

ORIGINAL

STATE OF FLORIDA

COMMISSIONERS:  
BRAULIO L. BAEZ, CHAIRMAN  
J. TERRY DEASON  
LILA A. JABER  
RUDOLPH "RUDY" BRADLEY  
CHARLES M. DAVIDSON



OFFICE OF THE GENERAL COUNSEL  
RICHARD D. MELSON  
GENERAL COUNSEL  
(850) 413-6199

Public Service Commission

January 15, 2004

Mr. Scott Boyd  
Joint Administrative Procedures  
Committee  
Room 120 Holland Building  
Tallahassee, Florida 32399-1300

RECEIVED FPSC  
01 JAN 16 AM 9:06  
COMMISSION  
CLERK

Re: PSC Docket No. 031128-EU

Dear Mr. Webb:

The Commission has received a Petition for Declaratory Statement of Withlacoochee River Electric Cooperative, Inc. regarding a territory dispute with Progress Energy Florida, Inc. in Hernando County, FL. A copy of the petition is enclosed. A notice will be published in the Florida Administrative Weekly on January 23, 2004.

Sincerely,

Christiana T. Moore  
Associate General Counsel

- AUS
- CAF
- CMP
- COM
- CTR
- ECR
- GCL
- OPC
- MMS
- SEC
- OTH

withlacoocheeletter.ctm  
cc: Division of the Commission Clerk  
and Administrative Services

Enclosure

DOCUMENT NUMBER DATE  
00653 JAN 16 04  
FPSC-COMMISSION CLERK

ORIGINAL

NABORS, GIBLIN & NICKERSON, P.A.  
ATTORNEYS AT LAW

SUITE 200  
1500 MAHAN DRIVE  
TALLAHASSEE, FLORIDA 32308

TELEPHONE (850) 224-4070  
TELECOPY (850) 224-4073

THE POINTE, SUITE 1060  
2502 ROCKY POINT DRIVE  
TAMPA, FLORIDA 33607  
(813) 281-2222  
TELECOPY (813) 281-0129

031128-50

CNL CENTER, SUITE 610  
450 SOUTH ORANGE AVENUE  
ORLANDO, FLORIDA 32801  
(407) 426-7595  
TELECOPY (407) 426-8022

December 29, 2003

Via Hand-Delivery

COMMISSION  
CLERK

DEC 29 PM 3:32

RECEIVED-FPSC

Ms. Blanca S. Bayo, Director  
Division of Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Petition for Declaratory Statement of Withlacoochee River Electric Cooperative, Inc.  
Regarding a Territory Dispute with Progress Energy Florida, Inc. in Hernando County,  
Florida

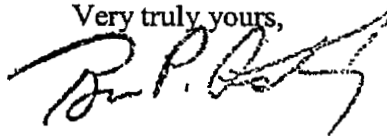
Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of  
Withlacoochee River Electric Cooperative's Petition for Declaratory Statement.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this  
letter and returning it to me in the enclosed postage pre-paid, self-addressed envelope.

Thank you for your assistance in connection with this matter.

Very truly yours,



Brian P. Armstrong

BPA/adg  
Enclosures

cc: Kenneth Hoffman, Esq.  
Kathleen Small

DOCUMENT NUMBER DATE

13511 DEC 29 03

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition For Declaratory Statement of )  
Withlacoochee River Electric Cooperative, Inc. )  
Regarding a Territorial Dispute with Progress )  
Energy Florida, Inc. in Hernando County, Florida )

DOCKET NO. 031128  
FILED: December 29, 2003

PETITION FOR DECLARATORY STATEMENT

Pursuant to section 120.565, Florida Statutes and Rules 28-105.001, 28-105.002 and 28-105.003, Florida Administrative Code, Withlacoochee River Electric Cooperative, Inc. ("WREC") hereby respectfully requests that the Commission issue a declaratory statement defining the rights and obligations of WREC under that certain service territory agreement (the "Service Territory Agreement") between WREC and Progress Energy Florida, Inc. ("Progress") approved by the Commission and embodied in Order No. 25309 (the "Order"), issued in Docket No. 910940-EU on November 7, 1991.

Specifically, WREC requests an order declaring that, pursuant to the Order: (1) the Service Territory Agreement is valid and binding upon WREC and Progress; (2) the filing of a petition for declaratory statement is the appropriate remedy pursuant to Section 2.2 of the Service Territory Agreement where a customer requesting service from WREC owns property which is located in areas designated to be served by both WREC and Progress; (3) WREC is authorized to be the sole provider of service to the customer where (a) the customer has requested that WREC provide such service, (b) WREC has notified Progress of customer's request that WREC provide service to customer's entire property, including property located in areas designated under the Service Territory Agreement to be served by Progress, (c) WREC, Progress and customer have attempted to resolve this matter and are unable to do so, (d)

customer continues to request service from WREC to customer's entire property, and (e) WREC is ready, willing and able to comply with customer's continued request for service to customer's entire property; and (4) the service territory boundaries indicated in the Service Territory Agreement be amended to provide for WREC's authority to provide service to customer's entire property. In support whereof, WREC says:

1. The Petitioner's name and address are as follows:

Withlacoochee River Electric Cooperative, Inc.  
Post Office Box 278  
Dade City, Florida 33526-0278

2. The names, addresses, telephone and facsimile numbers of the Petitioner's representatives in this matter and the persons to whom all notices and other documents should be sent in connection with this docket are as follows:

Duane Vann  
Assistant General Manager  
Withlacoochee River Electric Cooperative, Inc.  
Post Office Box 278  
Dade City, Florida 33526-0278  
(352) 567-5133, ext. 6300  
(352) 521-5971 Fax

Brian P. Armstrong  
Nabors, Giblin & Nickerson, P.A.  
1500 Mahan Drive, Suite 200  
Tallahassee, Florida 32308  
(850) 224-4070  
(850) 224-4073 Fax

3. WREC operates a rural electric cooperative utility that is subject to the statutory jurisdiction of this Commission for certain purposes. WREC provides electric service to customers within Hernando County, Florida.

4. Progress is an investor-owned public utility subject to the statutory jurisdiction of this Commission. Progress provides electric service to customers in Hernando County and other counties in Florida.

5. Pursuant to section 366.04(2)(d), Florida Statutes, the Commission has authority to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities under its jurisdiction.

6. In addition, pursuant to section 366.04(2)(e), Florida Statutes, the Commission has authority to resolve any territorial dispute involving service areas between and among rural electric cooperatives, municipal electric utilities and other electric utilities under its jurisdiction.

7. On July 16, 1991, WREC and Progress entered into the Service Territory Agreement for the purpose of creating and establishing boundary lines between their respective electric service areas in Hernando County, Florida, subject to the approval of this Commission. The express purpose and intent of the Service Territory Agreement was to "minimize costs to their respective ratepayers by avoiding duplication of generation, transmission, and distribution facilities." WREC and Progress expressly agreed in Section 2.2 of the Service Territory Agreement "that neither of them will knowingly serve or attempt to serve any New Customer whose end use facilities are located within the Territorial Area of the other Party, except as specifically provide in this Section of the Agreement."

8. On September 9, 1991, WREC and Progress jointly filed a petition with this Commission in Docket No. 910940-EU asking this Commission to approve the Service Territory Agreement. On November 7, 1991, the Commission issued Order No. 25309 incorporating by reference and approving the Service Territory Agreement. The Commission reviewed the proposed service territory boundaries and concluded that the Service Territory Agreement was in

the best interests of the parties and the public. A copy of the Order and Service Territory Agreement is attached hereto as Appendix A.

9. By letter dated October 27, 2003, a copy of which is included in Appendix B, hereto, Majestic Oaks Partners, LLC ("Customer") requested that WREC provide retail electric service to the entirety of its 420 acre property (the "Property") located in Hernando County, Florida. Customer noted that the existing territorial boundary between WREC and Progress divides the Property. Petitioner shall provide a map of the Property and respective service territories shortly under separate cover. In this correspondence, Customer outlines previous meetings and discussions between Customer, WREC and Progress related to Customer's desire that WREC be the sole provider of electric service to the Property. Since Progress was unable to concede to Customer's request that WREC be permitted to provide retail electric service to the entire Property, Customer ended its correspondence to WREC by requesting that WREC "accept this as a formal request by [Customer] that [WREC] provide electric service to [Customer's] property and proposed development as shown in the enclosed map pursuant the provisions of Section 2.2 of the PSC approved territorial agreement between [Progress] and [WREC]." Customer renewed this request by letter dated December 17, 2003 from its attorney to WREC.

10. As demonstrated in the several pieces of correspondence included in Appendix B to this Petition, the parties have attempted to resolve the service area issue concerning the location of the Property in the previously approved service territories of both WREC and Progress. The parties have been unable to resolve such issue to the satisfaction of Customer. Customer has requested that WREC file this Petition with the Commission pursuant to the Service Territory Agreement.

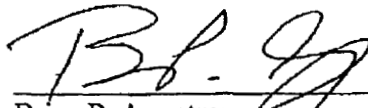
11. Failure to grant the declaratory relief requested in this Petition is likely to result in the uneconomic duplication of facilities by WREC and Progress.

**WHEREFORE**, WREC respectfully requests that the Commission issue an order declaring that:

1. The Service Territory Agreement is valid and binding upon WREC and Progress;
2. Amendment of the service territory set forth in the Service Territory Agreement in the manner requested in this Petition avoids the uneconomic duplication of facilities and comports with the best interests of Customer;
3. WREC has the exclusive right and obligation under the Service Territory Agreement, as amended by the granting of this Petition, to provide end use electric service to the entirety of Customer's Property; and
4. Any attempt by Progress after issuance of the Commission's order granting this Petition to provide electric service to such facilities in WREC's service territory, without prior Commission approval, would constitute a violation of the Service Territory Agreement and Order No. 25309.

DATED this 29<sup>th</sup> day of December, 2003.

Respectfully submitted,



---

Brian P. Armstrong  
Nabors, Giblin & Nickerson, P.A.  
1500 Mahan Drive, Suite 200  
Tallahassee, Florida 32308  
(850) 224-4070 Telephone No.

ATTORNEY FOR WITHLACOCHEE RIVER  
ELECTRIC COOPERATIVE, INC.

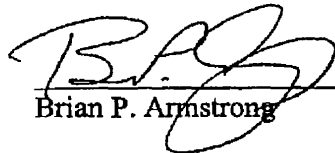


**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing Petition for Declaratory Statement, filed on behalf of Withlacoochee River Electric Cooperative Inc., has been furnished by U.S. Mail on this 29<sup>th</sup> day of December, 2003 to the following:

Kenneth Hoffman, Esq.  
Rutledge, Ecenia, Underwood, Purnell & Hoffman  
First Florida Bank Building, Suite 420  
215 South Monroe Street  
Tallahassee, Florida 32301

Kathleen Small  
Progress Energy Florida, Inc.  
4121 Saint Lawrence Drive  
New Port Richey, Florida 34653

  
Brian P. Armstrong

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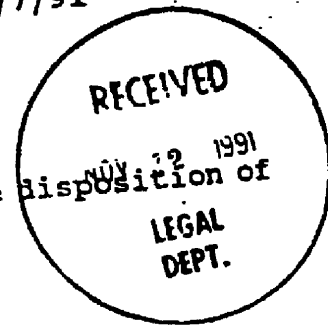
**APPENDIX A**

**ORDERNO. 25309 AND  
SERVICE TERRITORY AGREEMENT**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 910940-EU  
ORDER NO. 25309  
ISSUED: 11/7/91

In Re: Joint Petition for  
approval of territorial agreement)  
between Florida Power Corporation)  
and Withlacoochee River Electric )  
Cooperative, Inc. )



The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
SUSAN F. CLARK  
J. TERRY DEASON  
BETTY EASLEY  
MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING TERRITORIAL AGREEMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On September 9, 1991, Florida Power Corporation (FPC) and Withlacoochee River Electric Cooperative, Inc. (WREC) filed with this Commission a joint petition seeking approval of a territorial agreement (agreement) executed by the parties on July 16, 1991. The joint petition was filed pursuant to Rules 25-6.0439 and 25-6.0440, Florida Administrative Code. The agreement including its terms and conditions and the identity of the geographic areas to be served by each utility are shown in Appendix A.

The agreement represent a continuing effort by the parties to minimize the cost to their respective customers by avoiding unnecessary duplication of facilities. Although the Commission has previously approved territorial agreements between the parties, there are certain geographic areas not specifically addressed in prior agreements. This agreement covers the geographic areas of Hernando County.

DOCUMENT NUMBER-DATE

11118 NOV-7 1991

FLORIDA PUBLIC SERVICE COMMISSION

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The agreement contemplates the transfer of 275 customer accounts of WREC (54 Commercial and 221 residential) to FPC. FPC has no customers located in the proposed territory assigned to WREC. According to Section 2.3 of the agreement there will be a transition period in order to minimize any inconvenience to the customers. Under this transition procedure, any affected WREC customer may request to become a customer of FPC if the agreement is approved, or the customer may elect to remain a customer of WREC until the occurrence of a change in use, as defined by Section 1.9 of the agreement.

If approved, this agreement will continue and remain in effect for a period of fifteen (15) years from the date of this Order.

Having reviewed the joint petition, the Commission finds that it satisfies the provisions of Subsection 366.04(2)(d), Florida Statutes and Rule 25-6.0440, Florida Administrative Code. We also find that the agreement satisfies the intent of Subsection 366.04(5), Florida Statutes to avoid further uneconomic duplication of generation, transmission, and distribution facilities in the state. We, therefore, find that the agreement is in the public interest and should be approved.

In consideration of the above, it is

ORDERED by the Florida Public Service Commission that the joint petition for approval of the territorial agreement between Florida Power Corporation and Withlacoochee River Electric Cooperative, Inc. is granted. It is further

ORDERED that the territorial agreement is incorporated in this Order as Appendix A. It is further

ORDERED that this Order shall become final and the docket closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

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By ORDER of the Florida Public Service Commission, this 7th  
day of NOVEMBER, 1991.

STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

MRC:bmi  
910940.bmi

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on 12/02/91.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

APPENDIX A  
ORDER NO. 25309  
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AGREEMENT

Section 0.1: THIS AGREEMENT, made and entered into this 16th day of July, 1991 by and between Florida Power Corporation, (referred to in this Agreement as "FPC") a corporation organized and existing under the laws of the State of Florida and an electric utility as defined in Chapter 366, Florida Statutes, and Withlacoochee River Electric Cooperative, Inc. (referred to in this Agreement as "WREC"), a rural electric cooperative organized and existing under Chapter 425, Florida Statutes, and Title 7, Chapter 31, United States Code each of whose retail service territories are subject to regulation pursuant to Chapter 366, Florida Statutes and which are collectively referred to in this Agreement as the "Parties";

WITNESSETH:

Section 0.2: WHEREAS, each of the Parties is authorized, empowered and obligated by its corporate charters and the laws of the State of Florida to furnish retail electric service to persons desiring to use such service within their respective areas of service; and

Section 0.3: WHEREAS, each of the Parties presently furnishes retail electrical service to customers in Hernando County, Florida; and

Section 0.4: WHEREAS, the respective areas of service of the Parties are contiguous in many places, and the Parties desire to minimize costs to their respective ratepayers by avoiding

duplication of generation, transmission, and distribution facilities; and

Section 0.5: WHEREAS, the Florida Public Service Commission (referred to in this Agreement as the "Commission"), has previously recognized that any such duplication of facilities results in needless and wasteful expenditures and may create hazardous situations, both being detrimental to the public interest; and

Section 0.6: WHEREAS, the Parties desire to avoid and eliminate the circumstances giving rise to potential duplications of facilities and hazardous situations, and toward that end have established the Territorial Boundary Line to delineate their respective retail Territorial Areas; and

Section 0.7: WHEREAS, the Commission is empowered by Section 366.04(2)(d), Florida Statutes, to approve and enforce territorial agreements between electric utilities, has often recognized the wisdom of such agreements, and has held that such agreements, when properly presented to the Commission, are advisable in proper circumstances, and, indeed, in the public interest;

Section 0.8: NOW, THEREFORE, in consideration of the premises aforesaid and the mutual covenants and agreements herein set forth the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1: Territorial Boundary Line. As used in this Agreement, the term "Territorial Boundary Line" shall mean the boundary lines which define the geographic areas shown on the maps



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attached hereto as composite Exhibit "A", which differentiate and divide the WREC Territorial Area from the FPC Territorial Area.

Section 1.2: WREC Territorial Area. As used in this Agreement, the term "WREC Territorial Area" shall mean the geographic areas of Hernando County shown on composite Exhibit "A" designated "WREC".

Section 1.3: FPC Territorial Area. As used in this Agreement, the term "FPC Territorial Area" shall mean the geographic areas of Hernando County, shown on composite Exhibit "A", designated "FPC".

Section 1.4: Transmission Line. As used in this Agreement, the term "Transmission Line" shall mean any Transmission Line of either Party having a rating of 69kV or greater.

Section 1.5: Distribution Line. As used in this Agreement, the term "Distribution Line" shall mean any Distribution Line of either Party having a rating of up to, but not including 69kV.

Section 1.6: Person. As used in this Agreement, the term "Person" shall have the same inclusive meaning given to it in Section 1.01(3), Florida Statutes.

Section 1.7: New Customer. As used in this Agreement, the term "New Customer" shall mean any Person that applies to either WREC or FPC for retail electric service after the effective date of this Agreement.

Section 1.8: Existing Customer. As used in this Agreement, the term "Existing Customer" shall mean any Person receiving retail electric service from either WREC or FPC on the effective date of

this Agreement or a surviving or divorced spouse of an Existing Customer who remains at the same service location.

Section 1.9. Change in Use. As used in this Agreement, the term "Change in Use" shall mean: (1) change in the use of real property from residential to business or business to residential; (2) a change in the use of real property that would normally require a reclassification of service under the applicable tariff of either Party; (3) a change in the use of real property that results in the addition of three or more meters during the term of this Agreement; or (4) a change in the use of real property by reason of a change in the ownership or occupancy thereof to any Person other than a surviving or divorced spouse of an Existing Customer who received electric service at the same location.

Section 1.10. End Use. As used in this agreement, the term "end use" means the use of electric energy by a customer at a geographic location where the electric energy is ultimately consumed.

Section 1.11. End Use Facilities. As used in this agreement, the term "end use facilities" means those facilities at a geographic location where the electric energy used by a customer is ultimately consumed.

## ARTICLE 2

### AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1: Territorial Allocations. Except as otherwise specifically provided herein, during the term of this Agreement, WREC shall have the exclusive authority to furnish retail electric

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service for end use within the WREC Territorial Area and FPC shall have the exclusive authority to furnish retail electric service for end use within the FPC Territorial Area.

Section 2.2: Service to New Customers. The Parties agree that neither of them will knowingly serve or attempt to serve any New Customer whose end-use facilities are located within the Territorial Area of the other Party, except as specifically provided in this Section of the Agreement.

The Parties recognize that exceptional circumstances, economic constraints or good engineering practices may indicate that a customer's end-use facilities either cannot or should not be immediately served by the party in whose Territorial Area the end-use facilities are located. In such instances, upon written request to the other party by the Party in whose Territorial Area the end-use facilities are located, the other Party may agree in writing to temporarily provide service to such customer's end-use facilities. Any such agreement for temporary service shall be submitted to the Florida Public Service Commission for approval in accordance with Article 4, Section 4.1 hereof.

In the event that a New Customer or prospective New Customer requests or applies for service from either Party to be provided to end-use facilities located in the Territorial Area of the other Party, the Party receiving such a request or application shall refer the New Customer or prospective New Customer to the other Party with citation to this Agreement as approved by the

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Commission, and shall notify the other Party of such request or application.

If the New Customer or prospective New Customer delivers a written application for service after being referred to the other Party, or continues to demand service under an application made prior to a referral to the other Party, the Party receiving the application shall file a Petition for Declaratory Statement requesting the Commission to apply this Agreement to the facts presented. The petitioning Party shall notify the other Party and the applicant of its intent to file a Petition for Declaratory Statement prior to filing such Petition and shall request the joinder of the other Party as a Party to the proceeding. The petitioning Party shall not provide or attempt to provide electric service to such a New Customer unless the Commission authorizes such service in an order binding upon both Parties.

Section 2.3: Transition Period. In order to minimize inconvenience to their customers, each Party may continue to serve their respective Existing Customers listed on Exhibit "B" as provided in this Section of this Agreement, even though the location at which they are using electric service shall be located in the Territorial Area of the other Party effective upon the approval of this Agreement by the Commission. Each of such Existing Customers and the Party by which they are presently served are listed on Exhibit "B" attached to and made a part of this Agreement. This Section of this Agreement shall also apply to additional requirements for electric service by Existing Customer:

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listed on Exhibit "B" at their existing locations, subject to the "Change in Use" limitations set forth below. Existing Customers listed on Exhibit "B" may request to become customers of the other party at any time after approval of this agreement by the Commission. The parties again realize that economic constraints, good engineering practices or other exceptional circumstances may prevent the party requested to provide service from providing service immediately to the requesting Existing Customer. The parties therefore agree that the party requested to provide service shall, within the constraints referred to above, proceed expeditiously to provide the service. Until such service is available, however, the other party shall continue to provide service to the Existing Customer. In addition, Existing Customers listed on Exhibit "B" shall be transferred to the other Party (in whose territory they lie) whenever there is a "Change in Use." In either event, the parties agree that such customer shall be transferred as soon as is reasonably practicable, taking into account economics, good engineering practices, and the efficient operation of the affected utility.

Section 2.4: Bulk Power for Resale. Nothing herein shall be construed to prevent either party from providing a bulk power supply for resale purposes as defined in the Final Judgment dated August 19, 1971 in United States of America v. Florida Power Corporation and Tampa Electric Company, United States District Court for the Middle District of Florida, Case No. 68-297-Civ-T ("the Final Judgment"), regardless of where the purchaser for

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resale may be located. Further, no other section or provision of this Agreement shall be construed as applying to a bulk power supply for resale purposes as defined in the Final Judgment (attached as Exhibit C).

ARTICLE 3

OPERATION AND MAINTENANCE

Section 3.1: Facilities to Remain. Except as expressly provided herein, any generating plant, transmission line, substation, distribution line or related facility now or hereafter constructed or used by either Party in conjunction with its electric utility system, which is directly or indirectly used and useful in service to its customer by either of the Parties in its Territorial Area, shall be allowed to remain where situated and shall not be subject to removal or transfer hereunder; provided, however, that each Party shall operate and maintain all such plants, lines, substations or facilities in such a manner as to minimize any interference with the operations of the other Party.

ARTICLE 4

PREREQUISITE APPROVAL

Section 4.1: Commission Approval. The provisions and the Parties' performance of this Agreement are subject to the regulatory authority of the Commission, and appropriate approval by the Commission of the provisions of this Agreement shall be an absolute condition precedent to the validity, enforceability and applicability hereof. This Agreement shall have no effect whatsoever until that approval has been obtained, and the date of

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the Commission's order, if any, granting initial Commission approval of this Agreement shall be deemed to be the effective date of this Agreement. Any proposed modification to this Agreement shall be submitted to the Commission for approval. In addition, the Parties agree to jointly petition the Commission to resolve any dispute concerning the provisions of this Agreement or the Parties' performance of this Agreement.

Section 4.2: No Liability in the Event of Disapproval. In the event approval of this Agreement pursuant to Section 4.1 hereof is not obtained, neither Party will have any cause of action against the other arising under this document due to such non-approval.

Section 4.3: Supersedes Prior Agreements. Upon its approval by the Commission, this Agreement shall be deemed to specifically supersede any and all prior agreements between the Parties defining the boundaries of their respective Territorial Areas in Hernando County.

#### ARTICLE 5

##### DURATION

Section 5.1: This Agreement shall continue and remain in effect for a period of fifteen (15) years from the date of the Commission's initial Order approving this Agreement, and shall be automatically renewed for additional fifteen (15) year periods unless either Party gives written notice to the other of its intent not to renew at least six (6) months prior to the expiration of any fifteen (15) year period; provided, however, that each such

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renewal of this Agreement shall require prerequisite approval of the Commission with the same effect as the original Commission approval of this Agreement as required and provided for in Article 4 hereof.

ARTICLE 6

CONSTRUCTION OF AGREEMENT

Section 6.1: Intent and Interpretation. It is hereby declared to be the purpose and intent of the Parties that this Agreement shall be interpreted and construed, among other things, to further this State's policy of actively regulating and supervising the service territories of electric utilities; supervising the planning, development, and maintenance of a coordinated electric power grid throughout Florida; avoiding uneconomic duplication of generation, transmission and distribution facilities; and encouraging the installation and maintenance of facilities necessary to fulfill the Parties' respective obligations to serve.

ARTICLE 7

MISCELLANEOUS

Section 7.1: Negotiations. Regardless of any other terms or conditions that may have been discussed during the negotiations leading up to the execution of this Agreement, the only terms or conditions agreed upon by the parties are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the Parties hereto unless the same shall be in writing, attached hereto, signed by both of



DER NO. 25309  
CKET NO. 910940-EU  
.GE 15

the parties and approved by the Commission in accordance with Article 4, Section 4.1 hereof.

Section 7.2: Successors and Assigns; for Benefit Only of Parties. This Agreement shall be binding upon the Parties hereto and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended, or shall be construed, to confer upon or give to any person other than the Parties hereto, or their respective successors or assigns, any right, remedy, or claim under or by reason of this Agreement, or any provision or condition hereof; and all of the provisions, representations, covenants, and conditions herein contained shall inure to the sole benefit of the Parties or their respective successors or assigns.

Section 7.3: Notices. Notices given hereunder shall be deemed to have been given to WREC if mailed by certified mail, postage prepaid, to

Billy E. Brown (General Manager), or his successor  
Withlacoochee River Electric Cooperative, Inc.  
P.O. Box 278  
Dade City, FL 33526-0278

and to FPC if mailed by certified mail, postage prepaid to:

Patricia A. Brown (registered agent), or her successor  
Legal Department, Florida Power Corporation  
3201 Thirty-Fourth Street South,  
St. Petersburg, Florida 33711.

The person or address to which such notice shall be mailed may, at any time, be changed by designating a new person or address and giving notice thereof in writing in the manner herein provided.

ORDER NO. 25309  
DOCKET NO. 910940-EU  
PAGE 16

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate in their respective corporate names and their corporate seals affixed by their duly authorized officers on the day and year first above written.

ATTEST:

FLORIDA POWER CORPORATION

(SEAL)

By: W. J. Howell  
Vice President  
Title: Central and Northern Divisions

ATTEST:

WITHLACOCHEE ELECTRIC COOPERATIVE, INC.

(SEAL)

By: C. M. O'Connell  
Title: President

AGREEMENT

Section 0.1: THIS AGREEMENT, made and entered into this 16th day of July, 1991 by and between Florida Power Corporation, (referred to in this Agreement as "FPC") a corporation organized and existing under the laws of the State of Florida and an electric utility as defined in Chapter 366, Florida Statutes, and Withlacoochee River Electric Cooperative, Inc. (referred to in this Agreement as "WREC"), a rural electric cooperative organized and existing under Chapter 425, Florida Statutes, and Title 7, Chapter 31, United States Code each of whose retail service territories are subject to regulation pursuant to Chapter 366, Florida Statutes and which are collectively referred to in this Agreement as the "Parties";

WITNESSETH:

Section 0.2: WHEREAS, each of the Parties is authorized, empowered and obligated by its corporate charters and the laws of the State of Florida to furnish retail electric service to persons desiring to use such service within their respective areas of service; and

Section 0.3: WHEREAS, each of the Parties presently furnishes retail electrical service to customers in Hernando County, Florida; and

Section 0.4: WHEREAS, the respective areas of service of the Parties are contiguous in many places, and the Parties desire to minimize costs to their respective ratepayers by avoiding

duplication of generation, transmission, and distribution facilities; and

Section 0.5: WHEREAS, the Florida Public Service Commission (referred to in this Agreement as the "Commission"), has previously recognized that any such duplication of facilities results in needless and wasteful expenditures and may create hazardous situations, both being detrimental to the public interest; and

Section 0.6: WHEREAS, the Parties desire to avoid and eliminate the circumstances giving rise to potential duplications of facilities and hazardous situations, and toward that end have established the Territorial Boundary Line to delineate their respective retail Territorial Areas; and

Section 0.7: WHEREAS, the Commission is empowered by Section 366.04(2)(d), Florida Statutes, to approve and enforce territorial agreements between electric utilities, has often recognized the wisdom of such agreements, and has held that such agreements, when properly presented to the Commission, are advisable in proper circumstances, and, indeed, in the public interest;

Section 0.8: NOW, THEREFORE, in consideration of the premises aforesaid and the mutual covenants and agreements herein set forth the Parties hereby agree as follows:

#### ARTICLE 1

##### DEFINITIONS

Section 1.1: Territorial Boundary Line. As used in this Agreement, the term "Territorial Boundary Line" shall mean the boundary lines which define the geographic areas shown on the maps

attached hereto as composite Exhibit "A", which differentiate and divide the WREC Territorial Area from the FPC Territorial Area.

Section 1.2: WREC Territorial Area. As used in this Agreement, the term "WREC Territorial Area" shall mean the geographic areas of Hernando County shown on composite Exhibit "A" designated "WREC".

Section 1.3: FPC Territorial Area. As used in this Agreement, the term "FPC Territorial Area" shall mean the geographic areas of Hernando County, shown on composite Exhibit "A", designated "FPC".

Section 1.4: Transmission Line. As used in this Agreement, the term "Transmission Line" shall mean any Transmission Line of either Party having a rating of 69kV or greater.

Section 1.5. Distribution Line. As used in this Agreement, the term "Distribution Line" shall mean any Distribution Line of either Party having a rating of up to, but not including 69kV.

Section 1.6. Person. As used in this Agreement, the term "Person" shall have the same inclusive meaning given to it in Section 1.01(3), Florida Statutes.

Section 1.7. New Customer. As used in this Agreement, the term "New Customer" shall mean any Person that applies to either WREC or FPC for retail electric service after the effective date of this Agreement.

Section 1.8. Existing Customer. As used in this Agreement, the term "Existing Customer" shall mean any Person receiving retail electric service from either WREC or FPC on the effective date of

this Agreement or a surviving or divorced spouse of an Existing Customer who remains at the same service location.

Section 1.9. Change in Use. As used in this Agreement, the term "Change in Use" shall mean: (1) change in the use of real property from residential to business or business to residential; (2) a change in the use of real property that would normally require a reclassification of service under the applicable tariff of either Party; (3) a change in the use of real property that results in the addition of three or more meters during the term of this Agreement; or (4) a change in the use of real property by reason of a change in the ownership or occupancy thereof to any Person other than a surviving or divorced spouse of an Existing Customer who received electric service at the same location.

Section 1.10. End Use. As used in this agreement, the term "end use" means the use of electric energy by a customer at a geographic location where the electric energy is ultimately consumed.

Section 1.11. End Use Facilities. As used in this agreement, the term "end use facilities" means those facilities at a geographic location where the electric energy used by a customer is ultimately consumed.

## ARTICLE 2

### AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1: Territorial Allocations. Except as otherwise specifically provided herein, during the term of this Agreement, WREC shall have the exclusive authority to furnish retail electric

service for end use within the WREC Territorial Area and FPC shall have the exclusive authority to furnish retail electric service for end use within the FPC Territorial Area.

Section 2.2: Service to New Customers. The Parties agree that neither of them will knowingly serve or attempt to serve any New Customer whose end-use facilities are located within the Territorial Area of the other Party, except as specifically provided in this Section of the Agreement.

The Parties recognize that exceptional circumstances, economic constraints or good engineering practices may indicate that a customer's end-use facilities either cannot or should not be immediately served by the party in whose Territorial Area the end-use facilities are located. In such instances, upon written request to the other party by the Party in whose Territorial Area the end-use facilities are located, the other Party may agree in writing to temporarily provide service to such customer's end-use facilities. Any such agreement for temporary service shall be submitted to the Florida Public Service Commission for approval in accordance with Article 4, Section 4.1 hereof.

In the event that a New Customer or prospective New Customer requests or applies for service from either Party to be provided to end-use facilities located in the Territorial Area of the other Party, the Party receiving such a request or application shall refer the New Customer or prospective New Customer to the other Party with citation to this Agreement as approved by the

Commission, and shall notify the other Party of such request or application.

If the New Customer or prospective New Customer delivers a written application for service after being referred to the other Party, or continues to demand service under an application made prior to a referral to the other Party, the Party receiving the application shall file a Petition for Declaratory Statement requesting the Commission to apply this Agreement to the facts presented. The petitioning Party shall notify the other Party and the applicant of its intent to file a Petition for Declaratory Statement prior to filing such Petition and shall request the joinder of the other Party as a Party to the proceeding. The petitioning Party shall not provide or attempt to provide electric service to such a New Customer unless the Commission authorizes such service in an order binding upon both Parties.

Section 2.3: Transition Period. In order to minimize inconvenience to their customers, each Party may continue to serve their respective Existing Customers listed on Exhibit "B" as provided in this Section of this Agreement, even though the location at which they are using electric service shall be located in the Territorial Area of the other Party effective upon the approval of this Agreement by the Commission. Each of such Existing Customers and the Party by which they are presently served are listed on Exhibit "B" attached to and made a part of this Agreement. This Section of this Agreement shall also apply to additional requirements for electric service by Existing Customers



listed on Exhibit "B" at their existing locations, subject to the "Change in Use" limitations set forth below. Existing Customers listed on Exhibit "B" may request to become customers of the other party at any time after approval of this agreement by the Commission. The parties again realize that economic constraints, good engineering practices or other exceptional circumstances may prevent the party requested to provide service from providing service immediately to the requesting Existing Customer. The parties therefore agree that the party requested to provide service shall, within the constraints referred to above, proceed expeditiously to provide the service. Until such service is available, however, the other party shall continue to provide service to the Existing Customer. In addition, Existing Customers listed on Exhibit "B" shall be transferred to the other Party (in whose territory they lie) whenever there is a "Change in Use." In either event, the parties agree that such customer shall be transferred as soon as is reasonably practicable, taking into account economics, good engineering practices, and the efficient operation of the affected utility.

Section 2.4: Bulk Power for Resale. Nothing herein shall be construed to prevent either party from providing a bulk power supply for resale purposes as defined in the Final Judgment dated August 19, 1971 in United States of America v. Florida Power Corporation and Tampa Electric Company, United States District Court for the Middle District of Florida, Case No. 68-297-Civ-T ("the Final Judgment"), regardless of where the purchaser for

resale may be located. Further, no other section or provision of this Agreement shall be construed as applying to a bulk power supply for resale purposes as defined in the Final Judgment (attached as Exhibit C).

### ARTICLE 3

#### OPERATION AND MAINTENANCE

Section 3.1: Facilities to Remain. Except as expressly provided herein, any generating plant, transmission line, substation, distribution line or related facility now or hereafter constructed or used by either Party in conjunction with its electric utility system, which is directly or indirectly used and useful in service to its customer by either of the Parties in its Territorial Area, shall be allowed to remain where situated and shall not be subject to removal or transfer hereunder; provided, however, that each Party shall operate and maintain all such plants, lines, substations or facilities in such a manner as to minimize any interference with the operations of the other Party.

### ARTICLE 4

#### PREREQUISITE APPROVAL

Section 4.1: Commission Approval. The provisions and the Parties' performance of this Agreement are subject to the regulatory authority of the Commission, and appropriate approval by the Commission of the provisions of this Agreement shall be an absolute condition precedent to the validity, enforceability and applicability hereof. This Agreement shall have no effect whatsoever until that approval has been obtained, and the date of

the Commission's order, if any, granting initial Commission approval of this Agreement shall be deemed to be the effective date of this Agreement. Any proposed modification to this Agreement shall be submitted to the Commission for approval. In addition, the Parties agree to jointly petition the Commission to resolve any dispute concerning the provisions of this Agreement or the Parties' performance of this Agreement.

Section 4.2: No Liability in the Event of Disapproval. In the event approval of this Agreement pursuant to Section 4.1 hereof is not obtained, neither Party will have any cause of action against the other arising under this document due to such non-approval.

Section 4.3: Supersedes Prior Agreements. Upon its approval by the Commission, this Agreement shall be deemed to specifically supersede any and all prior agreements between the Parties defining the boundaries of their respective Territorial Areas in Hernando County.

## ARTICLE 5

### DURATION

Section 5.1: This Agreement shall continue and remain in effect for a period of fifteen (15) years from the date of the Commission's initial Order approving this Agreement, and shall be automatically renewed for additional fifteen (15) year periods unless either Party gives written notice to the other of its intent not to renew at least six (6) months prior to the expiration of any fifteen (15) year period; provided, however, that each such

renewal of this Agreement shall require prerequisite approval of the Commission with the same effect as the original Commission approval of this Agreement as required and provided for in Article 4 hereof.

#### ARTICLE 6

##### CONSTRUCTION OF AGREEMENT

Section 6.1: Intent and Interpretation. It is hereby declared to be the purpose and intent of the Parties that this Agreement shall be interpreted and construed, among other things, to further this State's policy of actively regulating and supervising the service territories of electric utilities; supervising the planning, development, and maintenance of a coordinated electric power grid throughout Florida; avoiding uneconomic duplication of generation, transmission and distribution facilities; and encouraging the installation and maintenance of facilities necessary to fulfill the Parties' respective obligations to serve.

#### ARTICLE 7

##### MISCELLANEOUS

Section 7.1: Negotiations. Regardless of any other terms or conditions that may have been discussed during the negotiations leading up to the execution of this Agreement, the only terms or conditions agreed upon by the parties are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the Parties hereto unless the same shall be in writing, attached hereto, signed by both of

the parties and approved by the Commission in accordance with Article 4, Section 4.1 hereof.

Section 7.2: Successors and Assigns; for Benefit Only of Parties. This Agreement shall be binding upon the Parties hereto and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended, or shall be construed, to confer upon or give to any person other than the Parties hereto, or their respective successors or assigns, any right, remedy, or claim under or by reason of this Agreement, or any provision or condition hereof; and all of the provisions, representations, covenants, and conditions herein contained shall inure to the sole benefit of the Parties or their respective successors or assigns.

Section 7.3: Notices. Notices given hereunder shall be deemed to have been given to WREC if mailed by certified mail, postage prepaid, to

Billy E. Brown (General Manager), or his successor  
Withlacoochee River Electric Cooperative, Inc.  
P.O. Box 278  
Dade City, FL 33526-0278

and to FPC if mailed by certified mail, postage prepaid to:

Patricia A. Brown (registered agent), or her successor  
Legal Department, Florida Power Corporation  
3201 Thirty-Fourth Street South,  
St. Petersburg, Florida 33711.

The person or address to which such notice shall be mailed may, at any time, be changed by designating a new person or address and giving notice thereof in writing in the manner herein provided.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate in their respective corporate names and their corporate seals affixed by their duly authorized officers on the day and year first above written.

ATTEST:

FLORIDA POWER CORPORATION

(SEAL)

By: W.J. Howell

Vice President

Title: Central and Northern Divisions

ATTEST:

WITHLACOCHEE ELECTRIC  
COOPERATIVE, INC.

(SEAL)

By: C.M. Overstreet

Title: President

**APPENDIX B**  
**CORRESPONDENCE**

**Majestic Oaks Partners, LLC**

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October 27, 2003

**BY HAND DELIVERY**

Mr. Dwayne Vann  
Assistant General Manager  
Withlacoochee River Electric Cooperative, Inc.  
P. O. Box 278  
Dade City, FL 33526-0278

Re: Majestic Oaks Partners, LLC

Dear Mr. Vann:

On behalf of Majestic Oaks Partners, LLC, I am hereby requesting that Withlacoochee River Electric Cooperative, Inc. ("Withlacoochee") provide retail electric service to the 420 acre area shown on the enclosed map to be developed by Majestic Partners, LLC. The site is situated north of Mondon Hill Road, south of Croom Road, and east of McIntyre Road.

The existing territorial boundary line between Withlacoochee and Florida Power Corporation, now known as Progress Energy Florida, runs directly across (east to west) and divides our property and proposed development between two utility providers. As you know, a meeting of representatives of Progress Energy, Withlacoochee and Majestic was held on Friday, October 24, 2003, concerning Majestic's desire to have its new development served in its entirety by Withlacoochee. Previous discussions had been held and correspondence sent to Progress Energy concerning this possibility and Progress Energy had advised that it would consider a modification of the territorial line to allow Withlacoochee to serve the development in its entirety. Based on Progress Energy's representations at our meeting this morning, it is clear that Progress Energy has rejected further consideration of a territorial boundary modification as previously described.

It is my understanding that Withlacoochee has multiple service points immediately adjacent to the proposed development and can provide retail electric service to the development at a lower cost than Progress Energy. Further, I firmly believe that it is in the best interest of the prospective lot purchasers in the development to receive service from one utility rather than being subjected to different rates, varying levels of quality of service and other problems that are likely to arise if the

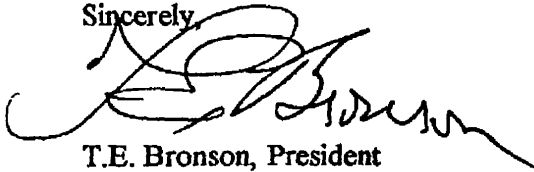


development is served by two electric utility companies. Indeed, absent a modification of the territorial line, we could see a situation where residents on the same street have two different utility companies.

It is my understanding from our meeting this morning that Section 2.2 of the existing territorial agreement contemplates a potential modification of the territorial boundary line to allow the most efficient and sufficient electric utility service to a new or prospective new customer. It is also my understanding that to trigger a change in a territorial boundary line pursuant to that provision in the territorial agreement, it is necessary that the new customer or prospective new customer formally request service from the electric utility whose PSC approved territory does not include the area requested to be served by the new customer or prospective new customer.

Please accept this letter as a formal request by Majestic Oaks Partners, LLC that Withlacooche provide electric service to Majestic's property and proposed development as shown in the enclosed map pursuant to the provisions of Section 2.2 of the PSC approved territorial agreement between Florida Power Corporation and Withlacoochee. If you need any additional information, please do not hesitate to give me a call.

Sincerely,



T.E. Bronson, President

Majesticvnm.ltr



WITHLACOOCHEE  
RIVER  
ELECTRIC  
COOPERATIVE, INC.

November 3, 2003

Kathleen Small  
Progress Energy Florida, Inc.  
4121 Saint Lawrence Drive  
New Port Richey, FL 34653

Dear Kathy:

This letter is a follow-up to our conversation earlier today concerning the request we have received to serve Majestic Oaks in Hernando County. Mr. Bronson delivered a written application for service to Withlacoochee River Electric Cooperative, specifically asking us to provide "retail electric service to the 420 acre area" that we have been discussing for the last couple of months.

As I mentioned to you on several occasions, WREC has not promoted this issue and we have repeatedly referred to our existing territorial agreement with Progress Energy. However, it seems obvious that Mr. Bronson is pursuing that portion of the agreement (Section 2.2: Service to New Customers) that requires intervention from the commission. If we are unable to reach an agreement to resolve the issue, WREC will be mandated to ask for a Declaratory Statement from the Public Service Commission.

We had briefly discussed a cash payment from Withlacoochee River Electric to Progress Energy for that portion of the development that lies outside our established boundary. Historically, we have used one years' projected revenue to determine value, and WREC would be willing to make this offer to avoid lengthy legal proceedings. If you wish to give further consideration to this type of negotiation, please contact us.

You indicated to me today that you were to have a conference with others in your organization concerning the formal request to provide service. Please let me know if the only solution you can consider is to ask for the above-mentioned decision from the commission.

Again, we would like to reiterate that we have only responded to requests from Tommy Bronson or his agents, and have not encouraged this issue.

Sincerely,

Duane Vann  
Assistant General Manager



WITHLACOOCHEE  
RIVER  
ELECTRIC  
COOPERATIVE, INC.

December 12, 2003

Kathy Small  
Community Relations Manager  
Progress Energy  
4121 St. Lawrence Drive  
New Port Richey, FL 34653

Re: Majestic Oaks

Dear Kathy:

As a result of our conversation late yesterday, it is my understanding that Progress Energy is not interested in pursuing any course of action that would resolve the request for service from Majestic Oaks to WREC in a timely manner. It is your intention to delay any action on the issue until next year when our territorial agreement is renegotiated.

As you know we received a letter dated October 27, 2003, specifically asking us to serve the development in its entirety. With this official request in our files, and no apparent ability to come to an equitable agreement, we will be required to petition the Public Service Commission for a declaratory statement on the matter.

If you have had further thoughts, please advise me today. Otherwise, we will assume that your position is as stated and we will move forward according to written requirements.

Sincerely,

Duane Vann  
Assistant General Manager

12/28/2003 13:12 FAX 35 5971

WITHLACOOCHEE RIVER

004

Dec-17-2003 13:50 From: RUTLEDGE ECENIA et al

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T-930 P.002

F-585

**RUTLEDGE, ECENIA, PURNELL & HOFFMAN**

PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

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GARY R. RUTLEDGE  
GOVERNMENTAL CONSULTANTS  
MARGARET A. MENDUM  
M. LANE STEPHENS

December 17, 2003

**VIA TELECOPIER**

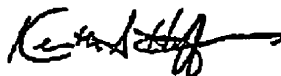
Mr. Duane Vann  
Assistant General Manager  
Withlacoochee River Electric Cooperative, Inc.  
P. O. Box 278  
Dade City, FL 33526-0278

**Re: Majestic Oaks Partners, LLC**

Dear Mr. Vann:

In response to your letter dated December 12, 2003, and to confirm our conversation on Monday, December 15, 2003, this letter will confirm that Mr. Bronson's request for service still stands as previously requested in October, 2003.

Sincerely,



Kenneth A. Hoffman

KAH/rl

cc: Mr. Tommy Bronson, via telecopier

Majesticvann.2lr