contamination) was selected in a Record of Decision ("ROD") dated 9/28/90. The remedy selected was excavation and solidification/stabilization on soils contaminated with PCB's above 10 ppm. There will be follow-through activities to monitor, operate and maintain the completed Remedial Action for Operable Unit One.

EPA is preparing a ROD for Operable Unit Two, which will address ground water contamination at the site.

EPA has discussed the possibilities for a de mununis settlement in connection with Operable Unit Two.

The Steering Committee for the PRP's has agreed to do additional work in the form of ground water testing and negotiations continue concerning the RA for Operable Unit Two.

2. Ellis Road Site
Jacksonville, Florida

Ellis Road Site is related to the Yellow Water Road Site in that American Electric Corporation maintained its principal place of business on Ellis Road in Jacksonville, Florida. PCB contaminated waste was transported there and subsequently sent out to other facilities for treatment or disposal. Many, if not all of the waste taken in at the Ellis Road sit were co-mingled with other customers' waste before being sent out. Some of the waste was sent to the Yellow Water Road Site. The estimated cost for the removal work is $5,000,000. Based on a breakdown of costs per participation member of the estimated cost of $5,000,000, SUC's share of the cost would be $7,191.39 or 0.1438%. EPA has not raised the ground water issue at the Ellis Road Site yet and if ground water contamination becomes an issue the costs would increase.

3. Tri-City Oil Conservationist Site,
Temple Terrace, Florida

EPA alleged that hazardous substances, pollutants, and/or contaminants as defined in Sections 101(14) and 101(33) of CERCLA, 42 U.S.C. Sections 9601(14) and 9601(33), have been or

were threatened to be released into the environment from the Site;

EPA alleged that such releases or threatened releases required response action to be undertaken at the Site, pursuant to Section 104 of CERCLA, 42 U.S.C. Section 9604. In January 1984, sampling by Florida Department of Environmental Resources revealed metals contamination in surface soils and in soils 1 to 2 feet beneath the surface. Analysis of these samples indicated the presence of heavy metals, benzene, toluene, xylene, and chlorinated hydrocarbons. In February 1984, EPA conducted and immediate removal at the Site, removing liquids and sludges from above and below ground tanks and the top six inches of soils. These materials were then disposed of at an EPA approved hazardous waste landfill in Pinewood, South Carolina. EPA removed the site from the NPL on September 1, 1988.

EPA and the responsible parties entered into a Cost Recovery Agreement in 1990 whereby the responsible parties agreed to pay $144,975.81 to the Hazardous Substance Superfund. Sebring Utilities Commission was designated as a responsible party and became a party to the Cost Recovery Agreement. Sebring Utilities Commission paid its proportional share of the Cost Recovery Agreement.

The State of Florida, Department of Environmental Regulation filed suit against the responsible parties in Hillsborough County, Florida (CASE No. 90-14493) to recover its costs. The responsible parties, including Sebring Utilities Commission entered into a Stipulation of Settlement and Dismissing Action with Prejudice, which was approved by Order of the Court on the 10th day of March, 1991. Sebring Utilities Commission paid its share of the settlement.

SCHEDULE 3.13

Schedule of Insurance

Boiler & Machinery
Deductible: 100K
Policy Number: BM-F133150
Carrier: Home Insurance Company
Policy Period: 10/1/90 - 10/1/93
Limit of Liability: 20M
Broker/Agent: Poe & Associates

Property
Deductible: 25K
Policy Number: CP-30000097600
Carrier: USF&G Insurance Company
Policy Period: 11/15/91 - 11/15/92
Limit of Liability: Various
Broker/Agent: Bayless Insurance

Crime
Deductible: NIL
Policy Number: CP-30000097600
Carrier: USF&G Insurance Company
Policy Period: 11/15/91 - 11/15/92
Limit of Liability: 100K
Broker/Agent: Bayless Insurance

Inland Marine (Equipment)
Deductible: 500K
Policy Number: CP-30000097600
Carrier: USF&G Insurance Company
Policy Period: 11/15/91 - 11/15/92
Limit of Liability: Various
Broker/Agent: Bayless Insurance

General Liability & Property
Deductible: Unknown
Policy Number: FML 303 & FMP 328
Carrier: Florida Municipal Self Ins. Fund
Policy Period: 10/1/91 - 9/30/92
Limit of Liability: 100K/200K*
Broker/Agent: Florida League of Cities

Self Insurers Fund (Workers' Comp.) **
Policy Number: FM 304
Carrier: Florida Municipal Self Ins. Fund
Policy Period: 10/1/91 - 9/30/92

*Specific Excess - $2,000,000

** Workers' Comp Policy # FM 304 has been in effect since 11/15/85.

SCHEDULE 3.13
WORKERS' COMPENSATION CLAIMS

Thomas Bellamy	07-21-86 - rash on right knee 08-18-86 - bee sting,rt.finger 09-10-86 - snake bite,rt.thumb 03-26-87 - bruise rt.forearm 08-13-87 - dog bite rt.leg 02-17-88 - laceration,rt.finger 07-25-88 - pinched sm.left fing. 10-26-88 - rearend coll.,neck pain 05-22-90 - jammed rt. shoulder 09-18-90 - laceration,rt.wrist 12-12-90 - pain left side when exiting truck
Bradley Beumel	09-24-91 - lower back strain
Roy Blackburn	12-30-91 - laceration 2nd lft.fing.
Mark Brackett	08-27-87 - 2 puncture wounds,rt.leg 05-22-91 - forehead abrasion
Randy Carnes	11-20-86 - bruised bridge of nose, 06-06-88 - laceration,3rd rt.finger 12-21-88 - bruised lft.side of face 09-04-90 - rash,left arm 11-27-90 - wood dust/both eyes
Ken Fincher	12-11-85 - bruised right knee 06-16-86 - pulled shoulder muscle 02-11-87 - puncture,left index finger 09-01-88 - nail puncture,left foot 11-12-88 - strain,lower left abdomen 08-17-89 - wasp sting,rt.face & neck 09-15-89 - rash,rt.lower leg 10-30-89 - laceration,lower rt.lip 10-03-90 - muscle strain,neck & shldr 10-03-91 - muscle strain,neck & shldr 10-08-91 - laceration,mid.rt.finger
Tom Haralson	01-24-89 - sparks broke glasses 08-30-89 - strain,lower center back
Wendell Haywood	03-26-86 - burns, both hands 02-24-89 - twisted left knee 04-17-90 - bruised back & rt.side
Larry London	10-01-91 - lower back pain

Ed Long	03-11-88 - back strain 09-10-89 - electric burns lft.arm 06-18-91 - wire flake,rt.eye
Kevin McPherson	02-19-88 - smashed left thumb 10-07-88 - flash burns,left hand 10-29-90 - pole burns,both arms
Charles Mercer	02-24-89 - flash burns,both eyes
Charles O'Bannon	02-10-86 - dust frag., both eyes
Larry Overfield	03-07-89 - foreign obj.,left eye 12-16-91 - muscle pull,left shldr.
Rick Ragland	06-15-86 - rash, chest & neck
Prentis Rice	06-17-87 - strained, left wrist 07-06-87 - staple punct.,abdomen
Ronny Shumard	06-04-91 - smashed lg.left toe
Carl Sircy Jr.	12-09-88 - laceration,nose & mouth 11-09-89 - muscle st.,lower back
James Terrell	06-04-88 - bruised rt. knee
Deron Whan	06-08-89 - left knee strain 10-18-89 - strain,left leg 03-26-90 - lower back strain 07-27-90 - laceration,rt.palm 08-16-90 - scratched rt. eye 04-29-92 - laceration,rt.palm
Robert Williams	02-13-86 - strained left.elbow 09-10-87 - nail punct.,rt. foot 04-13-92 - sprained right ankle

SCHEDULE 3.14 (a)
Employee Benefits

(1) Savings Bonds, Christmas Club and Credit Union
Article 18: Employee Handbook . . . . . Page 26

(2) Workers' Compensation
Article 19: Employee Handbook . . . . . Page 27

(3) Medical Insurance
Article 20: Employee Handbook . . . . . Page 28

(4) Employee Pension Plan
Article 21: Employee Handbook . . . . . Page 29

(5) Sick Leave
Article 22: Employee Handbook . . . . . Page 30

(6) Vacation Leave
Article 23: Employee Handbook . . . . . Page 31

(7) Paid Holidays
Article 24: Employee Handbook . . . . . Page 32

(8) Leaves of Absence
Article 25: Employee Handbook . . . . . Pages 33 & 34

(9) Pay in Lieu of Vacation/Pay Advances
Article 26: Employee Handbook . . . . . Page 35

(10) Employee Purchases
Article 27: Employee Handbook . . . . . Page 36

(11) Education Courses
Article 28: Employee Handbook . . . . . Page 37

(12) Borrowed Equipment
Article 29: Employee Handbook . . . . . Page 38

(13) Employee Assistance Program
Article 30: Employee Handbook . . . . . .Page 39

(14) Uniforms
Article 31: Uniforms . . . . . .Page 41

(15) Flexible Benefit Plan - family health insurance premiums - deductions before FICA & Social Security/Medicare taxes

ARTICLE 18: SAVINGS BONDS, CHRISTMAS CLUB AND CREDIT UNION

18.1 Arrangements: Arrangements to purchase Savings Bonds, make contributions to a Christmas Club or become a member of a Credit Union are made through the Payroll Department. Transactions are administered through payroll deduction.

18.2 Savings Bonds: Deductions for Savings Bonds are taken to a local bank. The bank delivers the actual Savings Bond to Sebring Utilities where it is distributed to the employee.

18.3 Christmas Club: Enrollment for Christmas Club is on an annual basis. Payroll deductions, available in various denominations, begin in early January. Refund checks will be distributed to the employee in Mid-November totaling the amount of deductions. This is a non-interest bearing club.

18.4 Credit Union: Sebring Utilities is associated with a federally chartered Credit Union. All employees are eligible to apply for membership. All rules and regulations concerning the Credit Union are established by the Credit Union.

ARTICLE 19: WORKERS' COMPENSATION

19.1 Coverage: Sebring Utilities provides Workers' Compensation as and to the extent required by Florida law at no expense to the employee.

19.2 Reporting: An employee injured while on the job should report to his supervisor. When appropriate, the employee will be transported or directed to a hospital emergency room or see a doctor for treatment. The hospital or doctor is to be informed that it is a Workers' Compensation claim. Following treatment, the employee is to report to the Personnel Department to complete an accident report.

19.3 Compensation: When an eligible employee is out because of a job related injury, Sebring Utilities will make up the difference between the employee's regular earnings and the amount paid under Workers' Compensation for lost wages up to twelve weeks. To meet eligibility requirements an employee must have one year seniority from the date of hire. Employees with less than one year seniority will receive compensation checks directly from the Workers' Compensation insurance company and Sebring Utilities does not guarantee the full regular earnings. If a prescription for medication is given, the employee will be reimbursed by Sebring Utilities, who will be reimbursed by the Workers' Compensation insurance company.

ARTICLE 20: MEDICAL INSURANCE

20.1 Eligibility: Employees are eligible for medical insurance after ninety days of employment.

20.2 Coverage: Two types of coverage are available. Single coverage for the employee is paid in full by Sebring Utilities. If the employee wishes dependent coverage, (including family, spouse only or children only), the cost is paid in full by the employee in two equal payroll deductions per month.

20.3 Claims and Changes: Insurance claim forms are submitted to the insurance company by the individual employee. Changes in coverage require the proper forms. All forms are available from the Personnel Department.

20.4 Insurance Policy: There is a medical insurance policy which controls eligibility and benefits. A group insurance booklet is available in the Personnel Department that describes the plan. In the event of inconsistency between this handbook, the group insurance booklet and the actual policy, the actual policy shall take precedence.

ARTICLE 21: EMPLOYEE PENSION PLAN

21.1 Eligibility: Employees are eligible for the retirement plan at the date of hire.

21.2 Contributions: The employee contributes five percent of gross wages by payroll deduction. These monies, along with Sebring Utilities' contribution, are invested in dividend and interest bearing accounts.

21.3 Vesting: The employee is vested upon completion of ten years of service. Employees who are vested and reach retirement age are eligible for retirement benefits. Employees who terminate prior to being vested will receive the amount they have contributed into the account.

21.4 Pension Plan: There is a plan document available in the Personnel Department which describes all aspects of the pension plan. In the event of inconsistency between this handbook and the pension plan document, the pension plan document shall take precedence.

ARTICLE 22: SICK LEAVE

22.1 Use: The employee may use sick leave after the completion of six months probationary period. Sick leave may be used for any medically related purpose associated with the employee or employee's immediate family members who reside within the home or for additional approved funeral leave. Otherwise paid sick leave is only for sickness of the employee and Sebring Utilities reserves the right to require satisfactory proof that an absence was due to sickness or injury as a condition precedent to the receipt of paid sick leave.

22.2 Call-in: When an employee finds it necessary to be absent due to an illness or non-job related injury, a call should be made to the supervisor prior to the shift commencement on the day of the absence and any day following unless arrangements have been previously made. Failure to call in or make the necessary arrangements may result in disciplinary action up to and including discharge.

22.3 Accrual: Sick leave is accrued at the following rates:

	Per 80 Hour Pay Period	Per Year
Date of hire to third year	1.52 hours	40 hours
Beginning third year	3.12 hours	80 hours

The above accrual is based on hours paid on an 80 hour pay period. Sick leave is not accrued on overtime hours. The actual regular hours paid during the pay period determines the accrual. Accumulated sick leave for sick leave use has no maximum hours of accrual.

22.4 Probationary Period: Employees accrue sick leave during their probationary period, but may not use it until they have successfully completed probation.

22.5 Well Incentive: If, during the fiscal year, an employee uses less than eight hours of sick leave time, an additional sixteen hours of vacation time with pay is awarded. If an employee uses more than eight hours but less than sixteen hours of sick leave time, an additional eight hours of vacation time with pay is awarded. To be eligible for this well incentive the employee must be on the payroll and must be classified as full time the entire fiscal year. Employees voluntarily terminating will be paid twenty-five percent of their unused accrued sick leave to a maximum payment of 200 hours at the time of termination at their then current hourly rate.

22.6 Loss of Accrued Sick Leave: Employees who are involuntarily terminated shall not be paid for unused accrued sick leave or other "Wellness Incentives" in Section 22.5.

ARTICLE 23: VACATION LEAVE

23.1 Use: The employee may use vacation leave after completion of one year service.

23.2 Approval: Vacation leave must be approved by the employee's supervisor prior to its use. Approval of vacation time is dependent on work load and manpower requirements at the time requested as determined by the supervisor. In the case of an emergency an employee finds it necessary to take vacation leave without prior approval, the employee must call the supervisor prior to shift commencement on the day of absence and any day following unless arrangements have previously been made. Failure to call in or make the necessary arrangements may result in disciplinary action up to and including discharge.

23.3 Accrual:
Vacation leave is accrued at the following rates:

Date of hire to 6th year	3.12 hours
Beginning 6th year	3.36 hours
Beginning 7th year	3.68 hours
Beginning 8th year	4.00 hours
Beginning 9th year	4.32 hours
Beginning 10th year	4.64 hours

The above accrual is based on hours paid on an 80 hour pay period. Vacation leave is not accrued on overtime hours. The actual regular hours paid during the pay period determines the accrual.

23.4 Carryover: Vacation leave may accumulate to a maximum of 320 hours. At the end of the calendar year, beginning December 31, 1988, accumulated vacation leave in excess of 320 hours will be paid to the employee at their then current hourly rate. The beginning balance for the new year will be the accrued but unused vacation hours or 320 hours, whichever is less.

23.5 Termination: Upon an employee's termination, whether voluntary or involuntary, the balance of vacation leave hours will be paid at the then current hourly rate on the final paycheck. Employees who are not eligible to use vacation (less than one year of service) do not receive pay for accrued vacation.

ARTICLE 24: PAID HOLIDAYS

24.1 Eligibility: Full-time permanent employees are eligible for holiday pay as provided in paragraph 24.2 below. Part-time and temporary employees are not eligible for holiday pay.

24.2 Recognized Holidays: Following is a list of holidays as they will be observed by Sebring Utilities' employees during 1991 through 1993.

1991	January 1	New Years' Day
	May 27	Memorial Day
	July 4	Independence Day
	September 2	Labor Day
	November 11	Veterans Day
	November 28, 29	Thanksgiving Observance
	December 24, 25	Christmas Observance
1992	January 1	New Years' Day
	May 25	Memorial Day
	July 3	Independence Day
	September 7	Labor Day
	November 11	Veterans Day
	November 26, 27	Thanksgiving Observance
	December 24, 25	Christmas Observance
1993	January 1	New Years' Day
	May 31	Memorial Day
	July 4	Independence Day
	September 6	Labor Day
	November 11	Veterans Day
	November 25, 26	Thanksgiving Observance
	December 24, 25	Christmas Observance

24.3 Days Celebrated: While each year Sebring Utilities shall recognize the above holidays, the day upon which some are observed may change from year to year depending on business needs. Any variance in the above schedule and future schedules will be announced a reasonable time prior to the Holiday.

ARTICLE 25: LEAVES OF ABSENCE

25.1 Funeral Leave: An employee is allowed up to two days paid absence due to death in the immediate family. Immediate family is defined as the employee's or spouse's children, grandchildren, parents, grandparents, brothers and sisters. Additional days or a funeral leave for someone outside the immediate family may be compensated from vacation leave if available.

25.2 Jury Duty: When an employee is subpoenaed to serve on jury duty, Sebring Utilities will pay the employee full wages for regular work hours during such absence under the following conditions:

a. The employee notifies Sebring Utilities as soon as possible as to his selection for jury duty.
b. If the employee's jury duty does not require more than three-quarters of the shift time, the employee reports to work for the remainder of the shift.
c. The employee will endorse the juror's check over to Sebring Utilities.

25.3 Medical Leaves of Absence: Regardless of accrued but unused sick or vacation leave, leaves of absence for illness, injury or maternity will be granted up to six weeks, upon presentation of proof satisfactory to Sebring Utilities that the absence is due to a bona fide medically related reason. During the medical leave of absence, employees shall earn pay and benefits shall continue to accrue only to the extent of their accrued but unused sick or vacation leave available. Medical leaves of absence will not be extended; however, additional time off may, in the discretion of the General Manager, be approved under Section 25.5 below. In all cases of maternity leaves, the employee should notify her supervisor as soon as possible either before or during the leave if she decides she does not wish to return to work, or if she does, of the planned length of the absence.

25.4 Military Leave: Employees in the military may be excused from work for duty. Pay for this absence may be charged to accrued but unused vacation leave or may be taken as leave without pay. The employee is to provide documentation for this leave at least two weeks in advance of the planned absence.

25.5 General Unpaid Leaves of Absence: Employees may be given an unpaid leave of absence upon the recommendation of the employees' supervisor and approval of the General Manager for up to thirty days for legitimate reasons subject to operational needs. During such leave of absence, an employee shall not work for any other entity and shall be terminated if he fails to return from the leave on the day designated. Extensions of such leaves are at the discretion of Sebring Utilities.

25.6 Return from Medical Leave:

a. When the employee has less than six weeks accrued but unused sick and vacation leave: Sebring Utilities will hold the employee's job open during the period of a medical leave of absence approved under Section 25.3. If the employee is unable to return to work at the end of six weeks and the position is filled, the employee will be placed on a preferential hiring list for any position for which he is qualified for twelve months.

b. When the employee has greater than six weeks accrued but unused sick and vacation leave: Sebring Utilities will hold the employee's job open during the period of a medical leave of absence approved under Section 25.3. In the event the employee's position is permanently replaced after six weeks, Sebring Utilities will place the employee in any position in any department for which he is qualified. If the employee is unable to return to work at the end of his accrued leave time, he will be placed on a preferential hiring list for any position for which he is qualified for twelve months.

25.7 Return from General Leave: Sebring Utilities will hold the employee's job open during the period of a general leave of absence approved under Section 25.5. However, if business needs require, the employee may be permanently replaced if unable to return after such general leave of absence. Thereafter, Sebring Utilities will place the employee in any vacant position in any department for which it considers him qualified or if there is no such vacany, the employee will be placed on a preferential hiring list for the next twelve months for any position for which Sebring Utilities considers him qualified.

ARTICLE 26: PAY IN LIEU OF VACATION / PAY ADVANCES

26.1 Pay in Lieu of Vacation: An employee may request pay in lieu of vacation once each calendar year, with approval of their supervisor and the Manager of the Finance Department. However, the accrued balance must be kept equal to or greater than the annual accrual hours, unless authorized by the General Manager. The proper form for such request is available in the Personnel Department.

26.2 Pay Advances: Pay advances are discouraged, but emergency advances can be granted at the discretion of the employee's supervisor. Any advance granted will be limited to the amount earned but unpaid up to the day of the advance and will be deducted from the next pay check. Sebring Utilities will absorb the cost of administration on the first advance in each six month period (Jan. - Jun. and Jul. - Dec.). A second advance will be charged to the employee in the amount of five dollars. All subsequent advances will be charged to the employee in the amount of ten dollars.

ARTICLE 27: EMPLOYEE PURCHASES

27.1 General Policy: Sebring Utilities will allow its employees to make purchases from vendors through Sebring Utilities' account. The purchase must be approved by the Purchasing Agent and follow the guidelines below.

27.2 Guidelines: The following guidelines and procedures must be used on employee purchases:

a. All purchases must be made through the Purchasing Agent with his approval. All purchases will be made on a local purchase order with a maximum of three items. Any restrictions on local purchase orders as established by Sebring Utilities purchase policy will apply to employee purchases. The amount of all outstanding purchases will not exceed the employee's net pay for one pay period.

b. The employee placing the order will be billed. There will be no third party billing. Purchases will be billed all applicable tax and shipping charges.

c. Payment is due within fifteen days of delivery. The employee should make arrangements for payment terms prior to having the order placed. Payment arrangements may be either direct payment or payroll deduction.

d. Overdue balances will be deducted from the employee's paycheck through payroll deduction.

e. Returned purchases will be at the expense of the employee including shipping and restocking charges.

27.3 Exceptions: Any variance to this procedure must be authorized by the General Manager prior to the order.

ARTICLE 28: EDUCATION COURSES

28.1 Eligibility: All non-probationary full time employees are eligible to participate in Sebring Utilities Educational Refund Program.

28.2 Objectives: The program is intended for courses above high school level. The course may be through colleges, junior colleges, community colleges, business colleges, technical colleges or accredited institutions offering correspondence courses. The course must be of value to both the employee and Sebring Utilities.

28.3 Approval: Prior to enrollment, the employee must receive approval from his supervisor and Sebring Utilities designated coordinator of education. At this time, the course will be designated as either recommended or acceptable if approved.

28.4 Reimbursement: Reimbursement of approved courses will be for out-of-pocket costs of tuition and textbooks. If other aid is received from another source, Sebring Utilities refunds will take over when other sources have been exhausted. Reimbursement will be made according to the following schedule:

a. For recommended courses, one hundred percent reimbursement will be made upon completion with a grade of "B" or better and seventy-five percent with a grade of "C".
b. For acceptable courses, fifty percent reimbursement will be made upon completion with a grade of "B" or better.
c. Upon completion the textbook must be turned in to Sebring Utilities. If the employee elects to keep the textbook the cost will not be reimbursed.

ARTICLE 29: BORROWED EQUIPMENT

29.1 Guidelines: Borrowing Sebring Utilities' tools and equipment by employees is discouraged. However, if special circumstances warrant:

a. The employee must obtain approval and sign out with the lending department manager prior to borrowing equipment.
b. Equipment may only be borrowed during nonbusiness hours by a Sebring Utilities employee for his personal use. The equipment is not to be used for business use.
c. The employee is responsible for replacement cost is lost and repair cost if broken.
d. No vehicles, major tools or equipment valued over $200.00 may be borrowed.

ARTICLE 30: EMPLOYEE ASSISTANCE PROGRAM (hereinafter called EAP)

30.1 Program: Sebring Utilities has adopted an employee assistance program as a practical and constructive mechanism for dealing with certain employee potential or actual performance and personal problems and/or as an aid to family members of employees who wish to use the program as a means of resolving such problems. The EAP is available only to full-time, non-probationary employees.

30.2 Purpose: The purpose of the EAP is to assist the employee and Sebring Utilities to identify and solve certain types of problems that affect or might affect the employee's job performance. Most types of problems include drugs, alcohol, family, emotional and financial problems. Within the limits of the underlying agreement with the EAP Provider, Sebring Utilities pays the cost of the program either directly or through its group insurance. It should be understood, however, that Sebring Utilities assumes no obligation for any cost in connection with the EAP except as covered by the Sebring Utilities' group medical insurance and/or the annual fee paid to the EAP Provider.

30.3 Condition Precedent: It shall not be a condition precedent to the discipline and/or discharge of any employee that Sebring Utilities at first required the employee to participate in the EAP regardless of the nature of the employee's problems whether known or unknown to Sebring Utilities.

30.4 Submission to EAP: The employee, or family member of the employee, may submit himself to the EAP or Sebring Utilities may require an employee to participate in EAP as a condition of continued employment.

30.5 Confidentiality:

a. When the employee voluntarily submits himself to the EAP, at the employee's option, the EAP Provider will keep all matters confidential unless the employment with Sebring Utilities ceases or unless the EAP Provider is subpoenaed to appear in an administrative or judicial proceeding; provided, further that the EAP Provider will advise Sebring Utilities of any conditions or problems which create or has a reasonable chance of creating a safety risk or danger to any employee or customer of Sebring Utilities.

b. In the event an employee is required to participate in EAP by Sebring Utilities, the EAP Provider will supply Sebring Utilities with all relevant data upon request.

ARTICLE 31: UNIFORMS

31.1 General Policy: Employees must wear the proper apparel suitable to the type of work and environment which applies. If a "uniform" is the required wearing apparel, Sebring Utilities will incur the cost. If an erployee wishes to wear an approved uniform, but it is not required, the employee will incur the cost. If there are guidelines established for apparel, but no specific uniform required, the employee will incur the apparel cost.

31.2 Terminated Employees: An employee required to wear a uniform who quits prior to the end of the probationary period will incur the cost of the set-up charge on the uniforms. At termination, whether probationary or not, the employee must turn in all uniforms. Uniforms which are unaccounted for will be billed to the employee at the current uniform rate as provided by the uniform company and deducted from the final check.

SCHEDULE 3.14(h)

In addition to the items listed on Schedule 3.14(a), the following copies of documents have been delivered to Buyer.

(1) Blue Cross Blue Shield of Florida Plan

(2) Employee Assistance Program

(3) Employee's Flexible Benefit Premium Only Plan

(4) Sebring Utilities Employee's Pension Fund

(5) I.R.S. determination letter.

(6) Form 5500's for 1988, 1989, and 1990. The financial statements for the Employee Pension Fund for the years ended September 30, 1991, 1990, and 1989. The Actuarial Valuation Report dated October 1, 1991.

(7) The Summary Plan description of the Employee Pension Fund.

(8) Any other Plan Descriptions are referenced in number (1) - (4) above, or are contained in number (9) below.

(9) The Employee Handbook, Policies and Benefits, adopted June 22, 1988.

Blue Cross
Blue Shield
of Florida

Home Office
532 Riverside Avenue
Jacksonville Florida 32231-0014
(Not for Profit Corporation)

Group Name: Sebring Utilities Commission

Group Contract No.: 52051

Effective Date: Nov 15,1987

In consideration of the application (which is made part of this contract) made by the employer referenced above, and in consideration of payment by the employer of the rates as herein provided.

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.

(also referred to hereinafter as Blue Cross and Blue Shield of Florida or "The Florida Plan") hereby agrees to provide the benefits herein described for an initial period of twelve (12) months and from month to month thereafter, unless this contract is terminated as provided herein. The charges shall be due and payable by the employer in advance of the effective date and thereafter as provided herein. This contract is subject to the terms and conditions recited on the subsequent pages hereof, which are part of this contract as fully as if recited over the signature hereto affixed.

William E. Flaherty

William E. Flaherty
President

THIS CONTRACT CONTAINS A DEDUCTIBLE PROVISION

1.0 DEDUCTIBLE

1.1 DEDUCTIBLE -- Each covered subscriber must satisfy the calendar year deductible amount listed in the Schedule of Benefits before comprehensive benefits are payable.

1.2 FAMILY DEDUCTIBLE LIMIT -- In the event two or more family members covered under a family contract each satisfy the deductible amount during the calendar year, no other family member need satisfy the deductible during that year.

1.3 COMMON ACCIDENT PROVISION -- If two or more subscribers covered under a family contract incur covered expenses as a result of a common accident then only one deductible amount will be applied.

1.4 CARRYOVER PROVISION -- Charges for covered services and supplies that are incurred and applied toward the deductible during the last three months of a calendar year may be applied toward satisfaction of the deductible for the next calendar year.

1.5 CREDIT FROM PRIOR CONTRACT -- If a subscriber incurred expenses during a calendar year under any Major Medical or Comprehensive contract which was in effect immediately prior to coverage under this contract then the amount of the covered expenses will be credited toward the subscriber's deductible under this contract for that calendar year.

2.0 COINSURANCE -- The Florida Plan will pay a certain percentage of the allowance for services or supplies provided under this section of the contract. The unpaid portion of the allowance constitutes the coinsurance obligation of the subscriber. Also, the subscriber will be responsible for the payment of any covered physician charges which exceed the allowance. Noncovered services are always the responsiblity of the subscriber. After the maximum out-of-pocket expense is reached (see the following paragraph) the Florida Plan will pay one hundred (100) percent of the allowance.

The coinsurance percentage for this contract is shown in the Schedule of Benefits.

3.0 MAXIMUM "OUT-OF-POCKET" EXPENSES -- Calendar year "Out-of-Pocket" expenses consist of expenses arising from only the calendar year coinsurance. The subscriber's coinsurance liability is limited to the amount stated on the Schedule of Benefits. Once this liability is met, the Florida Plan will pay all other covered expenses at one hundred (100) percent of the allowance. The difference between the actual charge and the allowance is not applied toward the "out-of-pocket" maximum.

This "out-of-pocket" provision will apply only after all other insurance policies the covered individuals may have (if any) have provided benefits.

NOTE: While the fifty (50) percent coinsurance for outpatient physician's services for mental and nervous conditions will count toward the "out-of-pocket" expenses, these services will always be paid at fifty (50) percent of the allowance stated on the Schedule of Benefits. In addition, the Florida Plan's total liability is limited to the lifetime maximum amount stated on the Schedule of Benefits.

4.0 LIFETIME MAXIMUM BENEFIT

4.1 AMOUNT -- The lifetime maximum benefit for each subscriber covered under this contract is specified in the Schedule of Benefits. This amount represents the maximum liability of the Florida Plan with respect to any subscriber during the entire period the subscriber is covered under this contract.

5.0 INSTITUTIONAL BENEFITS

Each subscriber is entitled to benefits for the following services and supplies when rendered in the outpatient department of a hospital or during a medically necessary covered confinement and when consistent with the diagnosis and treatment of the condition, or any combination of conditions, for which treatment is required. Benefits for services will be subject to the limitations set forth in this contract.

5.1 HOSPITAL DAYS -- When hospitalized as an inpatient, benefits will be provided for hospital confinements up to the maximum number of calendar days listed in the Schedule of Benefits. The medical necessity of a hospital admission and continued stay will be reviewed. If services and supplies are determined to be not medically necessary, benefits will not be provided.

5.2 DAILY ROOM AND BOARD -- Benefits will be provided for daily inpatient room and board charges up to the amount listed in the Schedule of Benefits for the number of covered inpatient hospital days.

5.3 INTENSIVE CARE UNITS (Including Cardiac Care Units and Progressive Care Units) -- Benefits will be provided for covered inpatient services.

5.4 HOSPITAL SERVICES -- Benefits will be provided for the following supplies and services.

a. OPERATING ROOM AND RECOVERY ROOM USE, including outpatient surgery.
b. DRUGS and MEDICINE for use in the hospital, as needed, and listed in the "New and Non-Official Remedies" and the "United States Pharmacopoeia."
c. SOLUTIONS, including glucose.
d. DRESSINGS, including ordinary casts.
e. ANESTHESIA, when administered by a regular salaried employee of the hospital.
f. ANESTHESIA SUPPLIES AND EQUIPMENT.
g. RESPIRATORY THERAPY.
h. TRANSFUSION SUPPLIES and EQUIPMENT, excluding whole blood or blood plasma.
i. DIAGNOSTIC X-RAY and LABORATORY/PATHOLOGY SERVICES.
j. ELECTROCARDIOGRAMS, ELECTROENCEPHALOGRAMS, AND OTHER APPROVED MACHINE TESTING.
k. PHYSICAL THERAPY and its MODALITIES, excluding biofeedback.
l. RADIATION THERAPY SERVICES.
m. Other medically necessary hospital services and supplies.

6.0 SKILLED NURSING FACILITIES (also referred to herein as SNF) -- Benefits will be provided for the services and supplies shown below, up to the maximum number of days shown in the Schedule of Benefits, provided the following conditions are met:

a. the patient has been hospital confined for three consecutive days before being transferred to a SNF. The three days do not include the day of discharge, and

A skilled nursing service may be the rendering of direct service, when the ability to provide the service requires specialized (professional) training; or observation and assessment of your medical needs; or supervision of a medical treatment plan involving multiple services where specialized health care knowledge must be applied in order to attain the desired medical results. A plan of treatment which does not require such skilled nursing services and is designed solely to assist you with the activities of daily living or to provide the protection of an institutional environment as a convenience to you or your family does not constitute a basis for payment of benefits.

7.0 SURGICAL SERVICES -- Benefits will be provided for operative procedures for the diagnosis or treatment of illness or injury when rendered by a physician. Payment for surgical procedures includes coverage for routine pre-operative and post-operative medical visits.

a. RELATED SURGICAL PROCEDURES -- For a series of related surgical procedures done through the same incision, this contract will pay benefits for only one procedure, that being the primary procedure.

b. MULTIPLE SURGICAL PROCEDURES -- If more than one surgical procedure is performed on different parts of the body at the same time, benefits will be provided at the full allowance for the primary surgical procedure. Other procedure(s) will be reimbursed at either 25 or 50 percent of the allowance depending upon the number and nature of the procedures performed.

c. UNRELATED SURGICAL PROCEDURES -- For a series of unrelated surgical procedures performed on a patient during a single hospital confinement, a separate allowance will be paid for each procedure, except that the Florida Plan may limit the total payment, taking into consideration simultaneous aftercare of the patient.

8.0 ANESTHESIA SERVICES -- Benefits will be provided for regional, intravenous, inhalation, intraspinal, and caudal anesthesia services for surgical or obstetrical procedures if the anesthesia is administered by a physician, not in charge of the case or his partner or associate.

b. the transfer to the SNF is because skilled care is required for the same condition(s) which were treated in the hospital, and

c. the transfer occurs immediately following hospital discharge, and

d. the patient's physician certifies the medical need for SNF services, and nursing care is actually received on a daily basis. Covered services in a SNF do not include the type of care which is considered custodial, such as in a rest home, or a home for the aged, or the treatment of mental diseases, drug abuse, or alcoholism. SNF days are not counted towards the hospital inpatient days limit. The medical necessity of a skilled nursing facility admission and continued stay will be reviewed. If services are determined not to be medically necessary, benefits will not be covered.

6.1 SKILLED NURSING FACILITY SERVICES -- Benefits will be provided for the following supplies and services when services are furnished by a skilled nursing facility and the above conditions are met.

a. DAILY ROOM AND BOARD.
b. DRUGS and MEDICINE for use in the SNF as needed, and listed in the "New and Non-Official Remedies" and the "United States Pharmacopoeia."
c. SOLUTIONS, including glucose.
d. DRESSINGS, including ordinary casts.
e. RESPIRATORY THERAPY.
f. TRANSFUSION SUPPLIES and EQUIPMENT, excluding whole blood or blood plasma.
g. DIAGNOSTIC X-RAY and LABORATORY/PATHOLOGY SERVICES.
h. ELECTROCARDIOGRAMS, ELECTROENCEPHALOGRAMS, AND OTHER APPROVED MACHINE TESTING.
i. PHYSICAL THERAPY and its MODALITIES, not including biofeedback.
j. Other medically necessary skilled nursing facility services and supplies.

6.2 SKILLED NURSING SERVICES -- Skilled nursing services are those which are furnished by or under the direct supervision of professionally trained and licensed nursing personnel (under the general direction of the physician) to achieve the medically desired result and to assure your safety.

9.0 PHYSICIAN SURGICAL ASSISTANTS -- Benefits will be provided up to twenty (20) percent of the surgical allowance when a surgical procedure is performed in a hospital which has no intern or resident staff, or such staff physician is not available, and the procedure requires a physician surgical assistant to the operating physician as determined by the Florida Plan.

10.0 CONSULTATIONS -- Benefits will be provided if the following conditions are met:

a. the consultation is requested by the physician in charge of the case, and

b. the consulting physician incorporates a written report in your hospital record.

NOTE: Only one consultation per consulting physician per confinement will be covered.

11.0 CONCURRENT CARE -- Benefits will be provided when:

Hospital visits rendered concurrently by more than one physician and one or more of the following circumstances from each of the categories below exist:

The physicians:

a. are of different specialties, or
b. are of the same specialty with different subspecialties, or
c. are actively participating in managing the patient's treatment,

AND

Your condition or illness:

a. involves more than one body system, or
b. is so severe or complex as to preclude the exception that one physician would ordinarily be able to handle the patient's care alone.

12.0 INPATIENT MEDICAL SERVICES -- Benefits will be provided when surgical, obstetrical, or electroshock therapy services are not involved, and when physician inpatient medical services are rendered during the covered inpatient days. Medical services in this paragraph include physician services for critical care.

13.0 OUTPATIENT MEDICAL SERVICES -- Benefits will also be provided for covered physician services when rendered on an outpatient basis.

14.0 INPATIENT TREATMENT FOR MENTAL AND NERVOUS CONDITIONS, ALCOHOLISM, DRUG ABUSE, OR ANY COMBINATION OF SUCH CONDITIONS -- Benefits for these conditions, or any combination of these conditions, will be limited to the maximum number of days and the lifetime dollar maximum shown in the Schedule of Benefits.

14.1 TREATMENT FOR MENTAL AND NERVOUS CONDITIONS -- Benefits will be provided for hospital or physician inpatient care (but not for rehabilitative services - see exclusions and limitations).

14.2 TREATMENT FOR ACUTE ALCOHOLISM OR DRUG ABUSE -- Benefits will be provided for hospital or physician inpatient care during an alcohol or drug withdrawal period and the treatment of the pathological manifestations of that withdrawal (detoxification). This benefit does not provide coverage for rehabilitative services (see exclusions and limitations) even though such services are provided during the same hospital confinement or in conjunction therewith.

15.0 OUTPATIENT TREATMENT FOR MENTAL AND NERVOUS CONDITIONS -- Benefits will be provided for outpatient physician services (but not for rehabilitative services - see exclusions and limitations) in connection with mental diseases or nervous disorders at a coinsurance percentage of fifty (50) percent of the allowance, up to the number of visits and the lifetime maximum stated in the Schedule of Benefits. Treatment for alcoholism and drug abuse is not covered.

16.0 DIAGNOSTIC X-RAY AND LABORATORY/PATHOLOGY SERVICES -- Benefits will be provided for diagnostic studies of an illness, bodily injury, or when performed in conjunction with surgical care when consistent with the diagnosis or symptoms.

17.0 RADIATION THERAPY SERVICES -- Benefits will be provided for radiation therapy services rendered by a physician.

18.0 ELECTROSHOCK THERAPY SERVICES -- Benefits will be provided for electroshock therapy treatments rendered by a physician. Payment of benefits for electroshock therapy treatments is made in lieu of payment for any other medical services rendered on the same day electroshock therapy treatments are given by the physician providing the medical services.

19.0 ELECTROCARDIOGRAMS, ELECTROENCEPHALOGRAMS, and OTHER APPROVED MACHINE TESTING -- Benefits will be provided for approved machine testing.

20.0 HOME HEALTH AGENCY CARE --Benefits will be provided for home health care services. This coverage is limited to two (2) hours per day, up to the maximum number of visits stated in the Schedule of Benefits. Benefits are provided as shown in the Schedule of Benefits if all of the following conditions are met:

(1) you are confined in a hospital for at least three consecutive days immediately prior to discharge (not counting the day of discharge), and the home health care is for further treatment of a condition which was treated in a hospital or skilled nursing facility, and

(2) a doctor determines the need for home health care and sets up a home health plan prior to discharge from a hospital or skilled nursing facility and the initial visit occurs within seventy-two (72) hours of discharge, and

(3) you are confined to a home, and

(4) the care needed includes intermittent skilled nursing care or physical therapy in conjunction with skilled nursing care, and

(5) the skilled nursing services are provided only by a registered graduate nurse (RN) or a licensed practical nurse (LPN), or in the case of physical therapy, by a Registered Physical Therapist (RPT), and

(6) the care provided is medically necessary and requires the technical proficiency and scientific skills of an RN or LPN.

The medical necessity of the initiation and continuation of home health care will be reviewed. If services are determined not to be medically necessary, benefits will be denied. Whenever the level of care falls below that requiring the skills of an RN, an LPN, or an RPT, as the case may be, benefits will be discontinued.

21.0 DRUGS AND MEDICINE -- Benefits will be provided for charges for drugs and medicine which require a written prescription by a physician and are dispensed by a licensed pharmacist, and are listed in the "New and Non-Official Remedies" and the "United States Pharmacopoeia."

22.0 PHYSICAL THERAPY SERVICES -- Benefits will be provided for physical therapy services performed by a physician or a registered physical therapist. Physical therapy means the treatment of disease or injury by physical or mechanical means such as traction, active or passive exercises, or heat treatment.

23.0 AMBULANCE SERVICES -- Benefits are provided when all of the following conditions are met:

a. the ground vehicle, fixed wing aircraft, or rotary wing aircraft is equipped as an ambulance, and

b. such vehicle is certified by the State in which the ambulance is used, and

c. the ambulance is staffed by at least two (2) medically trained allied health professionals, and

d. the ambulance is transporting the patient from:

i. a hospital to another hospital or skilled nursing facility, or

ii. a hospital to home, or

iii. a home or place of an accident or medical emergency to the nearest hospital that can provide proper care. If there is no hospital in the local area that can provide services appropriate to the patient's condition, this contract will cover transportation to the closest hospital outside the local area that can provide the necessary service.

NOTE: Air ambulance will only be paid at the allowance for a ground vehicle, unless the pickup point is inaccessible by land vehicle, speed is critical, or great distances are involved in getting the patient to the nearest hospital with the appropriate facilities.

24.0 NEWBORN TRANSPORTATION COSTS -- Benefits will be provided under a family contract for transportation costs of a newborn child to the nearest facility appropriately staffed and equipped to treat the newborn's condition. Transportation needs of the newborn must be certified by the attending physician as necessary to protect the health and safety of the newborn child. The coverage provided for such transportation costs shall not exceed one thousand dollars ($1,000.00) in total payment made by the Florida Plan.

25.0 DURABLE MEDICAL EQUIPMENT (hereinafter referred to as DME) -- DME is equipment that can withstand repeated use and is used primarily for medical purposes. DME includes items such as: Wheelchairs, crutches, hospital-type beds, and oxygen equipment.

Benefits will be provided for DME when all of the following conditions are met:

a. it is prescribed by a physician operating within the scope of his license, and

b. it is not useful to the person in the absence of illness or injury, and

c. it does not serve as a comfort or convenience item.

Reimbursement is determined by the Florida Plan by selecting the lowest of the following allowances for a standard piece of equipment:

a. the purchase price, or

b. the lease/purchase price, or

c. the rental rate (the total rent paid for an item should not exceed the total purchase price).

Repair or replacement of components and accessories necessary for effective functioning of the equipment is covered only if the subscriber owns or is purchasing the equipment.

26.0 PROSTHETIC DEVICES -- Benefits will be provided for prosthetic devices. A prosthetic device is a piece of equipment which replace all or part of the function of a permanently inoperative or malfunctioning body organ. Coverage includes the purchase, fitting, necessary adjustments, repairs, and replacements of prosthetic devices. Excluded from coverage are dental appliances and replacement of cataract lenses (except when a prescription change for cataract lenses is medically necessary).

27.0 ORTHOTIC DEVICES -- Benefits will be provided for orthotic devices. An orthotic device is any rigid or semi-rigid device used for the purpose of supporting a weak or deformed body member or restricting or eliminating motion in a diseased or injured part of the body for conditions arising out of an illness or injury. Excluded from coverage are arch supports and orthopedic shoes.

OTHER BENEFITS

1.0 ACCIDENT CARE -- Benefits will be provided without application of the calendar year deductible or coinsurance, for medical, surgical, and hospital services which are rendered within ninety (90) days of an accident not connected with employment, when such treatment has been prescribed by a physician. Expenses incurred after the ninety (90) day period may be subject to the deductible and coinsurance provisions of this contract. If this contract contains a per admission hospital deductible, such deductible is applied for admissions which are the result of an accident.

2.0 MATERNITY BENEFITS -- Maternity benefits will be provided to the female employee and the spouse of the male employee (when the male employee is covered by a family contract), subject to the same limitations and exclusions as all other conditions covered under this contract. Obstetrical services as used in this paragraph shall include treatment for false labor and toxemia of pregnancy. NOTE: Maternity benefits are available for a dependent daughter covered under a family contract only if the employer has purchased an optional dependent daughter maternity benefits rider. However, this rider does not include benefits for the newborn infant. For benefits to be provided to both the dependent daughter and the newborn, the daughter must purchase an individual family contract in her own name.

3.0 COMPLICATIONS OF PREGNANCY -- Benefits will be provided for complications of pregnancy on the same basis as any other illness. (See definitions).

4.0 NEWBORN CARE -- Benefits will be provided under a family contract for a newborn from the moment of birth and shall include medically diagnosed congenital defects, birth abnormalities, and prematurity. Benefits will also be provided if care is rendered by a physician for the initial inpatient examination of a newborn when provided by and billed by a physician other than the delivering physician or the physician who administered the anesthesia during delivery.

NOTE: A subscriber holding a one-person contract must make application for a family contract and such family contract must be in effect when the baby is born in order for the newborn to be covered.

PAYMENTS OF BENEFITS IN CONTRACTING AND NONCONTRACTING HOSPITALS

1.0 IDENTIFICATION -- The subscriber must present proper identification issued by the Florida Plan when applying for hospital services.

2.0 CONTRACTING HOSPITALS -- If a subscriber is admitted to and receives services from a contracting hospital, the Florida Plan will provide benefits for the daily room and board charge (up to the amount listed in the Schedule of Benefits) and other covered hospital services at one hundred (100) percent of the allowed charges.

3.0 NONCONTRACTING HOSPITALS -- If a subscriber is admitted to and receives services from a noncontracting hospital, the Florida Plan will provide benefits for daily room and board (up to the amount listed in the Schedule of Benefits) and other hospital services at seventy-five (75) percent of the allowed charges.

5.0 SERVICES RENDERED IN OUT OF STATE HOSPITALS -- Services provided in hospitals outside the State of Florida are covered under the same provisions and limitations of this contract as services rendered in a Florida hospital.

EXCLUSIONS AND LIMITATIONS

The following services and supplies are excluded from coverage under this contract:

1.0 Services and supplies which are not medically necessary. (See Medical Necessity definition).

2.0 Dental care and treatment unless, as a result of an accident, natural teeth have been damaged or a fractured or dislocated jaw requires setting, and then only if such dental treatment is rendered within ninety (90) days from the date of the accident.

3.0 Services and supplies for cosmetic or beautifying purposes, unless required to restore a normal bodily function lost as a result of accidental injury, disease, or covered surgery, which occurred while this contract was in force.

4.0 Eye glasses, hearing aids, and examination for prescription or filling of prescriptions for eye glasses or hearing aids.

5.0 Routine foot care.

6.0 Admission to a hospital primarily for diagnostic purposes (unless medically necessary) or any inpatient hospital stay primarily for physical therapy (see definitions).

7.0 Any services obtained or obtainable without cost to the subscriber.

8.0 Services by a physician or other health care professional related to the subscriber by blood or marriage.

9.0 Services or care in a Veteran's hospital or facility of a government agency.

10.0 Services for any condition, ailment, or injury arising out of or in the course of employment or self-employment, unless such services are specifically non-covered by Worker's Compensation. Benefits will not be provided under this contract to an individual who elects exemption from the Worker's Compensation coverage or who waives entitlement to Worker's Compensation benefits for which he may be eligible.

11.0 Treatment for any illness, injury, or medical conditions arising out of (a) war or act of war (whether declared or undeclared), participation in a felony, riot or insurrection, service in the armed forces or auxillary units, and (b) suicide, whether sane or insane, attempted suicide or intentionally self-inflicted injury.

12.0 Services or supplies covered under any programs or laws of the United States or any state or political subdivision thereof, including such programs as Medicare, Medicaid, and CHAMPUS. The subscriber will not be entitled to benefits under this contract even though he elects to waive his entitlement to benefits under the government program.

13.0 Services or supplies provided to the subscriber as either an inpatient or outpatient in a hospital or freestanding facility, for the primary purpose of providing rehabilitative services. "Rehabilitative Services" are health care services, the purpose of which is to correct functional defects which remain after a catastrophic illness or crippling injury, and shall include, but not be limited to, rehabilitative services related to alcoholism, drug abuse, pain control, or pulmonary or cardiac rehabilitation.

14.0 Medical, surgical, or psychiatric services or supplies for sexual reassignment and for the complications of such treatment.

15.0 Services or supplies which are experimental or investigative. (See definitions section).

16.0 Services or supplies of a custodial or domiciliary nature such as those normally provided at health resorts, rest homes, nursing homes, health spas, and convalescent care centers.

17.0 Supervised or unsupervised exercise programs of any kind for any injury, illness, or condition.

18.0 Travel expenses, including air charter or commercial service, as well as associated personal and incidental expenses, even though such travel is recommended or prescribed by a physician. This exclusion does not apply to medically necessary ambulance service.

19.0 Services for any condition which manifested itself, or which was the subject of medical advice or treatment within twelve (12) months prior to the subscriber's effective date of coverage shall not be eligible for benefits for twelve (12) months from the individual subscriber's effective date unless (1) the employee was a member of the employer's immediately preceding group coverage and (2) the employee was enrolled during the initial group enrollment date of this contract, in which event the level of benefits applicable shall be limited to the lesser of the previous group insurer's coverage or the benefits of this contract, determined without application of the pre-existing conditions limitation.

AGREEMENT FOR SERVICES

AGREEMENT MADE THIS 8th DAY OF August 1988 BETWEEN SEBRING UTILITIES COMMISSION, HEREINAFTER REFERRED TO AS "EMPLOYER" AND FLEX-BENEFITS, INC., AN ADMINISTRATOR OF FLEXIBLE BENEFIT PLANS, HEREINAFTER REFERRED TO AS "CONSULTANTS".

WHEREAS, the Employer intends to install a Flexible Benefit Plan designed to comply with Section 125 and other applicable sections of the Internal Revenue Code; and

WHEREAS, the Flexible Benefit Plan incorporates professional material, and internally developed corporate information;

NOW THEREFORE, in consideration of the mutual promises and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged the parties agree as follows:

1. Consultants agree to make available the Flexible Benefit Plan to be used as the Employer's Plan.

2. Employer designates and appoints the Consultants to be the Administrator of its Plan and authorizes the Consultants to perform the functions and duties necessary to prepare, implement and operate the Plan.

3. Consultants shall have the right to retain outside services at its cost wherever necessary including administrative marketing services.

4. Employer agrees to provide data to make necessary payroll deductions and assist Consultants in implementing and operating the program.

5. Consultants agree to perform all the functions and duties essential in preparation and implementation of the Employer's Plan.

6. Consultants agree to perform all the duties and function essential to continuing operation of the Employer's Plan after its implementation, which will include annual program reviews.

7. Nothing contained herein shall obligate employer to utilize Consultants as their agents or brokers in providing fringe benefits to employees.

8. Consultants warrant that the plan and its method of implementation satisfy current interpretation of IRS guidelines and state and federal law.

9. Consultants shall promptly inform employer of all changes in or issuance of or enactment of statutes, amendments, regulations applicable to the plan.

10. The following additional services and/or reports shall be provided by the Consultants:

A. Monthly Participating Employee Report

B. Monthly Plan-Compliance Report

C. Plan Year-End Reports Prepared for IRS Filing

11. Consultants shall be paid an administrative fee for services of $2.00 per month per participating employee for a "Premium Only" program. The minimum fee shall be $50.00 monthly.

12. Forty five days prior to current plan year end Administrator will provide employer all current participating employees election of benefits summary for use in electing reimbursable expenses for the new plan year. If new election of benefits are not received by the administrator 15 days prior to the new plan year start date the benefits provided for reimbursement will be as stated in the Plan Document Section 4.4

13. This Agreement will be in force for a period of 365 days beginning the 1st day of August, 1988 and ending the last day of July, 1989 (Corresponding to the Plan Year.)

This agreement shall be binding upon both parties, its successors, or assignees and shall be interpreted under the laws of the State of Florida.

Signed this 8th day of August, 1988 in Highlands County, State of Florida

BY: James E Moorhead TITLE: GENERAL MANAGER

WITNESS: Velma J. Lucas

Accepted by: FLEX-BENEFITS, INC.

BY: Janet M. Many TITLE: V.P. Administration

WITNESS: Mandy Bradstreet

SEBRING UTILITIES COMMISSION
CAFETERIA PLAN AUTHORIZATION

Sebring Utilities Commission wishes to provide its employees the opportunity to obtain eligible benefits under Section 125 of I.R.C. on a tax-favored basis for federal income tax purposes by utilizing the Sebring Utilities Commission Cafeteria Plan.

Sebring Utilities Commission authorized adoption of the Sebring Utilities Commission Cafeteria Plan on November 18, 1987.

Sebring Utilities Commission authorized, empowered and directed the General Manager to execute the Sebring Utilities Commission Cafeteria Plan on behalf of the employees of the Commission.

The General Manager of Sebring Utilities Commission is designated as the Plan Administrator for the Sebring Utilities Commission Cafeteria Plan.

Dated: August 8, 1988

SEBRING UTILITIES COMMISSION

BY: James E. Moorhead
General Manager

ATTEST: Helen J. Lewis
Witness

SEBRING UTILITIES EMPLOYEE'S PENSION FUND

1. Original plan effective 01-03-68
2. Amended plan effective 07-05-78
3. Amendment to amended plan dated 05-15-85
4. Amendment to amended plan dated 06-17-87
5. Amended and restated plan 11/89
6. Resolution 91-14 12/91

RESOLUTION AMENDING THE [illegible] EMPLOYEES TERMINATED BY
SYSTEM TO PROVIDE THAT EMPLOYEES TERMINATED BY
UTILITIES COMMISSION ON OR AFTER DECEMBER 6, 1991, AND BEFORE A
TERMINATION OF THE PLAN, SHALL BE TREATED AS MEMBERS OF THE PLAN
UPON PLAN TERMINATION.

WHEREAS, the Sebring Utilities Commission may deem it
appropriate to terminate certain employees in order to accommodate the
sale and purchase of the Sebring Utilities assets, and

WHEREAS, the Sebring Utilities Commission intends to terminate
terminate the Sebring Utilities Commission Retirement System and,
therefore, wishes to insure that these terminated employees will share
equally in the distribution of assets from the System upon termination
of the Retirement System to the same extent as employees who continue
to be members of the Retirement System until the time of termination
of the Retirement System; NOW, THEREFORE,

BE IT RESOLVED BY THE SEBRING UTILITIES COMMISSION,
SEBRING, FLORIDA:

Section 1. That Section 8.3.d of the Sebring Utilities
Commission Retirement System, amended and restated November 15, 1989,
is amended to read as follows:

All other Members whose present value of Accrued Benefits have
not been covered in a previous category in the same manner as in b.
after all the Accrued Benefits provided hereunder have been paid and
after all other liabilities have been satisfied, then any remaining funds
shall be allocated in an equitable manner to those persons who, as of
the date of Plan repeal or discontinuance of Employer contributions, are
Members of the Plan, individuals receiving benefits from the Plan and
vested terminated employees who have not been paid their accumulated
contributions. The allocation of remaining funds set forth in the preceding
sentence shall not occur in the event of a partial Plan termination where
the Plan is not repealed or Employer contributions are not discontinued.

Section 2. That Section 8 of the Sebring Utilities Commission
Retirement System, amended and restated November 15, 1989, is amended
to add subsection 5 to read as follows:

5. Notwithstanding any other language set forth in
this Section 8 to the contrary, "Members of the Plan as of the date of
plan repeal or discontinuance of Employer contributions," shall include
any employee of Sebring Utilities who was an employee on December 6,
1991, but who was terminated as an employee subsequent to that date,
but prior to the actual date of plan repeal or discontinuance of Employer
contributions.

Section 3. This resolution shall take effect upon adoption.

PASSED AND ADOPTED by the Sebring Utilities Commission,
Sebring, Florida on this eighteenth day of December, 1991.

SEBRING UTILITIES COMMISSION

(SEAL)

Terrill L. Morris, Chairman

ATTEST:

Clifton R. Rhoades, Secretary

AMENDED AND RESTATED
NOVEMBER 1989

WHEREAS, the Sebring Utilities Commission presently provides certain benefits for its employees through a plan that was restated in 1978 and amended several times thereafter, and

WHEREAS, the Commission is desirous of amending said plan by complete restatement as provided in this document, and

WHEREAS, the Commission, administration and Members of Board upon extensive examination of this document are desirous of adopting the proposed plan.

NOW THEREFORE, BE IT ORDAINED BY THE SEBRING UTILITIES COMMISSION OF SEBRING, FLORIDA, AS FOLLOWS:

Section 1: DEFINITIONS. As used herein, unless otherwise defined or required by the context, the following words and phrases shall have the meaning indicated:

1. Accrued Benefit means the monthly normal retirement benefit payable commencing at the date which would have been the Member's Normal Retirement Date had he remained in full time employment with the Employer. For purposes of computing this normal retirement benefit, the Member's Credited Service and Average Monthly Earnings as of the date of determination shall be used.

2. Accumulated Contributions means a Member's own contributions plus interest credited thereto, if any, by the Board.

3. Actuarial Equivalence or Actuarially Equivalent means that any benefit payable under the terms of this Plan in a form other than the normal form of benefit shall have the same actuarial present value on the date payment commences as the normal form of benefit. For purposes of establishing the actuarial present value of any form of payment, other than a lump sum distribution, all future payments shall be discounted for interest and mortality by using 7% interest and the 1983 Group Annuity Mortality Table for Males, with ages set ahead five years in the case of disability retirees. In the case of a lump sum distribution, the actuarial present value shall be determined on the basis of the same mortality rates as just described

terminating single [illegible] layer plans which [illegible]
days prior to the Member's date of termination if such [illegible]
rate within six months of such date of termination, or (b) 90 days
prior to the first dollar date of such but in no case later than six
months after the Member's date of termination.

4. Average Monthly Earnings means, with respect to Earnings of a Member during the five consecutive years of his employment, or if less greater than the total during any other five consecutive years of his employment, provided that if a Member shall have been employed for fewer than five years, such average shall be taken over the period of his actual employment.

5. Beneficiary means the person or persons entitled to receive benefits hereunder at the death of a Member and has or have been designated in writing by the Member and filed with the Board. If no such designation is in effect at the time of death of the Member, or if no person so designated is living at that time, the Beneficiary shall be the estate of the Member.

6. Board means the Board of Trustees, which shall administer and manage the Plan herein provided and serve as Trustee of the Fund.

7. Commission means the Georgia Public Service Commission.

8. Credited Service means for each Member uninterrupted service (expressed as years and completed months, from the date he last entered employment, including the initial period of probationary employment, until the date his employment shall be terminated by death, disability, retirement, resignation or discharge; provided however, the Credited Service of any Member shall not be deemed to be interrupted by:

   a. Any authorized leave of absence or vacation of less than six months duration, provided that all Members similarly situated in similar circumstances shall be treated alike pursuant to uniform, nondiscriminatory rules;

   b. Any service, voluntary or involuntary, in the Armed Forces of the United States, provided the Member is legally entitled to reemployment under the provisions of the Vietnam Era Veteran'

[illegible] said Member shall apply for employment with a three months following termination of such service.

No credit for benefit eligibility or vesting purposes under the Plan shall be allowed for any such period of leave of absence as described in a. above. A Member who left the Employer to perform military service in the Armed Forces of the United States and who is reemployed as provided above shall receive credit for such service if he left his Accumulated Contributions in the Fund or if he rebuys his such Accumulated Contributions with interest, as determined by the Board. Credited Service shall not include any period of employment during which a Member could have been but was not a contributing Member of this Plan, unless the Member makes the buy-back contributions as set forth herein.

9. Early Retirement Date means for each Member the first day of the month coincident with or next following the date on which he attains his 50th birthday and completes ten years of Credited Service.

10. Earnings means a Member's total compensation paid by the Employer, including overtime, bonuses and any other nonregular payments.

11. Effective Date means January 3, 1958, the date on which this Plan initially became effective. The effective date of this restated Plan is the date as of which the Commission adopts the Plan.

12. Employee means any person who is employed on a regular, full-time basis by the Employer, including employees who are officers of the Commission, but excluding part-time employees or persons performing work on a contractual basis.

13. Employer means the Sebring Utilities Commission of Sebring, Florida.

14. Fund means the Trust Fund established herein as part of the Plan.

15. Member means an Employee who fulfills the prescribed participation requirements.

16. Normal Retirement Date means for each Member the first day of the month coincident with or next following the date on which he attains his 60th birthday and completes ten years of Credited Service. A Member may retire on this Normal Retirement Date or on the first day of any month thereafter.

System as [illegible]

18. Plan Year means each year commencing on October 1st and ending on September 30th.

19. Spouse shall mean the lawful wife or husband of a Member at the time of preretirement death or retirement.

Section 2 Membership

1. Conditions of Eligibility

Each person who becomes an Employee after the Effective Date must become a Member of the Plan as a condition of his employment. Each such Employee shall be considered a Member as of his date of employment upon completion of his Application for Membership.

2. Application for Membership

Each eligible Employee shall, within 30 days of becoming eligible, complete an application form covering the following points, as well as such other points or items as may be prescribed by the Board:

a. Acceptance of the terms and conditions of the Plan,

b. Designation of a Beneficiary or Beneficiaries,

c. Authorization of a payroll deduction payable to the Plan as hereinafter provided, and

d. Provision of acceptable evidence of his date of birth.

3. Application By Non-Member

An Employee who had previously failed to apply for membership when eligible may apply or reapply for membership on the first day of a Plan Year and receive credit for Credited Service for the period commencing with the date of acceptance by the Board of such application for membership in the System.

4. Change in Designation of Beneficiary

A Member may from time to time change his designated Beneficiary by written notice to the Board upon forms provided by the Board. Upon such change, the rights of all previously designated Beneficiaries to receive any benefit under the Plan shall cease.

5. Buy-Back of Previous Service

Each Member of the Plan who terminates his employment with the Employer and who is subsequently reemployed by the Employer shall b

following conditions:

a. The length of time between the Member's termination date and his subsequent reemployment date is not less than:

b. The Member must pay into the Fund an amount equal to the sum of the amount he withdrew from the Fund when he terminated employment, plus interest thereon at the rate of 5% from the date of withdrawal to the date of repayment.

c. The Board shall notify the Employee of the total amount payable, as described above. Payment must be made within 90 days of such notification.

d. Upon timely payment of the required amount, the Employee shall immediately be reinstated as a Member of the Plan and shall be given credit for his previous Credited Service.

Section 3: BENEFIT AMOUNTS

1. Normal Retirement Benefit

a. Amount. Each Member who retires on or after his Normal Retirement Date shall be eligible to receive a normal retirement benefit commencing on his actual retirement date. The monthly normal retirement benefit shall be an amount equal to the sum of (1), (2) and (3), where:

(1) is 1% x Average Monthly Earnings x Credited Service prior to January 3, 1968;

(2) is 2% x Average Monthly Earnings x Credit Service following January 3, 1968, subject to a maximum of 20 years, and

(3) is 1% x Average Monthly Earnings x Credited Service following January 2, 1968 in excess of 20 years, if any.

b. Form of Benefit. The normal retirement benefit shall commence on the Member's actual retirement date and be payable on the first day of each month thereafter, with the last payment being the one next preceding the retiree's death.

c. Optional Forms of Benefit. In lieu of the form of benefit as described, a Member may choose an optional form of benefit as provided later in this document.

a ... be ... s ... fo ...

2. Early Retirement Benefit

A Member retiring hereunder on or after his Early Retirement Date may receive either a deferred or an immediate monthly retirement benefit as follows:

a. A deferred monthly retirement benefit which shall commence on the Normal Retirement Date and shall be continued on the first day of each month thereafter during his lifetime. The amount of the benefit shall be determined and paid in the same manner as for retirement at his Normal Retirement Date except that Average Monthly Earnings and Credited Service shall be determined as of his Early Retirement Date, or

b. An immediate monthly retirement benefit which shall commence on his Early Retirement Date and shall be continued on the first day of each month thereafter during his lifetime. The benefit payable shall be as determined in subparagraph a. above, reduced as follows:

(1) For each Member of the Plan as of July 5, 1978:

The monthly retirement benefit shall be reduced by 2% for each of the first five years by which retirement precedes age 60 and by 3% for each of the five years by which retirement precedes age 55.

(2) For each Employee who became a Plan Member following July 4, 1978:

The monthly retirement benefit shall be reduced by 1/15th for each of the first five years and 1/30th for each of the next five years by which the starting date of the benefit precedes the Normal Retirement Date.

3. The benefit formula applicable in all cases of retirement shall be that in effect on each Member's employment termination date.

4. Death Benefits

a. In the event of death of a Member who was eligible for an Early or Normal Retirement Benefit but who dies before commencement of benefits, a death benefit shall be paid to his Beneficiary. It shall be assumed that such deceased Member had retired on the day

the Beneficiary

that the Member had selected or at or to his death. If the Member had not selected an optional form of benefit at or to his death, it shall be assumed that he had selected a 100% joint and survivor annuity.

b. In the event of the death of a Member who has ten or more years of Credited Service but who has not attained Early Retirement Date, a death benefit shall be paid to his Beneficiary. The provision applies to each Member who is an active Employee and to each former Employee who has not withdrawn his Accumulated Contributions from the Fund. The amount of monthly benefit payable to the Beneficiary shall be computed as though the person had:

(1) Separated from service on the earlier of his date of death or his actual date of termination,

(2) Survived to Early Retirement Date,

(3) Retired with a 100% joint and survivor annuity option, and

(4) Died on the day after reaching Early Retirement Date. The monthly benefit shall begin on the date which would have been the Member's Early Retirement Date.

c. In the event of the death of a Member who has less than ten years of Credited Service, an amount equal to the Member's Accumulated Contributions shall be paid to the Beneficiary in a lump sum. The Beneficiary of a Member described in paragraphs a. and b. above may elect to receive the Member's Accumulated Contributions in a lump sum following the Member's death in lieu of receiving monthly death benefits.

d. Upon the death of a retiree, no benefit shall be paid except such benefit resulting from the preretirement selection of an option providing a survivor benefit and except for the excess, if any, of such retiree's Accumulated Contributions over the amount of benefits which had been received prior to the retiree's death.

5. Termination Benefits and Vesting

a. Each Member who terminates employment with the Employer and who is not eligible for any of the retirement or death benefits set

contributions. Provided, however, that if at the time of his term ration of employment the Member has ten or more years of Credited Service, he shall have the option of either receiving his accumulated contributions or his Accrued Benefit payable commencing at the date which have been his Normal Retirement Date had he remained in active service with the Employer. The Member may elect that his Accrued Benefit be reduced as for Early Retirement, otherwise at age 65 or any date thereafter payment of his accumulated Contributions are not a matter.

b. A refund of Accumulated Contributions to a Member or his Beneficiary shall constitute a full and complete discharge of any and all rights to claims or benefits under the System by the Member or his Beneficiaries.

c. Refunds of Accumulated Contributions shall be made to the Member, or heirs. If any such Member should not be in control of his affairs competently, distributions of refunds shall be made to such duly appointed guardian of such Member or to such other responsible person or entity as will reasonably assure the proper usage of such monies, such decision to be made solely by the Board.

5. Limitation on Benefits

In no event may a Member's annual benefit exceed the lesser of:

a. $90,000 (adjusted for cost of living in accordance with Internal Revenue Code (IRC) Section 415(d), but only for the year in which such adjustment is effective), or

b. One hundred percent (100%) of the average annual compensation for the Member's three highest paid consecutive years; however, benefits of up to $10,000 a year can be paid without regard to the one hundred percent (100%) limitation if the total retirement benefits payable to a Member under all defined benefit plans (as defined in IRC Section 414(j)) maintained by the Employer for the present and any prior year do not exceed $10,000 and the Employer has not at any time maintained a defined contribution plan

Member.

If the Member has less than ten years of service with the Employer (as defined in IRC Section 415(b)(5)) and as modified by IRC Section 415(b)(6)(C), the dollar limitation in paragraph a. or paragraph b. of this subsection shall be reduced by multiplying such limitation by a fraction, not to exceed one. The numerator of such fraction shall be the number of years, or part thereof, of service with the Employer, the denominator shall be ten years.

For purposes of this subsection, the "annual benefit" means a benefit payable annually in the form of a straight life annuity with no ancillary or incidental benefits and with no Member or rollover contributions. To the extent that ancillary benefits are provided, the limits set forth in paragraphs a. and b. above will be reduced actuarially, using an interest rate assumption equal to the greater of 5% or the interest rate used in the most recent annual actuarial valuation, to reflect such ancillary benefits.

If distribution of retirement benefits begins before age 62, the dollar limitation as described in paragraph a. shall be reduced actuarially using an interest rate assumption equal to the greater of 5% or the interest rate used in the most recent annual actuarial valuation; however, retirement benefits shall not be reduced below $75,000 if payment of benefits begins at or after age 55 and not below the actuarial equivalent of $75,000 if payment of benefits begins before age 55. If retirement benefits begin after age 65, the dollar limitation of paragraph a. shall be increased actuarially using an interest assumption equal to the lesser of 5% or the interest rate used in the most recent annual actuarial valuation.

For purposes of this subsection, the "average annual compensation for a Member's three highest paid consecutive years" shall mean the Member's greatest aggregate compensation during the period of three consecutive years in which the individual was an active Member of the Plan.

Section 4: OPTIONAL FORMS OF BENEFITS

Each Member entitled to a normal, early or vested retirement benefit

payments begin to elect to have his benefit payable under any one of the options hereinafter set forth in lieu of the benefits otherwise provided herein, and to revoke any such elections and make a new election at any time prior to the actual beginning of payments. The value of optional benefits shall be Actuarially Equivalent to the value of benefits otherwise payable, and the present value of payments to the retiring Member must be at least equal to fifty percent (50%) of the total present value of payments to the retiring Member and his Beneficiary. The Member shall make such an election or by written request to the Board, such request being retained in the Board's files.

a. Option 1 - Joint and Last Survivor Option

The Member may elect to receive a benefit, which has been adjusted to the Actuarial Equivalent of the normal form of benefit, during his lifetime and have such adjusted benefit (or a designated fraction thereof) continued after his death to and during the lifetime of his Beneficiary. The election of Option 1 shall be null and void if the designated Beneficiary dies before the Member's benefit payments commence.

b. Option 2 - 10 Years Certain and Life Annuity

The Member may elect to receive a benefit, which has been adjusted to the Actuarial Equivalent of the normal form of benefit, with 120 monthly payments guaranteed. If the Member should die before said 120 monthly payments are made, payments are then continued to his designated Beneficiary until 120 payments in all have been made, at which time benefits cease. After expiration of the 120 monthly Guaranteed payments, should the retired Member be then alive, payments shall be continued during his remaining lifetime.

c. Option 3 - Single Life Annuity

The Member may elect to receive a retirement benefit, which has been adjusted to the Actuarial Equivalent of the normal form of benefit, which will continue during his lifetime and cease at his death.

in lieu of the other optional forms which may be selected by the Board so long as Actuarial Equivalence with the benefits otherwise payable is maintained.

Section 5 CONTRIBUTIONS

1. Member Contributions

a. Amount. Members of the Plan shall make regular contributions to the Fund at a rate equal to five percent of their respective Earnings.

b. Duration. Contributions shall be deducted from said Earnings before the same are paid until the Member has reached his actual retirement date or his termination date whichever occurs first. Member contributions shall be deposited in the Fund on at least a monthly basis. In the event that the Employer agrees to assume and pay Member contributions in lieu of direct contributions by the Member, such contributions shall accordingly be paid into the Plan on behalf of the Members. No Member subject to such agreement shall have the option of choosing to receive the contributed amounts directly instead of having them paid by the Employer directly to the Plan. All such contributions by the Employer shall be deemed and considered as part of the Member's Accumulated Contributions and subject to all provisions of this Plan pertaining to Accumulated Contributions of Members. The intent of this language is to comply with Section 414(h)(2) of the Internal Revenue Code.

c. Interest. Interest may but need not be credited to Member contributions as of September 30th of each year at the rate or rates decided by the Board from time to time.

d. Guaranteed Refund. All benefits payable under this Plan are in lieu of a refund of Accumulated Contributions. In any event, however, each Member shall be guaranteed the payment of benefits on his behalf at least equal in total amount to his Accumulated Contributions.

So long as this Plan ... effect, the Employer shall make a ... contribution to the Fund in an amount at least equal to the difference in each year as between the aggregate Member contributions for the year and the total cost for the year as shown by the most recent actuarial valuation report for the System. The total cost for any year shall be defined as the total of normal cost plus the additional amount sufficient to amortize the unfunded actuarial liability in accordance with applicable laws of the State of Ohio. The Employer's contribution shall be deposited on at least a quarterly basis.

3. Forfeitures

Any forfeitures arising shall be applied to reduce future contributions to the Plan. No forfeited amount shall be applied to change benefit amounts for Members.

Section 5: ADMINISTRATION

1. The general administration and responsibility for the proper operation of the Plan are hereby vested in a Board of Trustees consisting of five persons as follows:

   a. The Chairman of the Commission,

   b. The Vice Chairman of the Commission,

   c. The Manager of the Commission, and

   d. Two Employees elected by the Members of the Plan.

2. The elective members shall be elected by a vote of the Members of the System at least three days prior to taking office. Each such member shall serve for a period of three years from date of his election or until his successor is elected. A committee of three Employees shall be appointed by the Commission to supervise and conduct the election. As determined by the Commission, the terms of office of the Employee members may be staggered so that the termination dates of such Employee members do not coincide. There shall be no more than four candidates for the seat of an elective member. In order for the election to be valid, at least two-thirds of all Members of the System must vote. The candidate receiving the largest number of such votes shall be the winner of the election.

Board, and the Secretary shall

maintain accurate and complete records of Board meetings and shall be

custodian of all records and votes of the Board, unless the Board

delegates such function to a duly authorized agent.

4. If a vacancy occurs in the office of Trustee, the vacancy shall be

filled for the unexpired term in the same manner as the office was

previously filled.

5. The Trustees shall serve without compensation, but they may be

reimbursed from the Fund for all necessary expenses which they may

actually expend through service on the Board.

6. Each Trustee shall be entitled to one vote on the Board. Three

affirmative votes shall be necessary for a decision by the Trustees

at any meeting of the Board. The Chairman shall have the right to

one vote only.

7. Subject to the limitations of this Ordinance, the Board of Trustees

shall from time to time establish uniform rules and regulations for

the administration of funds created by this Plan and for transaction

of its business.

8. The Board of Trustees shall engage such persons, agents or entities

as shall be required to transact the business of the Plan. The

compensation of all persons engaged by the Board and all other

expenses of the Board necessary for the operation of the Plan shall

be paid at such rates and in such amounts as the Board shall agree.

Funds may be disbursed by the Commission's Finance Department or

other disbursing agent as determined by the Board, but only upon

written authorization by the Board.

9. Any elected Trustee who neglects the duties of this office, as

determined by the Board, may be removed by four concurring votes

among the Board.

10. The duties and responsibilities of the Board shall include, but not

necessarily be limited by, the following:

a. To construe the provisions of the Plan and determine all

questions arising thereunder.

b. To determine all questions relating to eligibility and

participation.

or other benefits hereof.

d. To adopt uniform rules and procedures to be followed for administrative purposes, benefit applications and all matters required to administer the Plan.

e. To distribute at regular intervals to employees, information concerning the Plan.

f. To receive and process all applications for participation and benefits.

g. To authorize all payments whatsoever from the Fund, and to notify the disbursing agent, in writing, of approved benefit payments and other expenditures arising through operation of the Plan and Fund.

h. To review reports of and have meetings with the custodian and investment agent(s) or advisor, to require written reports from the custodian of Fund assets and transactions on a semi-annual or more frequent basis if deemed advisable by the Board; to require written and oral reports from the investment agent or advisor, such reports to reflect Trust Fund investment performance, investment recommendations and overall review of Fund investment policies.

i. To determine or have determined that the Plan complies at all times with the provisions of Florida law both substantively and in operation, and including the following:

(1) Have prepared annually and distributed to all Members a plan description and a summary of pertinent updated financial and actuarial information.

(2) Assure that Member contributions are deposited into the Trust Fund at least monthly, and Employer contributions at least Quarterly.

(3) Assure that all regular and special actuarial reports are filed with the Florida Division of Retirement within 60 days of receipt.

(4) Have actuarial valuations performed on a regular basis. Have special actuarial work performed in advance so as to determine costs of any Plan changes or amendments prior to their adoption.

b. To maintain a minute book containing the minutes and records of proceedings and meetings of the Board.

c. To perform such other duties as are specified in this Plan.

Section 7 FINANCES AND FUND MANAGEMENT

1 Establishment and Operation of Fund

a. As part of the Plan, there is hereby established the Fund, into which shall be deposited all of the contributions and assets whatsoever attributable to the Plan.

b. The actual custody and supervision of the Fund (and assets thereof) shall be vested in the Board of Trustees. Payment of benefits and disbursements from the Fund shall be made by the disbursing agent on authorization from the Board.

c. The Board may appoint a national or state bank or a brokerage firm with trust powers for the purpose of serving as custodian of the Fund, and all assets of the Fund shall be promptly and continually deposited therein. In order to fulfill its investment responsibilities as set forth herein, the Board may retain the services of a custodian bank, an investment adviser registered under the Investment Advisors Act of 1940, an insurance company, or a combination of these, for purposes of investment decisions and management. Such investment manager shall have full discretion, within any broad guidelines prescribed by the Board, in the investment of all Fund assets.

d. All funds and securities of the Plan may be commingled in the Fund provided that accurate records are maintained at all times reflecting the financial composition of the Fund, including accurate current accounts and entries as regard the following:

(1) Current accounts of Accumulated Contributions of Members on both an individual and aggregate account basis.

(2) Receipts and disbursements.

(3) Benefit payments.

(4) Employer contributions.

and

(6) Such other entries as may be properly required so as to reflect a clear and complete financial report of the Fund.

e The Board of Trustees shall have the following investment powers and authority:

(1) The Board of Trustees shall be vested with full legal title to said Fund, subject however, and in any event to the authority and power of the Trustee or to amend or terminate this Trust, provided that no amendment or Fund termination shall ever result in the use of any assets of this Fund except for the payment of regular expenses and benefits under this Plan. All contributions from time to time paid into the Fund, and the income thereof, without distinction between principal and income, shall be held and administered by the Board or its agent in the Fund and the Board shall not be required to segregate or invest separately any portion of the Fund.

(2) The Fund may be invested and reinvested in such securities or property, real or personal, wherever situated and of whatever kind, as shall be approved by the Board of Trustees, including but not limited to stocks, common or preferred, and bonds, and other evidences of indebtedness or ownership.

(3) The Board of Trustees may retain in cash and keep unproductive of income such amount of the Fund as it may deem advisable, having regard for the cash requirements of the Plan.

(4) Part of the Fund may be invested in deposits which bear a reasonable rate of interest in a bank or similar financial institution, even though such institution is a custodian or investment advisor with respect to the Plan.

(5) The Fund may be invested in a common or collective trust fund or pooled investment fund maintained by a bank or trust company or a pooled investment fund of an insurance company qualified to do business in the State even though such bank

investment [illegible] bank, trust company or insurance company securities not more than reasonably considered by

(6) No person or entity shall be liable for the making, retention or sale of any investment or reinvestment made as herein provided, nor for any loss or depreciation of the Fund, except that due to his or its own negligence, willful misconduct or lack of good faith.

(7) The Board shall cause any investment in securities held by it to be registered in or transferred into its name as Trustee or into the name of the custodian's nominee as it may direct, or the custodian may retain them unregistered and in form permitting transferability, but the books and records shall at all times show that all investments are part of the Trust Fund.

(8) The Board is authorized, but is not required, to vote upon any stocks, bonds, or securities of any corporation, association, or trust and to give general or specific proxies or powers of attorney with or without power of substitution, to participate in mergers, reorganizations, recapitalizations, consolidations, and similar transactions with respect to such securities, to deposit such stock or other securities in any voting trust or any protective or like committee or with the trustees or with depositaries designated thereby; to amortize or fail to amortize any part or all of the premium or discount resulting from the acquisition or disposition of assets, and generally, to exercise any of the powers of the owner with respect to stocks, bonds, or other investments, comprising the Fund which it may deem to be to the best interest of the Fund to exercise.

(9) The Board shall not be required to make any inventory or appraisal or report to any court, nor to secure any order of court for the exercise of any power herein contained.

duty or function of the Board under the terms herein or under the general law applicable to it as Trustee under this Plan, can reasonably be taken or performed only after receipt by it from a Member, the Employer or any other entity of specific information, certification, direction or instructions, the Board shall be free of liability by its failing to take such action or perform such duty or function until such information, certification, direction or instruction has been received by it.

(11) Any overpayments or underpayments from the Fund to a Member or Beneficiary caused by errors of computation shall be adjusted with interest at a rate per annum approved by the Board. Overpayment shall be charged against payments next succeeding the correction. Underpayments shall be made up from the Trust Fund.

(12) The Board shall sustain no liability whatsoever for the sufficiency of the Fund to meet the payments and benefits herein provided for.

(13) In any application to or proceeding or action in the courts, only the City and the Board shall be necessary parties, and no Member or other person having an interest in the Fund shall be entitled to any notice of service or process. Any judgment entered in such a proceeding or action shall be conclusive upon all persons.

f. Any of the foregoing powers and functions reposed in the Board may be performed or carried out by the Board through duly authorized agents, provided that the Board at all times maintains continuous supervision over the acts of any such agent; provided further, that legal title to said Fund shall always remain in the Board of Trustees.

g. The Board of Trustees, in their discretion, may appoint separate money managers to direct the investments of all or part of the assets of the Trust Fund. In such event the Board or any duly appointed agent, may serve as custodian and carry out the investment directions of the money managers. Neither the Board

investment performance of [illegible]
implementing the instructions of the money managers, the
Board shall nevertheless periodically and continuously, no less
than on a quarterly basis, monitor and review reports of the
money manager regarding investment performance of the Fund.

The Trustee(s), in the performance of its (their) duties, shall
exercise the care, prudence and diligence which a prudent man,
acting in a like capacity, would use in the conduct of his own
affairs under similar conditions prevailing at the time.

Section 8: REPEAL OR TERMINATION OF PLAN

1. This Plan, and subsequent amendments pertaining to said Plan, may be modified, terminated, or amended, in whole or in part by the Employer; provided that if this Plan shall be amended or repealed in its application to any person benefiting hereunder, the amount of benefits which at the time of any such alteration, amendment, or repeal shall have accrued to the Member or Beneficiary shall not be affected thereby, except to the extent that the assets of the Fund may be determined to be inadequate.

2. If this Plan shall be repealed, or if contributions to the Plan are discontinued, the Board shall continue to administer the Plan in accordance with the provisions of this Plan, for the sole benefit of the then Members, Beneficiaries then receiving retirement allowances, and any persons who would in the future be entitled to receive benefits under one of the options provided for in this Plan who are designated by any of said Members. In the event of repeal, or if contributions to the Plan are discontinued, there shall be full vesting (100%) of benefits accrued to date of repeal and the assets of the Plan shall be allocated in an equitable manner to provide benefits on a proportionate basis to the persons so entitled to benefits in accordance with the provisions hereof.

3. The following shall be the order of priority for purposes of allocating the assets of the Plan upon repeal of this Plan or if contributions to the Plan are discontinued.

actually retired, and their Beneficiaries, in proportion to the

to the extent of the then actuarially determined present value

of the benefits payable. If any funds remain, then

b. Members who have at least ten years of Credited Service, in

proportion to and to the extent of the then actuarially determined

present value of their Accrued Benefits. If any funds remain

then

c. The Accumulated Contributions of the active Members less any

benefits received, and less amounts apportioned in a. and b.

above, in proportion to and to the extent of the then amount

of such Accumulated Contributions. If any funds remain, then

d. All other Members whose present value of Accrued Benefits have

not been covered in a previous category in the same manner as

in b. After all the Accrued Benefits provided hereunder have

been paid and after all other liabilities have been satisfied,

then any remaining funds shall be allocated in an equitable

manner to those persons who, as of the date of Plan termination,

are Members of the Plan, individuals receiving benefits from

the Plan and vested terminated employees who have not been paid

their Accumulated Contributions.

4. The allocation of the Fund provided for in this subsection may, as

decided by the Board, be carried out through the purchase of insurance

company contracts to provide the benefits determined in accordance

with this subsection. The fund may be distributed in one sum to

the persons entitled to said benefits or the distribution may be

carried out in such other equitable manner as the Board may direct.

The Trust may be continued in existence for purposes of subsequent

distributions.

If, at any time during the first ten years after the Effective Date

the Plan shall be terminated or the full current costs of the Plan

(consisting of the normal costs and interest on any accrued liabilities)

shall not have been met, anything in the Plan to the contrary notwithstanding, Employer contributions which may be used for the benefit of any one of the 25 highest paid Members of the Plan on the Effective Date, whose anticipated annual retirement allowance provided by Employer's contributions at his Normal Retirement Date would

or t

or twenty percent of such Member's average annual earnings during his last five years of service by the number of years of service since the Effective Date. In the event that it shall hereafter be determined by statute, court decision, ruling by the Commissioner of Internal Revenue, or otherwise, that the provisions of this paragraph are not then necessary to qualify the Plan under the Internal Revenue Code, this paragraph shall be ineffective without the necessity of further amendment of this Plan.

Section 9: MISCELLANEOUS

1. Discharged Members. Members entitled to a pension shall not forfeit the same upon dismissal from the Employer, but shall be retired as herein described.

2. Non-Assignability. No benefit provided for herein shall be assignable or subject to garnishment for debt or for other legal process.

3. Pension Validity. The Board of Trustees shall have the power to examine into the facts upon which any pension shall heretofore have been granted under any prior or existing law, or shall hereafter be granted or obtained erroneously, fraudulently, or illegally for any reason. Said Board is empowered to purge the pension rolls of any person theretofore granted a pension under prior or existing law or hereafter granted under this Plan if the same is found to be erroneous, fraudulent or illegal for any reason; and to reclassify any pensioner who has heretofore under any prior or existing law or who shall hereafter under this plan be erroneously, improperly or illegally classified.

4. Incompetents. If any Member or Beneficiary is a minor or is, in the judgment of the Board, otherwise incapable of personally receiving and giving a valid receipt for any payment due him under the Plan, the Board may, unless and until claims shall have been made by a duly appointed guardian or committee of such person, make such payment or any part thereof to such person's Spouse, children or other person deemed by the Board to have incurred expenses or assumed responsibility for the expenses of such person. Any payment so made shall be a

[illegible] include the plural and vice versa, and the masculine shall include the feminine and vice versa.

Section 10: This restated Plan shall take effect immediately upon final passage by the Commission and shall be published as required by law.

Section 11: That should any section or provision of this Plan or any portion thereof, any paragraph, sentence or word be declared by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remainder hereof as a whole or part thereof other than the part to be declared invalid.

IN WITNESS WHEREOF, the Sebring Utilities Commission has caused this restated Plan to be executed this 15th day of November, 1989.

SEBRING UTILITIES COMMISSION

Charles B. Jones, Chairman

ATTEST:

Clifford R. Rhodes, Secretary

As amended Amendment.

AMENDMENT TO THE

SEBRING UTILITIES COMMISSION

AMENDED RETIREMENT SYSTEM

WHEREAS, effective July 5, 1978 the Sebring Utilities Commission amended and restated the retirement program for its employees, and

WHEREAS, the Commission wishes to amend the Retirement System in order to require employees to enter the System as of date of employment rather than waiting until completion of probationary employment.

NOW THEREFORE, the Retirement System is hereby amended as follows:

ITEM ONE

That Section II A 1 of the System be hereby amended by adding the following to the end thereof:

Each person hired after the Commission's passage of this Amendment shall become a Member of the System as of his date of employment and upon completion of an application form as described herein.

ITEM TWO

That Section II B of the System be hereby amended by adding the following to the end thereof:

Provided however, that each person hired after the Commission's passage of this Amendment shall be required to commence payroll deductions as of his date of employment.

ITEM THREE

That except as herein amended all other provisions of said System shall remain in full force and effect.

ITEM FOUR

That this Amendment shall be in full force and take effect immediately upon its passage by the Commission.

IN WITNESS WHEREOF, the Sebring Utilities Commission has caused this Amendment to be executed this 17 day of June, 1987.

SEBRING UTILITIES COMMISSION

ATTEST

AMENDMENT TO THE

SEBRING UTILITIES COMMISSION

AMENDED RETIREMENT SYSTEM

WHEREAS, effective July 5, 1978 the Sebring Utilities Commission amended and restated the retirement program for its employees, and

WHEREAS, the Commission wishes to amend the Retirement System in order to allow employee contributions to be deductible for federal income tax purposes, to change the method of electing employee members to the Board of Trustees, to eliminate the 25% limit on investments in common stocks and to make certain other changes to comply with recent federal laws, regulations and rulings.

NOW THEREFORE, the Retirement System is hereby amended as follows:

ITEM ONE

That Section I of the System be hereby amended by adding the following definition O to the end of such Section:

O. Actuarial Equivalence or Actuarially Equivalent means that any benefit payable under the terms of this Plan in a form other than the normal form of benefit shall have the same actuarial present value on the date payment commences as the normal form of benefit. For purposes of establishing the actuarial present value of any form of payment, other than a lump sum distribution, all future payments shall be discounted for interest and mortality by using 7% interest and the 1983 Group Annuity Mortality Table for Males, with ages set ahead five years in the case of disability retirees. In the case of a lump sum distribution, the actuarial present value shall be determined on the basis of the same mortality rates as just described and the Pension Benefit Guaranty Corporation's interest

rates for terminating single employer plans which rates are in effect (a) 90 days prior to the Member's date of termination if distribution is made within six months of such date of termination, or (b) 90 days prior to the distribution date if distribution is made later than six months after the Member's date of termination.

ITEM TWO

That the first sentence of Section III A(2) be hereby amended to read as follows:

Retirement may be deferred, at the sole option of the Member, provided however that no further pension benefits shall accrue after age 70 and no further Member contributions shall be required.

ITEM THREE

That Section III of the System be hereby amended by adding the following subsection F to the end of such Section:

F. Limitation on Benefits

In no event may a Member's annual benefit, following October 1, 1983, exceed the lesser of:

1. $90,000 (adjusted for cost of living in accordance with Internal Revenue Code (IRC) Section 415(d), but only for the year in which such adjustment is effective), or
2. 100 percent of the Member's average annual compensation for the Member's three highest paid consecutive years; however, benefits of up to $10,000 a year can be paid without regard to the 100 percent limitation if the total retirement benefits payable to a Member under all defined benefit plans (as defined

In IRC Section 414(j)) maintained by the Commission for the present and any prior year do not exceed $10,000 and the Commission has not at any time maintained a defined contribution plan (as defined in IRC Section 414 (i)) in which the employee was a Member.

If the Member has less than ten years of service (as defined in IRC Section 415(b)(5) and as modified by IRC Section 415(b)(6)(D)), the applicable limitation in paragraph 1. or paragraph 2. of this subsection shall be reduced by multiplying such limitation by a fraction, not to exceed one. The numerator of such fraction shall be the number of years, or part thereof, of service with the Commission; the denominator shall be ten years.

For purposes of this subsection the "annual benefit" means a benefit payable annually in the form of a straight life annuity with no ancillary or incidental benefits and with no Member or rollover contributions. To the extent that ancillary benefits are provided, the limits set forth in paragraph 1. and 2. above will be reduced actuarially, using an interest rate assumption equal to the greater of 5% or the interest rate used in the most recent annual actuarial valuation, to reflect such ancillary benefits.

If distribution of retirement benefits begins before age 62, the dollar limitation as described in paragraph 1. shall be reduced actuarially using an interest rate assumption equal to the greater of 5% or the interest rate used in the most recent annual actuarial valuation; however, retirement benefits shall not be reduced below $75,000 if payment of benefits begins at or after age 55 and not below the actuarial equivalent of $75,000 if payment of benefits

begins before age 55. If retirement benefits begin after age 65, the dollar limitation of paragraph 1. shall be increased actuarially using an interest assumption equal to the lesser of 5% or the interest rate used in the most recent annual actuarial valuation. For purposes of this subsection, the "average annual compensation for a Member's three highest paid consecutive years" shall mean the Member's greatest aggregate compensation during the period of three consecutive years in which the individual was an active Member of the System.

ITEM FOUR

That Section III of the System be hereby amended by adding the following subsection G to the end of such Section:

G. Distributions in Plan Years Beginning After December 31, 1984

Commencing with the first plan year beginning after December 31, 1984, the entire interest of a Member shall either be distributed to him not later than April 1 of the calendar year following the year in which he attains age 70 1/2 or the year in which he retires, whichever is later. In the alternative, distribution shall commence no later than the above specified commencement date and be distributable over a period of time not exceeding the limitations hereinafter set forth:

1. Distributions to a Member shall not extend beyond the life of the Member or the lives of the Member and his Beneficiary, or over a period not extending beyond the life expectancy of the Member or the life expectancy of the Member and his designated Beneficiary.

2. If distribution has commenced to a Member, and such Member dies before receiving his entire interest, the remainder of such interest shall be distributed over a period at least as rapidly as under the method of distribution in effect prior to such Member's death (e.g. remainder of period certain basis).

3. Any method of distribution selected and made in writing by a Member prior to January 1, 1984, and which is in compliance with Plan provisions prior to said date, shall be permitted hereunder even though not in accordance with the above provisions as applied to plan years beginning after December 31, 1983.

ITEM FIVE

That Section VI of the System be hereby amended by adding the following paragraph 5 to the end of subsection A:

5. Duration. Contributions shall be deducted from said Earnings before the same are paid until the Member has reached his actual retirement date or his termination date whichever occurs first. Member contributions shall be deposited in the Fund on at least a monthly basis. In the event that the Commission agrees to assume and pay Member contributions in lieu of direct contributions by the Member, such contributions shall accordingly be paid into the Plan in behalf of the Members. No Member subject to such agreement shall have the option of choosing to receive the contributed amounts directly instead of having them paid by the Commission directly to the Plan. All such contributions by the Commission shall be deemed and considered as part of the Member's Accumulated Contributions and subject to all provisions of this System pertaining to Accumulated

Contributions of Members. The intent of this language is to comply with Section 414(h)(2) of the Internal Revenue Code.

ITEM SIX

That Section VII B2(a) be hereby amended to read as follows:

(a) This document shall not limit the portion of the fund that may be invested in equity securities. Any such limitation shall be included in appropriate agreements between the Board of Trustees and the Fund's investment manager.

ITEM SEVEN

That Section VIII 1.3. be hereby amended to read as follows:

3. The elective members shall be elected by a vote of the Members of the System at least three (3) days prior to taking office. Each such member shall serve for a period of three (3) years from date of his election or until his successor is elected. A committee of three (3) Employees shall be appointed by the Commission to supervise and conduct the election. As determined by the Commission, the terms of office of the Employee members may be staggered so that the termination dates of such Employee members do not coincide. There shall be no more than four (4) candidates for the seat of an elective member. In order for the election to be valid, at least two-thirds of all Members of the System must vote. The candidate receiving the largest number of such votes shall be the winner of the election.

SEBRING UTILITIES COMMISSION

AMENDED RETIREMENT SYSTEM

Effective Date July 5, 1978

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AMENDED RETIREMENT SYSTEM

FOR

EMPLOYEES AND OFFICERS OF THE SEBRING UTILITIES COMMISSION

WHEREAS, the Sebring Utilities Commission presently has a Retirement System for its Employees and Officers, and

WHEREAS, The Commission desires to amend said Retirement System,

NOW, THEREFORE, the Sebring Utilities Commission Retirement System is hereby amended, so as to read as follows:

Section 1. DEFINITIONS. As used herein, unless otherwise defined or required by the context, the following words and phrases shall have the meaning indicated:

A. Commission — means the Sebring Utilities Commission, Sebring, Florida.

B. Agreement — means this written instrument setting forth the provisions of the Retirement System.

C. System — means the Sebring Utilities Commission Retirement System as contained herein and all amendments thereto.

D. Fund or Trust — means the Trust Fund established herein as part of the System.

E. Board — means the Board of Trustees, which shall administer and manage the System herein provided and serve as Trustee of the Fund.

F. Employee — means any person who is employed on a regular, full time basis as an employee of the Commission, including employees who are officers of the Commission, but excluding part time employees or persons performing work on a contractual basis.

G. Member

means an Employee who fulfills the prescribed participation requirement.

H. Continuous Service

means uninterrupted service (expressed as years and completed months), from the date a Member last entered employment, including the initial period of probationary employment, until the date his employment shall be terminated by death, disability, retirement, resignation, or discharge; provided however, the Continuous Service of any Member shall not be deemed to be interrupted by:

1. Any authorized leave of absence or paid vacation of less than six months duration, provided that all Members similarly situated in similar circumstances shall be treated alike pursuant to uniform, non-discriminatory rules.

2. Any service, voluntary or involuntary in the Armed Forces of the United States, provided the Member is legall entitled to re-employment, and provi further, that said Member shall apply for re-employment within three (3) months following termination of such service.

However, no credit for benefits under the System shall be allowed for any period of leave of absence or military service in excess of six (6) months.

I. Earnings

means total compensation paid by the Commission to a Member, including overti bonuses and any other non-regular paymen

J. Average Monthly Earnings

means 1/12th of the arithmetic average annual Earnings for the highest consecutive five years of a Member's total year of Continuous Service immediately preceding his actual retirement or termination date; provided that if a Member shall have been employed for fewer than five years average shall be taken only over the pe of his actual employment.

K. Beneficiary — means the person or persons entitled to receive benefits hereunder at the death of a Member who has or have been designated in writing by the Member and filed with the Board. If no such designation is in effect at the time of death of the Member, or if no person so designated is living at that time, or if no provision for an alternate or contingent beneficiary is otherwise provided for in the Plan, or if no such alternate or contingent beneficiary is living at such time, the Beneficiary shall be the Member's estate.

L. Accumulated Contribution — means a Member's own contributions to the System plus interest credited thereto, if any.

M. Spouse — shall mean the lawful wife or husband of a Member.

N. Original Effective Date — means January 3, 1968, the date on which this System initially became effective.

Section II. MEMBERSHIP

A. Conditions of Eligibility

1. All persons employed or becoming employed by the Commission as Employees shall become Members of the System upon completion of probationary requirements imposed by the Commission upon completion of an application form as hereinafter set forth.

B. Application for Membership

Each employee eligible for membership shall be required to complete an application within thirty (30) days after an applicant's date of eligibility, the form of which shall cover the following points, as well as such other points or items as may be prescribed by the Board:

1. Acceptance of the terms and conditions of the System and,

2. Designation of a Beneficiary or Beneficiaries, and

3. Authorization of a five percent (5%) payroll deduction payable to the System.

For purposes of Member contributions and for all retirement benefits hereunder, the Application for Membership shall be considered to have been in effect from date of employment, even though officially accepted and approved by the Board at a later date. except that no Member contributions shall be required until completion of a Member's period of probationary employment.

C. [illegible]

An Employee, who had previously failed to apply for membership when eligible, may apply or reapply for membership on any anniversary of the System Effective Date and receive credit for Continuous Service for the period commencing with the date of acceptance by the Board of such application for membership in the System.

D. Change in Designation of Beneficiary

A Member may from time to time change his designated Beneficiary by written notice to the Board upon forms provided by the Board. Upon such change, the rights of all previously designated Beneficiaries to receive any benefit under the System shall cease.

Section III. RETIREMENT DATES AND BENEFITS

A. Normal Retirement Date

(1) A Member may retire on the first day of the month coincident with or next following that date on which such Member attains age sixty (60) and completes ten (10) years of Continuous Service, and during which Member contributions are made for at least five (5) of such years.

(2) Retirement may be deferred, at the sole option of the Member until age seventy (70), provided however that no further pension benefits shall accrue after age 70 and no further Member contributions shall be required. Provided further, any Member attaining age 70 with less than 10 years Continuous Service shall be permitted, but not required, to continue service and contributions to the System until such time as he (she) has completed 10 years of Continuous Service. In any event, and as determined by the Member, retirement at age 70 shall be permitted based upon the years of Continuous Service of the Member at that time.

B. Normal Retirement Benefit

(1) Amount

The monthly Normal Retirment benefit shall be an amount equal to the following:

1% x Average Monthly Earnings x Continuous Service prior to January 3, 1968

plus

2% x Average Monthly Earnings x Continuous Service following January 3, 1968, subject to a maximum of 20 years,

plus

1% x Average Monthly Earnings x Continuous Service following January 2, 1968 in excess of 20 years, if any

subject further to the following:

(a) Continuous Service for benefit computation purposes shall include years and completed months, and

(b) No credit shall be granted for any service following January 2, 1968, during which a Member has not made prescribed contributions except that Service credit shall be granted for a Member's period of probationary employment.

(2) Duration, Survivor Benefit

A Member retiring hereunder on his Normal Retirement Date shall receive a monthly benefit which shall commence on his Normal Retirement Date and be continued thereafter during his lifetime and cease upon his death, unless an optional form of benefit payment providing a survivor's benefit had been selected in writing by the Member prior to actual retirement.

C. Early Retirement Date

A Member may retire on the first day of the month coincident with or next following the attainment of age fifty (50) and the completion of ten (10) years of Continuous Service, and during which Member contributions are made for at least five (5) of such years.

D. Early Retirement Benefit

A Member retiring hereunder on his Early Retirement Date may receive either a deferred or an immediate monthly retirement benefit as follows:

(1) A deferred monthly retirement benefit which shall commence on the Normal Retirement Date and shall be continued on the first day of each month thereafter during his lifetime. The amount of the benefit shall be determined and paid in the same manner as for retirement at his Normal Retirement Date except that Average Monthly Earnings and Continuous Service shall be determined as of his Early Retirement Date, or

(2) An immediate monthly retirement benefit which shall commence on his Early Retirement Date and shall be continued on the first day of each month thereafter during his lifetime. The benefit payable shall be as determined in subparagraph (1) above, reduced as follows:

(a) Reduction Method at Retirement for all Members Under Plan As of July 5, 1978:

The monthly retirement benefit shall be reduced 2% for each of the first 5 years by which retirement precedes age 60 and 3% for each of the next 5 years by which retirement precedes age 55.

(b) Reduction Method of Retirement for all Employees Who Become Plan Members following July 4, 1978.

The monthly retirement benefit shall be reduced by 1/15th for each of the first five (5) years and 1/30th for each of the next five (5) years by which the starting date of the benefit precedes the Normal Retirement Date.

E. The benefit formula applicable in all cases of Retirement, shall be that in effect on the Members employment termination date.

Section IV. VESTING - TERMINATION - BENEFITS AND REFUNDS

If a Member's employment with the Commission is terminated, either voluntarily by discharge or by disability, such Member shall be entitled to the following:

A. With less than ten (10) years of Continuous Service, a refund of Accumulated Member contributions.

B. With ten (10) or more years of Continuous Service, (Section C. be

(1) The pension benefits accrued to his date of termination, actuarially reduced as for Early Retirement, payable for the life of the Member and commencing upon the Member's attainment of age fifty (50), or any date thereafter, as determined by the Member, provided he does not elect to withdraw his Member contributions, or, in the discretion of the Member,

(2) Refund of Accumulated Contributions, in which event no pension benefit shall be payable.

C. For purposes of Vesting, credit shall be allowed a Member for up to five (5) years Continuous Service prior to the Effective Date (1/3/68).

D. A refund of Accumulated Member Contributions to a Member or his Beneficiary shall constitute a full and complete discharge of any and all rights to claims or benefits under the System by the Member or his Beneficiaries.

E. Refunds of Member Contributions shall be made to the Member, if living. If any such Member should not be in condition to handle his own affairs competently, distributions of refunds shall be mad to such duly appointed guardian of such Member or to such other responsible person or entity as will reasonably assure the proper usage of such monies, such decision to be made solely by the Boar

F. Upon the death of a Retiree, distribution shall be made pursuant to such option as had been selected prior to retirement by the Retiree. If no optional form of benefit or payment has been selected, any unpaid balance of such deceased Retiree's Accumulated Contributions shall be made to the Retiree's designated Beneficiary(s), if any, and if there be none then to such Retiree's spouse, if any, and if there be none, then to such Retiree's estate. In any event, there shall be refunded in behal of a deceased Member or Retiree any undistributed balance of Accumulated Contributions.

Section V. OPTIONAL FORMS OF BENEFIT PAYMENTS

Each Member entitled to a Normal, Early or Vested Retirement Benefit shall have the right at any time prior to the date on which benefit payments begin to elect to have his benefit payable under any one of the Options hereinafter set forth in lieu of the benefits otherwise provided herein, and to revoke any such elections and make a new election at any time prior to the actual beginning of payments. The value of optional benefits shall be actuarially equivalent to the value of benefits otherwise payable, and the present value of payments to the retiring Member must be at least equal to fifty percent (50%) of the total present value of payments to the retiring Member and his Beneficiary. The Member shall make such an election by written request to the Board, such request being retained in the Board's files.

OPTION 1 - Joint and Last Survivor Option

The Member may elect to receive a benefit during his lifetime and have such benefit (or a designated fraction thereof) continued after his death to and during the lifetime of his Spouse or a relative other than his Spouse. The election of Option 1 shall be null and void if the designated Beneficiary dies before the Member's benefit payments commence.

OPTION 2 - 10 Years Certain and Life Thereafter

The Member may elect to receive a benefit with 120 monthly payments guaranteed. If, after payments commence, the Member should die before said 120 monthly payments are made, payments shall be continued to his designated Beneficiary until 120 payments in all have been made, at which time benefits shall cease. Should the Beneficiary die before receiving all payments due, the present value of the remaining payments shall be paid to such Beneficiary's estate. After expiration of the 120 monthly payments guaranteed, should the retired Member be then alive, payments shall be continued during his remaining lifetime.

OPTION 3 - Other

In lieu of the other optional forms enumerated in this Section, benefits may be paid in any form approved by the Board so long as actuarial equivalence with the benefits otherwise payable is maintained.

Section VI CONTRIBUTIONS

A. Member Contributions

1. Amount

Members of the Retirement System shall make regular contributions at a rate of five per cent (5%) of Earnings, provided that no further contributions shall be required of a Member following retirement, termination or following attainment of age seventy (70).

2. Interest

Interest may but need not be credited annually to Member Contributions, as determined solely by the Board.

3. Guaranteed Refund

All benefits payable under this System are in lieu of a refund of Accumulated Member Contributions. In any event, however, each Member shall be guaranteed the payment of benefits on his behalf at least equal in total amount to his Accumulated Contributions.

4. Repayment of Contributions By Former Member

Any Member who received a refund of his contributions on termination, and who is later re-employed may have restored and receive credit for any prior Continuous Service provided he repays to the Fund all monies refunded, plus 5% interest per annum for the period of non-membership in the System.

B. Contributions By Utilities Commission

So long as this System is in effect, the Commission shall make an annual contribution to the Trust Fund in an amount at least equal to the difference in each year as between the total of aggregate Member contributions for the year and the total cost for the year as shown by the most recent actuarial valuation report for the System. The total cost for any year shall be defined as the total of Normal Cost plus the additional amount sufficient to amortize the Unfunded Accrued Liability over a forty (40) year period commencing with the year 1974.

C. Forfeitures

Any forfeitures arising shall be applied to reduce future contributions to the System. No forfeited amount shall be applied to change benefit amounts for Members.

Section VII FINANCES AND FUND MANAGEMENT

A. Establishment and Operation of Fund

1. As part of the System there is hereby established the Fund, into which shall be deposited all of the contributions and assets whatsoever attributable to the System.

2. The actual cusody and supervision of the Fund (and assets thereof) shall be vested in the Board of Trustees. Payment of benefits and disbursements from the Fund shall be made by the disbursing agent on authorization from the Board.

3. The Board may hire and appoint such persons, agents or entities (including corporate fiduciaries) as in its discretion may be required hereunder, provided further the Board may enter into agency, investment advisory and custodial agreements for the purpose of delegating and securing investment and custodianship services for the System and Fund.

4. All funds and securities of the System may be commingled in the Fund, provided that accurate records are maintained at all times reflecting the financial composition of the Fund, including accurate current accounts and entries as regards the following:

   (a) Current amounts of Accumulated Contributions of Members on both an individual and aggregate account basis, and

   (b) Receipts and disbursement, and

   (c) Benefit payments, and

   (d) All monies, funds and assets whatsoever attributable to contributions and deposits from the commission, and

   (e) All interest, dividends and gains (or losses) whatsoever, and

   (f) Such other entries as may be properly required so as to reflect a clear and complete financial report of the Fund.

B. Powers of Board of Trustees

The Board of Trustees shall have the following investment powers and authority:

1. The Board of Trustees shall be vested with full legal title to said Fund, subject however, to amendment or termination of this Trust, provided that no amendment or Fund termination shall ever result in the use of any assets of this Fund except for the payment of regular expenses and benefits under this System. All contributions from time to time paid into the Fund, and the income thereof, without distinction between principal and income, shall be held and administered by the Board or its Agent in the Fund and the Board shall not be required to segregate or invest separately any portion of the Fund.

2. The Fund may be invested and reinvested in such securities or property, real or personal, wherever situated and of whatever kind, as shall be approved by the Board of Trustees, including but not limited to stocks, common or preferred, and bonds, and other evidences of indebtedness or ownership, subject however to the following restrictions:

(a) At no time shall more than 25% of Fund assets, on a cost basis, be invested in equity securities, and

(b) The balance of Fund assets shall be invested in:

(1) In deposits in a Savings and Loan Association or Bank to the extent that such funds are fully insured by the FSLIC or the FDIC; or

(2) In interest bearing evidences of indebtedness issued by the United States, or issued by any agency or instrumentality of the United States, or issued by any State thereof, and fully guaranteed as to principal and interest by the United States or the respective State, as the case may be, or

(3) In interest bearing obligations issued, or fully guaranteed as to principal and interest, by the following agencies or instrumentalities of the United States:

(i) A Federal Home Loan Bank or Banks,

(ii) The Federal National Mortgage Association

(iii) The Government National Mortgage Association,

(iv) A Bank or Banks for Cooperatives,

(v) A Federal Intermediate Credit Bank or Banks, or

(4) In interest bearing evidences of indebtedness issued by a for profit corporation organized under the laws of any state of th U.S., such evidences of indebtedness to be single A or higher rated by Moody's or Standard and Poor Rating Services.

3. The Board of Trustees may retain in cash and keep unproductive of income such amount of the Fund as it may deem advisable, having regard for the cash requirements of the System.

4. No person or entity shall be liable for the making, retention, or sale of any investment or reinvestment made as herein provided, nor for any loss diminishment of the Fund, except that due to his or its own negligence, willful misconduct or lack of good faith.

5. The Board may cause any investment in securities held by it to be regist in or transferred into its name as Trustee or into the name of such nomi as it may direct, or it may retain them unregistered and in form permitt transferability, but the books and records shall at all times show that investments are part of the Trust Fund.

6. The Board is empowered, but is not required, to exercise any of the powers of an owner with respect to stocks, bonds, or other investments, comprising the Fund which it may deem to be in the best interest of the Fund.

7. The Board shall not be required to make any inventory or appraisal or report to any court, nor to secure any order of court for the exercise of any power herein contained.

8. Where any action which the Board is required to perform either under the terms herein or under the general law applicable to it as Trustee under this System, can reasonably be taken or performed only after receipt by it from a Member, c any entity of specific information, certification, direction or instruction ha been received by it, the Board shall be free of liability in failing to take such action until such certification, direction or instruction has been receiv by it.

9. Any overpayments or underpayments from the Fund to a Member or Beneficiary caused by errors of computation shall be adjusted with interest at a rate per annum approved by the Board. Overpayments shall be charged against payments next succeeding the correction. Underpayments shall be made up from the Trust Fund.

10. In any application to or proceeding or action in the courts, only the Commissi and the Board shall be necessary parties. Any judgment entered in such a proceeding or action shall be conclusive upon all persons.

11. Any of the foregoing powers and functions reposed in the Board may be performe or carried out by the Board through duly authorized Agents, provided that the Board at all times requires of and reviews reports of any such Agent not less than semi annually.

12. Delegation of Investment Powers

The Board of Trustees, in their discretion, may appoint separate money manager to direct the investments of all or part of the assets of the Trust Fund. In such event the Board or any duly appointed agent, may serve as custodian and carry out the investment directions of the money managers. Neither the Board nor separate custodian, if any, shall be responsible for investment performanc of the Fund in carrying out and implementing the instructions of the money ma agers; however, the Board shall nevertheless periodically and continuously, n less than on a quarterly basis, monitor and review reports of the money manag so regarding investment performance of the Fund.

13. Prudent Man Rule Applicable to Trustee(s)

The Trustee(s), in the performance of its (their) duties, shall exercise the care, prudence and diligence which a prudent man, acting in a like capacity, would use in the conduct of his own affairs under similar conditions prevailir at the time.

Section VIII ADMINISTRATION

1. The general administration and responsibility for the proper operation of the Retirement System is hereby vested in a Board of Trustees consisting of five (5) persons as follows:

   (a) One member being the incumbent Chairman of the Utilities Commission, and his respective successor in office, and

   (b) One member being the incumbent Vice Chairman of the Commission, and his respective successor in office, and

   (c) One member being the incumbent Manager of the Utilities Commission, and his respective successor in office, and

   (d) Two members, each being an elected Employee.

2. The Board shall be known as the Sebring Utilities Employees Pension Board and shall serve as the Plan Administrator pursuant to Florida law.

3. The elective members shall be elected by a majority vote of the employees of the Utilities Commission at least three (3) days prior to taking offic Each such member shall serve for a period of three (3) years from date of his election or until his successor is elected. A committee of three (3) employees shall be appointed by the Commission to supervise and conduct t election. As determined by the Commission the terms of office of the Employee members may be staggered so that the termination dates of such employee members do not coincide.

4. The Chairman of the Commission shall serve as chairman of the Pension Bo and the Manager shall as clerk. The clerk shall maintain accurate and complete minutes of Board meetings and shall be custodian of all records files of the Board, unless the Board delegates such function to a duly appointed agent.

5. If a vacancy occurs in the office of Trustee, the vacancy shall be fille the unexpired term in the same manner as the office was previously fille

6. The Trustees shall serve without compensation, but they may be reimburse from the Fund for all necessary expenses which they may actually expend through service on the Board.

7. Each Trustee shall be entitled to one vote on the Board. Three (3) affi ative votes shall be necessary for a decision by the Trustees at any mee of the Board. The Chairman shall have the right to one vote only.

8. Subject to the limitations of this System, the Board of Trustees shall time to time establish uniform rules and regulations for the administra of funds hereunder and for transaction of its business.

9. The Board of Trustees shall engage such accounting, legal, actuarial a other services as shall be required to transact the business of the Ret System. The compensation of all persons engaged by the Board of Trust all other expenses of the Board necessary for the operation of the Ret System shall be paid at such rates and in such amounts as the Board of shall agree. Funds may be disbursed as determined by the Board, but written authorization of the Board of Trustees.

10. Any Trustee who neglects the duties of his office, as determined by the Board, may be removed by the concurring votes of the remaining members of the Board of Trustees.

11. The duties and responsibilities of the Board of Trustees shall include, but not necessarily be limited by, the following:

(a) To construe the provisions of the System and determine all questions arising thereunder.

(b) To determine all questions relating to and process all applications for eligibility, participation and benefits.

(c) To determine and certify amount of all retirement allowances or other benefits hereunder.

(d) To establish unform rules and procedures to be followed for administrative purposes, benefit applications and all matters required to administer the System.

(e) To distribute at regular intervals to Employees, information concernir the System, as follows:

(i) a comprehensive plan description booklet, and

(ii) periodic reports, no less than annually, regarding the financial status of the System assets, and

(iii) individual Member certificates annually, reflecting a Member's accrued benefit and his benefit projected to Normal Retirement date.

(f) To authorize all payments whatsoever from the Fund, and to notify the disbursing agent, in writing, of approved benefit payments and other expenditures arising through operation of the System and Fund.

(g) To have performed actuarial studies and annual actuarial valuations, and make recommendations regarding changes in the provisions of the System.

(h) To review reports of and have meetings with the custodian and investment agent(s) or advisor; to require written reports from the custodi on Fund assets and transactions on a quarterly or more frequent basis if deemed advisable by the Board; to require written and oral reports from the investment agent or advisor on at least a semi-annual basis, such reports to reflect Fund investment performance, investment recor dations and overall review of Fund investment policies.

(i) To perform such other duties as are herein specified.

12. For Plan purposes a "fiduciary" shall be any person or entity who exercises any discretionary authority or control regarding management of the System or System assets; any person or entity who renders or who has authority or responsibility to render investment advice; or any person or entity who has any discretionary authority or responsibility in administration of the System. Any person or enti may serve in more than one fiduciary capacity.

All fiduciaries shall discharge their duties hereunder solely in the interest o members and Beneficiaries, and more particularly as follows:

3. Notwithstanding 1. and 2. above, if there is a court decree which would otherwise establish financial responsibility for the health care expenses with respect to the child, the benefits of a policy or plan which covers the child as a dependent of the parent with such financial responsibility shall be determined before the benefits of any other policy or plan which covers the child as a dependent child;

d. When rules (a), (b), and (c) do not establish an order of benefit determination, the benefits of a policy or plan which has covered the person on whose expenses a claim is based for the longer period of time shall be determined before the benefits of a policy or plan which has covered such a person the shorter period of time.

8.0 SUBROGATION --In the event any payment of benefits is made for a subscriber under this contract, the Florida Plan to the extent of such payment, will be subrogated to all rights of recovery or causes of action the subscriber may have against any person or organization. The Florida Plan's cause of action against such person or organization for the recovery of such payments shall be enforceable even though the subscriber's right of recovery may be limited by statutory provisions. In support of the Florida Plan's subrogation claim, the subscriber agrees to notify such person or organization of the Florida Plan's subrogation interest, to reimburse the Florida Plan from any recovery, whether from judgment or settlement, which, directly or indirectly, includes medical expenses as a part of such recovery, to execute and deliver any instruments and papers as may be required, and do whatever else is necessary to secure all rights of recovery to the Florida Plan

OTHER PROVISIONS

1.0 WAIVER OF PHYSICAN EXAMINATION -- The Florida Plan waives its rights to have the subscriber and any family member submit to a physical examination before issuance of this contract.

2.0 PHYSICAL EXAMINATION-- The Florida Plan reserves the right, at its own expense, to have the subscriber submit to a physical examination as often as is reasonably necessary while a claim is pending adjudication.

3.0 RELEASE OF MEDICAL RECORDS -- The subscriber authorizes, on behalf of all covered family members, any physician or hospital to furnish the Florida Plan a report and all records relating to any services or supplies for which benefits are or may be claimed. The physician or hospital is authorized to give the Florida Plan this information even if the information requested is considered confidential or privileged.

4.0 CONTRACT NONASSIGNABLE -- Coverage under this contract is personal to the subscriber and is not assignable or transferable.

5.0 SELECTION OF A PHYSICIAN OR HOSPITAL/LIABILITY OF THE PLAN -- This contract does not give the Florida Plan the right to select a physician or hospital for the subscriber. The subscriber shall select his own physician, provided only that such physician is acceptable for practice in the hospital to which the subscriber is admitted and nothing in this contract will interfere with the ordinary relationship between the subscriber and any such physician selected by the subscriber. The Florida Plan does not undertake to furnish any services, but merely to pay for hospital or physician services or supplies rendered to the subscriber to the extent herein limited and specified. The Florida Plan shall not, in any event, be liable for any negligence, misfeasance, nonfeasance, malfeasance, malpractice or any act on the part of any hospital or physician or an agent or employee thereof.

6.0 GENERAL NOTICE REQUIREMENTS -- Any notice given under this contract shall be sufficient, if delivered or mailed to the employer at its address stated in the application; if given to Blue Cross and Blue Shield of Florida, Inc. only when addressed to its home office at 532 Riverside Avenue, Jacksonville, Florida 32231.

7.0 WRITTEN NOTICE OF CLAIM -- When claiming benefits for services covered by this contract, a subscriber must file written proof of claim within ninety (90) days of the date the service was rendered. The written proof of claim must be sent to the corporate headquarters office in Jacksonville, Florida. An admission and billing notice from a hospital and/or a Health Claim Form from a physician for services rendered to a subscriber will be sufficient to serve as a proof of claim. If neither of these forms is available and the subscriber is unable to obtain a claim form within fifteen (15) days after services have been rendered, then some other form of proof documenting the services rendered and why the services were rendered will be sufficient proof of claim. If a subscriber fails to file a proof of claim within ninety (90) days of the date services were rendered, the subscriber will not be eligible for benefits unless it was not reasonably possible to furnish proof of claim within that time period. However, in no event shall the Florida Plan be liable for payment of a claim unless notice of such is presented within fifteen (15) months of the date the service was rendered.

8.0 ENTIRE CONTRACT CHANGES -- This contract, the identification card issued to the subscriber, the application and billing forms, and any amendments or endorsements attached to this contract make up the entire contract between the Florida Plan and the group. No change in this contract will be valid unless approved by an executive officer of the Florida Plan and issued to the subscriber as a contract or rider to this contract. If any changes or revisions to this contract are made, thirty (30) days written notice will be given to the group before such changes become effective. Subsequent to such effective date, this contract, including such changes, will remain in force until terminated pursuant to the provisions contained herein.

9.0 LEGAL ACTION -- A subscriber cannot bring an action at law or in equity against the Florida Plan to recover benefits under this contract until sixty (60) days after a proof of claim has been furnished to the Florida Plan. A subscriber cannot bring an action against the Florida Plan following three (3) years from the applicable deadline for filing a proof of claim under this contract.

10.0 TIME LIMIT ON CERTAIN DEFENSES -- Except for fraudulent misstatements which may be raised as a defense at any time, no misstatements made in the application for coverage under this contract will be used to void this contract or to deny benefits for an illness or injury which occurs more than two (2) years after the effective date of coverage under this contract.

DEFINITIONS

The following definitions represent terms used in most contracts issued by the Florida Plan and in no way reflect the benefits provided in this contract.

1.0 ALLOWANCE -- see UCR allowance.

2.0 BENEFITS -- means full or partial payment for services and supplies as defined in this contract.

3.0 CALENDAR YEAR -- means a period of twelve (12) consecutive months beginning on January 1st and ending on December 31st of any given year.

4.0 COINSURANCE -- a cost sharing (shown as a percentage) of medical services between the insurer and the insured. It is the difference between the allowance and the amount the Florida Plan actually pays.

5.0 COMPLICATIONS OF PREGNANCY -- are deemed to be an illness and benefits will be provided on the same basis as any other illness:

5.1 "Complications of Pregnancy" are: Conditions when the pregnancy is not terminated, in which diagnoses are distinct from pregnancy, such as acute nephritis, nephrosis, cardiac decompensation, missed abortion, and similar medical and surgical conditions of comparable severity, non-elective Cesarean section, ectopic pregnancy which is terminated, and spontaneous termination of pregnancy, which occurs during a period of gestation in which a viable birth is not possible.

5.2 "Complications of Pregnancy" do NOT include false labor, occasional spotting, physician prescribed rest during the period of pregnancy, morning sickness, hypermesis gravidarum, pre-eclampsia and similar conditions associated with the management of a difficult pregnancy not constituting a nosologically distinct complication of pregnancy.

6.0 CONTRACT -- means and includes this document, and any endorsement or attached papers.

7.0 CONTRACT YEAR -- means the period of twelve (12) months from the effective date of this contract and each yearly period thereafter while the contract is in effect.

8.0 DEDUCTIBLE -- the amount of loss or expense that must be incurred by an insured before an insurer will assume any liability for all or part of the remaining cost of covered services.

9.0 DIAGNOSTIC ADMISSION -- a hospital admission primarily for diagnostic studies which do not require an acute hospital bedpatient (overnight) setting, but could have been provided in a physician's office, the outpatient department of a hospital, or in a lesser skilled facility without adversely affecting the patient's condition or the quality of medical care rendered.

10.0 EFFECTIVE DATE -- means 12:01 a.m., Standard Time, at the address of the subscriber, on the date this contract is issued as it appears on the face of this contract.

11.0 ELIGIBLE DEPENDENT -- means:

11.1 the spouse of the contract holder, except that the spouse will cease to be an eligible dependent under a family contract by termination of marriage to the contract holder.

11.2 the unmarried dependent children of the contract holder from the time of birth through the end of the calendar year in which a dependent child becomes nineteen (19) years of age, except that if such child is in full-time attendance at an accredited college or university and is dependent upon the contract holder for support, coverage will continue to the end of the calendar year in which such child becomes twenty-three (23) years of age, or upon marriage of such child.

11.3 a disabled dependent child, regardless of age, will continue to be covered under a family contract provided: (a) the dependent is incapable of self-sustaining employment by reason of mental retardation or physical handicap; (b) the disability occurred while the dependent was eligible for coverage under the family contract; and (c) the disabled child is unmarried and primarily dependent upon the contract holder for support and maintenance. Proof of incapacity and dependency must be furnished to the Florida Plan by the contract holder within ninety (90) days prior to the end of the year the child attains the age nineteen (19) and on an annual basis thereafter, except that a child will cease to be an eligible dependent under a family contract when the child marries or ceases to meet any of the qualifications listed for a disabled dependent child.

12.0 EXPERIMENTAL OR INVESTIGATIVE -- means services and supplies which are experimental or investigational in nature; meaning any treatment, procedure, facility, equipment, drugs, drug usage, devices, or supplies not generally recognized as accepted medical practice and including any such services or supplies requiring federal or other governmental agency approval not granted at the time services were rendered.

13.0 FAMILY CONTRACT -- a contract covering the individual named on the identification card and one or more of his or her eligible dependents as defined in this contract, and "Family Representative" means the individual member of the family group who applied for this contract and is named on the identification card.

14.0 HOME HEALTH AGENCY -- an institution or agency which is either free-standing or a part of an acute care general hospital which provides skilled nursing and various therapeutic services to persons who are homebound and serves in lieu of continued hospital care. The organization must be licensed by the State of Florida as a Home Health Agency.

14.1 CONTRACTING HOME HEALTH AGENCY -- means any Home Health Agency with which the Florida Plan has a contract for providing services to holders of its service contracts.

14.2 NONCONTRACTING HOME HEALTH AGENCY -- means any Home Health Agency with which the Florida Plan DOES NOT have a contract for providing services to holders of its service contracts.

15.0 HOSPITAL -- an institution which meets all of the following criteria:

15.1 is licensed as a hospital and operated pursuant to law; and,

15.2 is primarily and continuously engaged in provided or operating, either on its premises or in facilities available to the hospital on a pre-arranged basis and under the supervision of a staff of duly licensed physicians, medical, diagnostic and major surgery facilities for the medical care and treatment of sick and injured persons on an inpatient basis for which a charge is made; and

15.3 provides 24 hour nursing service by or under the supervision of registered graduate professional nurses (R.N.'s).

The term "hospital" also includes an institution which:

15.4 is an ambulatory surgical center as defined and licensed under Florida Statutes, and

15.5 is legally constituted and licensed as a psychiatric hospital and properly accredited to provide psychiatric, diagnostic, and therapeutic services for the treatment of patients who have mental illness.

The term "hospital" DOES NOT include:

15.6 convalescent, rest, or nursing homes; or

15.7 facilities primarily affording custodial, educational, or rehabilitative care; or

15.8 facilities primarily for drug abuse and/or alcoholism.

NOTE: If services specifically for the treatment of a physical disability are provided in a licensed hospital which is accredited by the Joint Commission on the Accreditation of Hospitals, American Osteopathic Association, or the Commission on the Accreditation of Rehabilitative Facilities, payment for these services will not be denied solely because such hospital lacks major surgical facilities and is primarily of a rehabilitative nature.

15.9 CONTRACTING HOSPITAL -- means any hospital with which the Florida Plan has a contract for the rendering of hospital services to the holders of its service contracts.

15.10 NONCONTRACTING HOSPITAL -- means any hospital with which the Florida Plan DOES NOT have a contract for the rendering of hospital services to the holders of its service contracts.

16.0 HOSPITAL CONFINEMENT -- means an admission or admissions of a subscriber as an inpatient in a hospital or hospitals for treatment. Readmission to a hospital within ninety (90) days of discharge from a hospital or skilled nursing facility for the same or related condition shall be determined to be continuous and to constitute a single confinement.

17.0 HOSPITAL SERVICE -- means and includes receiving a subscriber into a contracting hospital, and, insofar as the facilities of the contracting hospital permit, furnishing the hospital services set forth in this contract, subject to the rules and regulations of the hospital for and during such time only as the subscriber is necessarily an inpatient of the hospital, under the treatment and care of a physician for any condition covered under this contract.

18.0 INPATIENT -- means a patient who has been admitted upon orders of a physician primarily for treatment as a bed-patient in a hospital or in a Skilled Nursing Facility for at least six (6) continuous hours.

19.0 MEDICAL NECESSITY (or Medically Necessary)-- means services or supplies provided by a hospital, physician, or other provider to identify or treat an illness or injury and which, in the opinion of the Florida Plan are:

19.1 consistent with the symptom or diagnosis and treatment of the condition, disease, ailment, or injury;

19.2 appropriate with regard to standards of good medical practice;

19.3 not primarily for the convenience of the patient, the patient's family, the physician, or other provider; and

19.4 the most appropriate supply or level of services which can safely be provided to the patient. When applied to an inpatient, it further means that the patient's medical symptoms or conditions require that the services or supplies cannot be safely provided to the patient as an outpatient.

NOTE: The fact that a physician may prescribe, order, recommend, or approve a service or supply does not, of itself, make it medically necessary or make the charge an allowable expense under this contract, even though it is not specifically listed as an exclusion.

20.0 ONE PERSON CONTRACT -- means a contract covering only the one individual named on the identification card.

21.0 OUTPATIENT -- means a patient who receives treatment without being admitted to a hospital as a bed-patient.

22.0 PHYSICIAN -- means a duly licensed doctor of medicine (M.D.) or a doctor of osteopathy (D.O.) who is legally qualified to practice medicine and perform surgery at the time and place the service is rendered. For services covered under this contract, doctor of dental surgery (D.D.S.), doctor of surgical chiropody (D.S.C.), doctor of podiatric medicine (D.P.M.), and optometrists (O.D.), are deemed physicians when acting within the scope of their licenses.

22.1 PARTICIPATING PHYSICIAN -- has signed an agreement with the Florida Plan to render services to subscribers accepted by him or her as set forth in this contract.

22.2 NONPARTICIPATING PHYSICIAN -- has NOT signed an agreement with the Florida Plan to render services to subscribers accepted by him or her as set forth in this contract.

23.0 RATE -- means the amount charged by the Florida Plan for this contract.

24.0 REGISTERED GRADUATE NURSE (RN) OR LICENSED PRACTICAL NURSE (LPN) -- means a person duly licensed by the state in which the person is engaged in the practice of nursing as a registered graduate nurse or licensed practical nurse.

25.0 REGISTERED PHYSICAL THERAPIST -- means a person who is duly registered by the state in which the person is engaged in physical therapy practice and who is a member of the American Physical Therapist Association or American Registry of Physical Therapists.

26.0 SKILLED NURSING FACILITY -- is defined as an institution which is primarily engaged in providing inpatient skilled nursing care and provides 24 hour nursing service sufficient to meet the nursing needs of those individuals not requiring an acute level of skilled nursing care in an acute care general hospital. The facility can be either a free-standing institution or a part of a hospital.

26.1 CONTRACTING SKILLED NURSING FACILITY -- means any skilled nursing facility with which the Florida Plan has a contract for the rendering of institutional skilled nursing care to the holders of its service contracts.

26.2 NONCONTRACTING SKILLED NURSING FACILITY -- means any skilled nursing facility with which the Florida Plan DOES NOT have a contract for the rendering of institutional skilled nursing care to the holders of its service contracts.

27.0 SUBSCRIBER -- means and includes the certificate of coverage holder and any eligible dependents covered under this contract but only if and while any such person is so covered.

27.1 A contract holder holding a family contract may change to a one person contract by making application for the change.

27.2 A contract holder holding a one person contract may change to a family contract by making application, using forms furnished by the Florida Plan for the change prior to the birth of a child, within sixty (60) days of marriage, or at such later date as is acceptable to the Florida Plan.

28.0 UCR ALLOWANCE -- means the maximum payment the Florida Plan will make for a given procedure billed by a physician or other non-institutional health care provider. Payment is based on the USUAL, CUSTOMARY, AND REASONABLE allowance for a medically necessary covered service.

The actual amount charged is compared with the usual and customary allowances. The payments made by the Florida Plan under this contract will be based on the LOWEST of these three (3) amounts.

Determination of the USUAL, CUSTOMARY, and REASONABLE allowance for services covered under this contract shall be solely the responsibility of the Florida Plan. The Florida Plan has the final authority regarding what those allowances will be.

28.1 USUAL ALLOWANCE -- is defined as the normal fee which is charged by the individual treating physician in his personal practice (i.e., his own usual fee). The usual fee is determined by a review of previously submitted charges from the physician.

28.2 CUSTOMARY ALLOWANCE -- is defined as the fee usually charged by a physician within a given specific limited geographical or socio-economic area for the same service. The customary fee is determined by a review of previously submitted charges from many physicians.

28.3 REASONABLE ALLOWANCE -- means if the fee is not the physician's usual fee, or the customary fee for that area, it may be a reasonable fee because of unusual circumstances or complications requiring additional time, skill, and experience in connection with the particular service.

Blue Cross
Blue Shield
of Florida

Home Office
532 Riverside Avenue
Jacksonville, Florida 32231-0014
(Not for Profit Corporation)

MEMBERSHIP PROVISION ENDORSEMENT

Effective October 1, 1982 Blue Cross and Blue Shield of Florida, Inc became a non-profit mutual insurance company

This endorsement, effective on October 1, 1982, is to be attached to and made a part of your current policy including any attached riders or endorsements

In compliance with **Florida Statutes** Section 628 301, we hereby amend your policy by adding:

All holders of insurance policies issued by Blue Cross and Blue Shield of Florida, Inc (the "Corporation"), and in force shall be members of the Corporation except that reinsurance may be effected without membership Members shall have all the rights privileges, and obligations provided in the Articles of Incorporation and Bylaws of the Corporation as now in force and as the same may be amended from time to time

The Annual Meeting of the members shall be held for the purpose of electing the Board of Directors and transacting such other business as may be properly brought before the meeting

At all meetings of the members of the Corporation each member of the Corporation shall be entitled to cast a number of votes equal to the amount of premiums attributed to such member in the month of record (i e , a premium of $27 36 in that month will be equal to 27 36 votes) All proxies shall be filed with the Secretary of the Corporation before the meeting at which the proxy is to be voted

The following terms are added to or amended in your contract

"Member" — each policyholder of an insurance policy (other than reinsurance) issued by the Corporation and in force shall be a member of the Corporation.

"Policyholder" — is an individual, group, trust or association holding an insurance policy issued by the Corporation and in force.

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.

William E. Flaherty

William E. Flaherty
President

Nothing in this endorsement shall extend, vary, alter or waiver any of the provisions, benefits, exclusions, limitations or conditions contained in such contract other than as stated in this endorsement.

5653-586R

Blue Cross Blue Shield of Florida

Home Office
532 Riverside Avenue
Jacksonville Florida 32231-0014
(Not for Profit Corporation)

Group Name: Sebring Utilities Commission

Contract Number: 52051

Effective Date: Nov 15,1987

COVERAGE FOR TREATMENT OF ALCOHOL

AND DRUG DEPENDENCY

This Rider provides benefits as specified below.

In consideration of the application for this rider and the payment of the additional rate specified in such application, this rider is issued to the contract holder, and the basic Hospital Services and Medical/Surgical contracts, both bearing the same master contract number as the rider, are amended to provide benefits as set forth below, subject to the provisions, limitations, exclusions and conditions set forth in this rider and in the basic contracts.

Nothing in this rider shall extend, vary, alter or waive any of the provisions, benefits, exclusions, limitations or conditions contained in the contracts other than as stated in this rider. All of the provisions of the contracts except the provisions of the basic Medical/Surgical contract as to payment for services according to income classification thereof applicable by this rider shall apply with equal force to this rider.

I. DEFINITIONS:

The following terms will amend the definitions contained in your contract:

Alcohol Dependency - a condition in which a person chronically and habitually uses alcoholic beverages to the extent that it injures his/her health or substantially interferes with his/her social or economic functioning, or to the extent that he/she has lost the power of self-control with respect to use of alcohol.

Drug Dependency - a condition in which a person is dependent upon or by reason of repeated use is in imminent danger of becoming dependent upon any controlled substance.

Licensed Physician - a Licensed Physician is defined for services covered under this endorsement, as a Doctor of Medicine (M.D.) or a Doctor of Osteopathy (D.O.) who is legally qualified to practice medicine and who is qualified to direct a treatment plan for alcohol and drug dependency

Licensed Psychologist - an individual who is legally qualified to diagnose and provide professional treatment of mental and emotional disorders which may include diagnosis and assessment of personality disorders, intellectual impairment and social adjustment. (Where there are no licensure laws, the Psychologist must be certified by the appropriate professional body in order to render psychological tests.)

Inpatient - a patient who has been admitted upon orders of a physician primarily for treatment as a bed-patient in a hospital for at least six (6) continuous hours.

Outpatient - a patient who receives treatment without being admitted to a hospital as a bed-patient.

II. SERVICES FOR TREATMENT OF ALCOHOL AND DRUG DEPENDENCY:

This rider provides inpatient and outpatient benefits for the medically necessary treatment of alcoholism or drug addiction rendered through a specialized treatment program licensed by the State of Florida or accredited by the Joint Commission on The Accreditation of Hospitals.

To be eligible for outpatient benefits under this endorsement, the subscriber must be under the care of a physician or psychologist and the physician or psychologist must certify the necessity of outpatient treatment. Blue Cross and Blue Shield of Florida, Inc. reverse the right to review the physician's or psychologist's certification of medical necessity.

III. COVERED EXPENSES (SUBJECT TO THE APPLICABLE DEDUCTIBLE AND COINSURANCE):

3.0 Lifetime Maximum for alcohol and drug dependency is limited to $2,000 for any combination of the inpatient and outpatient benefits stated below.

3.1 Inpatient Benefits - Inpatient hospital care, for treatment provided by a licensed physician or licensed psychologist, in a general, specialty or rehabilitative hospital, is limited to a lifetime maximum of $2,000.

3.2 Outpatient Benefits - A maximum of 44 outpatient visits will be paid up to a maximum of $35.00 per visit for treatment provided by a licensed physician or licensed psychologist.

IV. EXCLUSIONS:

The following services are excluded from payment under this rider.

1. Services for any diagnosis other than specified in this rider.

2. Services furnished to the subscriber without cost or services furnished in a Veteran's facility or outpatient department of a government hospital.

3. Services for which benefits are payable under the subscriber's basic Hospital Services and Medical/Surgical Contracts.

4. Services or supplies which are not medically necessary in the opinion of Blue Cross and Blue Shield of Florida, Inc.

5. Services, supplies or benefits furnished or paid under any one of the following plans or insurance coverages:

   a. Any group insurance (other than this rider) with us or any other insurance carriers;

   b. Any other Blue Cross and/or Blue Shield Group Plan or other hospital, surgical or medical benefits plan;

   c. Any coverage under a plan or law of any federal, state or local government, or any political subdivision thereof. The subscriber will not be eligible for benefits under this rider, even though you elect to waive your entitlement to the benefits under the government plan.

6. Services or supplies for which benefits are excluded under the basic contracts but not specifically provided for in this rider.

7. All other services and supplies not specifically covered under this rider.

8. Services for detoxification under an outpatient program.

V TERMINATION OF THIS RIDER:

This rider may be terminated at any time by Blue Cross and Blue Shield of Florida, Inc. upon giving at least thirty (30) days written notice to the contract holder.

Coverage under this rider shall automatically terminate at the end of this grace period specified in the basic contract, if the additional rate for this rider is not paid when due under the basic contracts.

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.

William E. Flaherty
President

John S. Slye
Secretary

5709-784R

Blue Cross
Blue Shield
of Florida

Home Office
532 Riverside Avenue
Jacksonville, Florida 32231-0014
(Not for Profit Corporation)

Group Name: Sebring Utilities Commission

Contract Number: 52051

Effective Date: Nov 15, 1987

COVERAGE FOR TREATMENT OF MENTAL AND NERVOUS DISORDERS

This endorsement replaces the benefits provided in your Master Contract for the treatment of Mental and Nervous disorders. It amends the Master Contract, bearing the same contract number as this endorsement, and replaces benefits for the treatment of Mental and Nervous disorders. The new benefits set forth below are subject to the provisions, limitations, exclusions and conditions set forth in this endorsement and in the Master Contract.

6186-985R
(Inpatient/Outpatient)

I. DEFINITIONS:

The following terms will amend the definitions contained in your contract:

MENTAL AND NERVOUS DISORDERS - Mental and Nervous disorders are any psychiatric condition or reactions that may result from dysfunction of, or disease of, the brain or difficulty and inability to adjust to one's environment.

LICENSED PSYCHIATRIST - A Licensed Psychiatrist is defined, for services covered under this endorsement, as a Doctor of Medicine (M.D.) or a Doctor of Osteopathy (D.O.) who is licensed to practice medicine and who specializes in treating disorders of the mind.

LICENSED PSYCHOLOGIST - An individual who is licensed to diagnose and provide professional treatment of mental and emotional disorders which may include diagnosis and assessment of personality disorders, intellectual impairment and social adjustment. (Where there are no licensure laws, the psychologist must be certified by the appropriate professional body in order to render psychological tests.)

LICENSED MENTAL HEALTH PROFESSIONAL - An individual who is licensed to aid in the treatment of mental health problems. This professional may be a psychiatric social worker, mental health technician, psychiatric nurse, or occupational therapist. (Where there are no licensure laws, the mental health professional must be certified by the appropriate professional body in order to render treatment of mental and nervous disorders.)

II. SERVICES FOR TREATMENT OF MENTAL AND NERVOUS DISORDERS:

This endorsement provides for inpatient and outpatient benefits for the medically necessary treatment of mental and nervous disorders.

III. COVERED EXPENSES

3.1 Inpatient Benefits - Thirty-one (31) days per calendar year of inpatient benefits will be paid at the same co-insurance percentage as is paid for the treatment of physical conditions covered under the group's Master Contract.

Inpatient benefits will include thirty-one (31) days of medically necessary hospital room and board and thirty-one medical visits by a licensed physician, licensed psychologist or a licensed mental health professional.

3.2 Outpatient Benefits - $1,000 of outpatient benefits for consultations with a licensed physician, a licensed psychologist or a licensed mental health professional will be paid at the same co-insurance percentage as is paid for the treatment of physical conditions covered under the group's Master Contract.

IV. EXCLUSIONS:

The following services are excluded from payment under this endorsement:

1. Services for any diagnosis other than those specified in this endorsement.

2. Services furnished to the subscriber without cost or services furnished in a Veteran's facility or outpatient department of a government hospital.

3. Services for which benefits are payable under the group Master Contract.

4. Services or supplies which are not medically necessary in the opinion of Blue Cross and Blue Shield of Florida, Inc.

5. Services, supplies or benefits furnished or paid under any one of the following plans or insurance coverages:

   a. Any group insurance (other than this endorsement) with us or any other insurance carriers;

   b. Any other Blue Cross and/or Blue Shield Group Plan or other hospital, surgical or medical benefits plan;

   c. Any coverage under a plan or law of any federal, state or local government, or any political subdivision thereof (e.g. Medicare, Medicaid, etc.) The subscriber will not be eligible for benefits under this endorsement, even though he/she elects to waive his/her entitlement to the benefits under the government plan.

6. Services or supplies for which benefits are excluded under the Master Contract and not specifically provided for in this endorsement.

7. All other services and supplies not specifically covered under this endorsement.

V. TERMINATION OF THIS ENDORSEMENT:

This endorsement may be terminated at any time for any reason by Blue Cross and Blue Shield of Florida, Inc. upon giving at least thirty (30) days written notice to the contract holder.

Coverage under this endorsement shall automatically terminate at the end of this grace period specified in the Master Contract, if the required rate for the Master Contract is not paid when due.

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.

William E. Flaherty

William E. Flaherty
President

Nothing in this endorsement shall extend, vary or waive any of the provisions, benefits, exclusions, limitations or conditions contained in the Master Contract other than as stated in this endorsement.

Blue Cross
Blue Shield
of Florida

Home Office
532 Riverside Avenue
Jacksonville, Florida 32231-0014
(Not for Profit Corporation)

Group Name Sebring Utilities Commission

Contract Number 52051

Effective Date Nov 15,1987

ORGAN TRANSPLANT ENDORSEMENT

In consideration of the application for this endorsement and the payment of the additional rate specified in such application, this endorsement is issued to the contract holder, and the basic Hospital Services and Medical Surgical contracts, both bearing the same master contract number as the endorsement, are amended to provide benefits as set forth in this endorsement and in the basic contracts.

I. COVERED ORGAN TRANSPLANTS

Organ transplants are defined here as a transfer from one individual to another individual of a structural unit of the human body that serves a specific function or functions. Benefits will be provided for medically necessary services contained in the Master Contract when provided for the following human organ transplants:

- heart
- liver
- kidney
- heart-lung

All other transplants are excluded from coverage.

II. COVERED SERVICES

A. Donor Recipient Eligibility

When the transplant recipient is an eligible Blue Cross and Blue Shield of Florida contract holder, covered under this endorsement, benefits will be provided for the acquisition of the medically necessary organ. In the instance where the organ is obtained from a live donor, the medically necessary cost related to organ harvesting will be covered by the recipient's applicable contract benefits as to the cost of the medically necessary harvesting procedure.

B. Covered Services

1. Benefits will be provided for the medically necessary services contained in the Master Contract. In addition, coverage under this endorsement will extend benefits for immunosuppressant therapy.

2. Donor/Cadaver

Benefits will be provided for the following:

- tissue and lab matching;
- surgical removal of the organ; and
- storage and transportation of the organ to the surgical site.

C. Covered Facilities

In order to receive full contract benefits, as outlined in the Master Contract, the organ transplant procedure must be performed in a facility which meets the criteria

established by the National Institute of Heart Blood and Lung or the National Institutes of Health. If services are performed in a facility which does not meet the criteria, no benefit payment will be extended.

III. LIFETIME MAXIMUM

The benefits set forth in this endorsement are inclusive with the lifetime maximum stated in the Master Contract for all covered services.

IV. EXCLUSIONS

Benefits will *not* be provided for the following:

- human organ transplant services for which the cost is covered funded by governmental, foundation or charitable grants. This includes services performed on potential or actual living donors, recipients and cadavers.
- any organ or tissue which is sold rather than donated to the recipient member. No benefits will be payable for the purchase price of such organ or tissue.
- services and supplies which are experimental or investigational in nature, meaning any treatment, procedure, facility, equipment, drugs, drug usage, devices, or supplies not generally recognized as accepted medical practice in that they have shown to be consistently effective for the diagnoses or treatment of the insured's condition, including any such services or supplies which do not meet federal or other governmental agency approval not granted at the time services were rendered.

V. DETERMINATION OF BENEFITS

Due to the extensive nature of the services related to an organ transplant procedure, Blue Cross and Blue Shield of Florida, Inc., upon written request, will make a prior determination of the benefits to which the insured is entitled.

In order to request a prior determination, the following should be sent to our Home Office:

- documentation from the attending physician as to the condition of the patient which requires such service; and
- the name of the facility to which the insured has been accepted into its Organ Transplant Program.

Based on the limitations set forth in the Master Contract, and this endorsement, Blue Cross and Blue Shield of Florida, Inc., will provide a written description of the benefits to which the insured is entitled to receive.

VI. TERMINATION OF THIS ENDORSEMENT

This endorsement may be terminated at any time for any reason by Blue Cross and Blue Shield of Florida, Inc., upon giving at least thirty (30) days written notice to the contract holder.

Coverage under this endorsement shall automatically terminate at the end of the grace period specified in the Master Contract, if the required rate for the Master Contract is not paid when due

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.

William E. Flaherty
William E Flaherty
President

John S Slye
Secretary

Nothing in this endorsement shall extend, vary or waive any of the provisions, benefits, exclusions, limitations or conditions contained in the Master Contract other than as stated in this endorsement.

Blue Cross
Blue Shield
of Florida

Home Office
532 Riverside Avenue
Jacksonville, Florida 32231-0014
(Not for Profit Corporation)

NAME: Sebring Utilities Commissio

NUMBER: 52051

EFFECTIVE DATE: Nov 15,1987

WELL CHILD CARE ENDORSEMENT

This endorsement is to be attached to and form a part of your contract and any riders or endorsements attached thereto.

In compliance with Florida Statutes 627.6579, your health coverage program will provide for well child care services from the moment of birth to age 16 years.

I. Definitions

The following term will amend the definition or basic terms section contained in your contract.

Well Child Care is defined as child health supervised services which are physician-delivered or physician supervised services provided for an eligible dependent child up to 16 years of age.

II. Eligibility

To be eligible for the benefits outlined in this endorsement, the dependent child must be a covered eligible dependent when the services are performed.

III. Covered Services

Benefits will be provided for the following:

- periodic examinations, which include a history, physical examination, developmental assessment and anticipatory guidance;
- oral and/or intramuscular injections for the purpose of immunizations; and
- laboratory tests, all keeping with prevailing medical standards.

These services will be limited to a total of:

o 18 visits during a 16 year period which should be rendered at approximately the following age intervals:

- birth	- 15 months	- 6 years
- 2 months	- 18 months	- 8 years
- 4 months	- 2 years	- 10 years
- 6 months	- 3 years	- 12 years
- 9 months	- 4 years	- 14 years
- 12 months	- 5 years	- 16 years

These benefits will not be subject to the contract deductible, if applicable, but will be limited to only one visit per each age interval.

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.

William E. Flaherty

William E. Flaherty
President

Nothing in this endorsement shall extend, vary, alter, or waive any of the provisions, benefits, exclusions, limitations or conditions contained in the contract other than as stated in this endorsement.

7362-986PS (Group)

Tcars
Employee Assistance program
Phone (813) 293-5811
P O Drawer 9306, Winter Haven, Florida 33880

EMPLOYEE ASSISTANCE PROGRAM AGREEMENT

THIS AGREEMENT, entered into this 1ST day of OCTOBER, 19 91, by and between TCARS EMPLOYEE ASSISTANCE PROGRAM (hereinafter referred to as the EAP) and SEBRING UTILITIES for a period of 1 year(s) to end the 30TH day of SEPTEMBER, 19 92.

Recognizing the mutual value to management and employees, SEBRING UTILITIES enters into agreement with the EAP to provide confidential, professional evaluation, referral, and/or counseling for SEBRING UTILITIES employees and their immediate families.

The EAP may be utilized through direct voluntary contact with the EAP without consultation with the employer by employee or employee's family; or, the EAP may be utilized by Managers and/or Supervisors to provide a constructive way to help employees deal with personal problems which are causing job performance problems, in which case, referral to the EAP will be initiated by the employer.

SERVICES PROVIDED BY TCARS EAP:

IT IS AGREED the EAP will:

(1) Continue to consult with the Company to identify job performance problem areas which are evident within the Company;

(2) Provide for continued promotion of the EMPLOYEE ASSISTANCE PROGRAM within the Company;

(3) Conduct Supervisors and Employee Training Workshops; dates to be mutually agreed upon; and,

(4) Provide follow-up and evaluation of program utilization and effectiveness bi-annually or quarterly;

(5) Provide a toll free number for convenience to employees who are outside the local calling area, 1/800/226-2433;

(6) Provide a 24 hour crisis line (coverage 24 hours a day with a clinician on call);

(7) Day and evening appointments to accommodate work schedules;

(8) Follow-up on referrals are made on a regular basis;

(9) TCARS-EAP works with the individual's ability to pay (sliding scale theory) in the event continuing sessions are needed beyond the contracted number. Our clinicians are dedicated to the well-being of persons, and, in many cases, will see people beyond the contracted sessions without co-payment.

(10) Based on the client's needs, if referrals are required before the sessions are used, cost will be minimized by researching financial options.

(11) TCARS-EAP companies are eligible to receive a 10% discount on residential care and intensive outpatient care within Tri-County Addictions Rehabilitation Services facilities. This is in addition to TCARS already below local area treatment cost for addiction rehabilitation.

(12) TCARS maintains the flexibility to offer a sliding scale fee, allowing clients to continue treatment.

(13) When residential treatment is recommended, TCARS does not require a large fee before the client is admitted. TCARS works with the client on an individual basis regarding income versus expenses and will work with the client via an affordable payment plan.

IT IS AGREED the EAP will evaluate employees having job performance problems at a location readily accessible to the employee but which will ensure privacy and confidentiality. In addition, up to THREE (3) counseling sessions will be offered at no charge to the employees and their immediate family members. (See exception for legal and financial counseling). If treatment is needed by employee or immediate family member, the cost will be borne by the employee and/or Company health insurance policy. The evaluation, progress in treatment, and termination from treatment are confidential issues between the employee and the EAP. In the event of voluntary self-referral, no information will be released to the Company other than the number of employees using the EAP services. In the event of a job performance related issue, Company will be notified if the employee does or does not keep the evaluation appointment. The employer will be notified of the amount of time the employee may be away from work (i.e., inpatient referral) for necessary treatment. The employer will be notified when the employee has completed treatment, or if employee does not choose to follow through on a treatment plan. If the employee

signs a "waiver of confidentiality form", the employer will be informed of treatment progress. IT IS AGREED, when an appointment is made, either self or job performance related, every effort will be made to keep that appointment. Should circumstances prevent the employee from attending at the scheduled time, TCARS-EAP must be notified of cancellation. If cancellation notice is not received, it will be considered a used session. Extenuating circumstances will be an exception. IT IS AGREED if the company chooses to make a personal statement in an all-employee meeting or divisional meeting, the EAP representative will be available to attend these introductory meeting(s).

SERVICES PROVIDED BY THE COMPANY:

IT IS AGREED by the Company that a statement of support will be handed out to employees. IT IS AGREED that payroll inserts of leaflets explaining and interpreting the program will be included at least four (4) times per year for all employees, and new employees hired after OCTOBER 1, 1991 will be given an EAP interpretive brochure.

These sessions may be done by EAP staff members or a referral will be made to a more appropriate agency. In cases of financial or legal need, coverage will include one (1) session with financial consultant or attorney. If further counseling sessions are needed and the Company's health insurance does not cover the provided services, these services will be provided by EAP and a schedule of payments will be worked out with the employee.

FEE TO COMPANY:

Cost to the Company will be $5.00 per year per employee calculated on an annual basis. There are 111 employees for this year. Payment for services of ($555.00) FIVE HUNDRED FIFTY FIVE DOLLARS for one (1) year is due at the time of the signing of this Agreement.

SIGNED: _____
Joe E. Calhoun, General Manager
COMPANY: Sebring Utilities Commission

DATE: ~~September 19, 1991~~
WITNESS: _____

SIGNED: _____
TCARS EMPLOYEE ASSISTANCE PROGRAM

DATE: _____
WITNESS: _____

Employee's Flexible Benefit Premium Only Plan of

SEBRING UTILITIES COMMISSION

Administered by:

Flex-Benefits, Inc.
3965 Henderson Blvd.
Suite 300
Tampa, Florida 33629

SEBRING UTILITIES COMMISSION

FLEXIBLE BENEFIT PREMIUM ONLY PLAN

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F L E X I B L E B E N E F I T P R E M I U M O N L Y P L A N

ARTICLE I - Purpose

1.1 Purpose. The Purpose of this Plan is to provide benefits for Employees who shall qualify hereunder. The Employee shall have the option of choosing among different types of benefits based on the Employee's individual needs and desires. The choices shall include the option to receive certain nontaxable benefits in lieu of taxable compensation.

1.2 Legal Status. This plan is intended to qualify under Section 125 of the Internal Revenue Code, as amended, and the benefits which an Employee elects to receive under the Plan, be includable or excludable from the Employee's income under Section 125 and other applicable sections of the Internal Revenue Code, as amended.

ARTICLE II - Definitions

Unless a different meaning is clearly indicated, wherever used in this Agreement, the following words have the following meanings:

2.1 Administrator. The Administrator shall be the Company or any other person, committee or entity as may be appointed by the Company to supervise the administration of this plan.

2.2 Agreement. Agreement shall mean this Agreement and all amendments and supplements thereof.

2.3 Anniversary date. The anniversary date shall be the first day of August, 1989 and the 1st day of August each and every year thereafter, i.e., Plan Year.

2.4 Beneficiary. Beneficiary means any one or more primary or contingent beneficiaries designated by the Participants to receive any benefit payable under the plan on or after the death of the Participant.

2.5 Benefit. Benefit means any benefit provided to a Participant under the Employee's Medical Insurance Premium Reimbursement Program.

2.6 Code. Code shall mean the Internal Revenue Code of 1954, as amended from time to time. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

2.7 Company. Company means Sebring Utilities Commission.

2.8 Compensation. Compensation means the most recently available W-2 (calendar year) compensation, or base pay whichever is lower.

2.9 Dependents. Dependents is the same meaning as set forth in Section 152 of the Code.

2.10 Directors. Directors means the board of directors (trustees) of the Company.

2.11 Effective Date. Effective Date means August 1, 1988.

2.12 Employee. Employee means any regular, full-time employee of the Company who is expected to work at least 30 hours per week.

2.13 Employment Anniversary Year. This term means a twelve (12) month period beginning with an Employee's Employment Commencing Date and ending on the last day preceding the following Employment Anniversary Date, and each twelve (12) month period thereafter.

2.14 Expense. Expense shall mean any expense paid by a Participant, the reimbursement of which by the Company would not be includable in the income of the Participant under any provision of the Code.

2.15 Highly Compensated Employee. A Highly Compensated Employee is a Participant who is an officer of the Company; a shareholder owing 5% or more of the voting shares of stock in the Company; an Employee who is earning $45,000 or more in annual compensation from the Company and owning one of the ten largest equity interests in the Company; a shareholder owing 1% interest in the company and having an annual compensation from the Company of more than $150,000; or a spouse or dependent of a Participant described in this subsection.

2.16 Hour of Service. Hour of Service means each hour for which an Employee is Paid, or entitled to payment, for the performance of duties for the Company.

2.17 Nontaxable Benefits. Nontaxable benefits means those benefits (as provided for in Article IV) the Company could have provided and funded as a tax-deductible expense, and that would not have been includable in the gross income of the Participant.

2.18 Participant. Participant means an Employee who qualifies to participate in accordance with Article III.

2.19 Plan. Plan means the Plan embodied herein (as it may be amended from time to time) to be known as the "Employee's Flexible Benefit Premium Only Plan of Sebring Utilities Commission".

ARTICLE III - Participation (Eligibility)

3.1 Employees on Effective Date. Each Employee who is in the Company's employment on the Effective Date shall be eligible to participate on the Effective Date.

3.2 New Employees After Effective Date. Each Employee whose employment by the Company begins after the Effective Date shall be eligible to participate the first of the month following ninety (90) days continuous employment by the Company.

3.3 Reemployment of Former Employee. A reemployed former Employee will become eligible when he/she meets the requirements of subsection 3.2.

3.4 Termination of Employment. Termination of employment by an Employee shall terminate participation in the Plan.

ARTICLE IV - Benefits

4.1 Salary Reduction. By participating in this Plan, each Participant agrees to have his/her annual compensation reduce by the cost of the benefits selected under the Plan.

4.2 Available Benefits. The programs under which benefits are available to Participants under this Plan are as follows:

1. Medical Insurance Premium Reimbursement Program - Appendix A.

4.3 Flexible Spending Account. Reimbursable expenses shall be credited to a fund titled "Flexible Spending Account" in the following manner.

1. Constant reimbursable expenses will only be added to the account if requested by the Employer, since these expenses are regular and normally paid directly by the Employer without an Employee provided paid receipt.

4.4 Failure to Elect. A Participant failing to return a completed election of benefits form to the Administrator on or before the specified due date shall be deemed to have elected to receive his/her full compensation in cash. A Participant who fails to return a completed election of benefit form to the Administrator on or before the specified due date in any subsequent Plan Year(s) will be deemed to have elected the same benefits as were in effect just prior to the end of the previous Plan Year.

4.5 Irrevocability of Elections. Elections made under the Plan (or deemed to be made in accordance with Section 4.3) shall be irrevocable by the Participant during the Plan Year, except a Participant will be allowed to change his/her medical premium election should there be a rate increase/decrease by the insurance carrier or if the employer changes carriers during the

plan year and there is a difference in rates and/or benefits.

ARTICLE V - Administration

The administration of the Plan shall be under the supervision of the Administrator appointed by the Company, it's Board of Directors, or Board of Trustees.

ARTICLE VI - Administrator

6.1 General. The Administrator shall supervise the Administration of the Plan.

6.2 Authority and Duties. It shall be the principal duty of the Administrator to see that the Plan is carried out, in accordance with it's terms, for the benefit of the Participants without discrimination among them. For this purpose, the Administrator's duties will include, but will not be limited to, the following authority to:

a. Interpret the plan and all applications hereof.

b. Make and enforce all rules and regulations it deems necessary for the administration of the Plan, and from time to time, to amend or supplement such rules and regulations.

c. Decide all questions that may arise under the Plan including the eligibility of any person to participate.

d. Decide any and all disputes which may arise involving Participants, Former Participants, Beneficiaries or Trustees, such decisions to be made in good faith and to be final, conclusive and binding on all persons claiming benefit under the plan.

e. Engage such agents, accountants, consultants, counsel and other persons to assist in the administration of the plan. The Administrator shall not be responsible for any action taken or omitted to be taken pursuant to the written opinions of certificates of any agent, accountant, consultants or counsel.

f. Allocate and/or delegate its responsibilities under the Plan and to designate other persons to carry out any of it's responsibilities. Such allocation and/or delegation must be in writing.

6.3 Reliance on Information. The Administrator may rely on all information, to be true and correct, that is furnished by the Participant, Company, and/or any other administrator of benefits for the Company, it may reasonably request, from time to time, for the purpose of the administration of the Plan.

6.4 Changes by Administrator. If the Administrator determines before or during any Plan Year, that the Plan may fail to satisfy any non-discrimination requirement of the Code for such Plan Year, it may take such action as the Administrator deems appropriate, under rules non-discriminately applicable to similarly situated Participants, to assure compliance with the Code.

6.5 Indemnification. The Company shall indemnify and defend, to the fullest extent of the law, any Employee or former Employee serving as Administrator (or former Administrator), or on a committee serving as Administrator (or former Administrator) against any and all liabilities, damages, cost, fees or expense including attorneys' fees and settlements approved by the company, as a result of any act or omission to act in the administration of the Plan, provided such act or omission to act is done in good faith.

ARTICLE VII - Retention of Plan Administrator.

7.1 General. The Company, at it's option, may retain an outside third party entity to administer the Plan. In doing so, the Company agrees to accept the "agreement for Services" contract which will become part of the Plan Document along with the following subsections.

7.2 Duties. The Administrator shall, as part of it's general duty, supervise and administer the Plan:

a. Supervise the establishment of procedures for the maintenance of records, by the Company, containing all relevant data pertaining to any person affected hereby and his rights under the Plan and shall ascertain that such person receives the benefits to which he is entitled under the Plan.

b. Interpret and construe the provisions of this Agreement, decide any disputes which may arise relative to the rights of Participants, and their Beneficiaries under the terms of the Plan, give instructions and directions to the Trustees as necessary, and in general, direct the administration of the Plan, provided, however, the administrator's interpretation of the Plan or action under the Plan shall not increase the burden imposed on the Trustee without the consent of the Trustee.

c. Perform all accounting services, and prepare all reports set forth in the provisions of the "Agreement for Services".

The foregoing list of duties is not intended to be either complete or conclusive, and the Administrator shall, in addition, exercise such other powers and perform such other duties as it may deem necessary, desirable, advisable or proper for the supervision and administration of the Plan.

7.3 Liability of Plan Administrator. Except where required by law, no bond or other security shall be required of the Administrator unless the Administrator handles funds or other property of the Plan. Additionally, the Administrator shall not be responsible for the acts of commission or omission of another fiduciary.

ARTICLE VIII - Amendment and Termination of the Plan

8.1 Plan Amendment.

a. The company shall retain the right, by it's own action or that of it's Directors, in their sole and final discretion, to amend the Plan at any time and from time to time to any extent that they may deem advisable. In no event, however, shall any amendment to the Plan result in discrimination in favor of a Participant who is a Highly Compensated Employee.

b. A notarized copy of the Company or Directors Resolution, as the case may be, shall be delivered to the Administrator and the Plan shall be amended in a manner and effective as of the date set forth in such Resolution, and the Employees, Participants, Beneficiaries, and others having an interest under the Plan shall be bound by it.

c. Notwithstanding (b) above, no amendment shall affect the Nontaxable Benefits of any Participant until the Employment Anniversary Date coincident with or next following the effective date of the amendment.

8.2 Plan Termination.

a. The Company shall retain the right, by it's own action or that of it's Directors, in their sole and final discretion, to terminate the Plan at any time. A notarized copy of the resolution shall be delivered to the Administrator, and the Plan shall be terminated as of the date of termination specified in the resolution.

b. The Plan shall automatically terminate upon cessation of operations by the Company unless a successor Company adopts and continues the Plan.

ARTICLE IX - Miscellaneous

9.1 Forms and Proofs. Each Participant or Beneficiary eligible to any benefit hereunder shall complete such forms and furnish such proofs, receipts and releases as shall be required by the Administrator.

9.2 Nonassignability. No benefit under the Plan shall be liable for any debt, liability, contract, engagement or tort of any Participant or his/her Beneficiary, nor be subject to

anticipation, sale assignment, transfer, encumbrance, pledge, charge, attachment, garnishment, execution or other voluntary or involuntary alienation or other legal or equitable process , nor transferability by operation of law.

9.3 Construction and Law Governing.

a. Words used herein in the masculine or feminine gender shall be construed as the masculine or feminine gender, respectively, where appropriate.

b. Words used herein in the singular or plural shall be construed as the singular or plural, respectively, where appropriate.

c. The Plan shall be construed, enforced and administered and the validity determined in accordance with the Employee Retirement Security Act of 1974 (ERISA, as amended), the Internal Revenue Code of 1954 (as amended), and the applicable laws of the State of Florida. Should any provision be void by any court of competent jurisdiction, the Plan will continue to operate, and for the purposes of the jurisdiction of that court only, will be deemed not to include the provision determined to be void.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed in it's name and behalf this 8TH day of AUGUST 1988 by it's officer thereunto duly authorized.

SEBRING UTILITIES COMMISSION

By: James E Moorhead

Title: GENERAL MANAGER

APPENDIX A

Medical Insurance Premium Reimbursement Program

1. General. The Company shall reimburse all Participants for medical insurance expenses to the extent provided herein. For the purposes of this program, medical insurance expenses shall include costs of medical and hospitalization insurance, major medical insurance, cancer care insurance, disability insurance, vision care insurance and/or dental care insurance. Medical insurance expenses of a Participant shall include those incurred by the Participant individually, a spouse of the Participant and any dependent children of the Participant. There shall be no reimbursement to the extent there is other reimbursement such as through other insurance, damages or otherwise.

2. Maximum Reimbursement. The maximum amount of medical insurance premium reimbursement for an Participant in any Plan Year shall not exceed twelve (12) times the amount of the Participant's monthly allocation to this program.

3. Method of Payment by the Company.

a. The Company shall pay, if applicable, the group health premiums due on behalf of the Participant, directly to the insurance company. This payment administratively shall be construed as:

1. A reduction of income from the Participant.
2. A reimbursement paid to the Participant.

b. To receive reimbursement for any other medical insurance premium not paid directly to the insurance company by the Company, a Participant shall submit a receipted bill, cancelled check or other written verification of expenditure to the Company for payment.

4. Intent. This program is intended to comply with the provisions of the Code, Sections 105 and 106 and, therefore, will be deemed to be automatically amended to comply with all appropriate regulations to these parts, issued by any appropriate government agency as of the effective date of each such regulation, unless the Company elects instead to terminate the Plan following the issuance of regulation.

AGREEMENT FOR SERVICES

AGREEMENT MADE THIS 8th DAY OF August 1988 BETWEEN SEBRING UTILITIES COMMISSION, HEREINAFTER REFERRED TO AS "EMPLOYER" AND FLEX-BENEFITS, INC., AN ADMINISTRATOR OF FLEXIBLE BENEFIT PLANS, HEREINAFTER REFERRED TO AS "CONSULTANTS".

WHEREAS, the Employer intends to install a Flexible Benefit Plan designed to comply with Section 125 and other applicable sections of the Internal Revenue Code; and

WHEREAS, the Flexible Benefit Plan incorporates professional material, and internally developed corporate information;

NOW THEREFORE, in consideration of the mutual promises and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged the parties agree as follows:

1. Consultants agree to make available the Flexible Benefit Plan to be used as the Employer's Plan.

2. Employer designates and appoints the Consultants to be the Administrator of its Plan and authorizes the Consultants to perform the functions and duties necessary to prepare, implement and operate the Plan.

3. Consultants shall have the right to retain outside services at its cost wherever necessary including administrative marketing services.

4. Employer agrees to provide data to make necessary payroll deductions and assist Consultants in implementing and operating the program.

5. Consultants agree to perform all the functions and duties essential in preparation and implementation of the Employer's Plan.

6. Consultants agree to perform all the duties and function essential to continuing operation of the Employer's Plan after its implementation, which will include annual program reviews.

7. Nothing contained herein shall obligate employer to utilize Consultants as their agents or brokers in providing fringe benefits to employees.

8. Consultants warrant that the plan and its method of implementation satisfy current interpretation of IRS guidelines and state and federal law.

9. Consultants shall promptly inform employer of all changes in or issuance of or enactment of statutes, amendments, regulations applicable to the plan.