

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION
CLERK

-M-E-M-O-R-A-N-D-U-M-

DATE: October 7, 2004

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Office of the General Counsel (Gervasi) *pgl next*
Division of Economic Regulation (Bremán, Windham) *wom AH (H)*

RE: Docket No. 040231-EU – Joint petition for approval of territorial agreement in Leon and Wakulla Counties by Talquin Electric Cooperative, Inc. and Progress Energy Florida, Inc.

AGENDA: 10/19/04 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Attachments A, B, C, and D are not included in the electronic form of this document

FILE NAME AND LOCATION: S:\PSC\GCL\WP\040231.RCM.DOC

Case Background

On March 16, 2004, Talquin Electric Cooperative, Inc. (“Talquin”) and Progress Energy Florida, Inc. (“PEFI”) filed a Joint Petition for approval of a 20-year territorial agreement between the parties in Leon and Wakulla Counties, Florida. The territorial agreement between Talquin and PEFI dated March 12, 2004, or “Agreement” (Attachment A) reestablishes the retail electric territorial boundary previously set by Order No. 19806, issued August 15, 1988, in Docket No. 880619-EU, In Re: Joint Petition for Approval of Territorial Agreement Between Florida Power Corporation and Talquin Electric Cooperative, Inc. The prior territorial agreement (Attachment B) expired under its own terms on August 15, 2003, 15 years after the issuance of Order No. 19806.

The proposed Agreement expressly provides for customer transfers to occur within five years. The affected customers, as listed in Attachment C, have been notified. The Agreement expressly provides that its effectiveness is contingent upon approval of the Commission.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Pursuant to Section 366.04(2)(d), Florida Statutes, the Commission has the authority “[t]o approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities under its jurisdiction.”

Discussion of Issues

Issue 1: Should the Commission grant the joint petition of Talquin and PEFI for approval of the Agreement?

Recommendation: Yes. The Agreement between Talquin and PEFI (the parties) is in the public interest and should be approved. The parties should file an annual progress report on the customer transfers for the prior twelve months until the transfers are completed to ensure that the Commission can effectively monitor the transfers. (GERVASI, BREMAN, WINDHAM)

Staff Analysis: Staff reviewed the proposed Agreement (Attachment A) and the expired agreement (Attachment B). The differences between the two agreements stem from how the parties propose to address retail electric service to an extra-territorial customer. An extra-territorial customer is an existing customer located in the retail service area of one party but receiving service from the other party. The expired agreement did not require each utility to transfer extra-territorial customers by a specific date. In contrast, the proposed Agreement establishes a phased transfer of extra-territorial customers over five years.

The parties identified 17 extra-territorial customers currently served by PEFI and 25 extra-territorial customers currently served by Talquin (see Attachment C). The first phase of customer transfers requires the extra-territorial customers currently served by PEFI to be transferred to Talquin as soon as practicable (Agreement at Section 3.1.3). The methodology for compensating PEFI for the transferred customers and associated electric distribution facilities is contained in Section 3.2 of the Agreement.

The 17 extra-territorial customers served by PEFI have been notified. One customer objection was received. Because the parties’ attempts to clarify the nature of the customer’s objection were unsuccessful, staff sent the customer a letter by certified mail on July 30, 2004, requesting that the customer advise us of the reasons for his objection. The customer’s response to staff’s letter was filed on August 13, 2004, and is attached to this recommendation as Attachment D. The customer lists six reasons for his objection, including that he is concerned about the potential for interruption in service and for his electric cost to rise, and he states that he will have to read his meter monthly. However, the agreement does not appear to decrease the reliability of electric service. Moreover, in Storey v. Mayo, 217 So. 2d 304, 307 (Fla. 1968), the Florida Supreme Court found that “[a]n individual has no organic, economic or political right to service by a particular utility merely because he deems it advantageous to himself.” A copy of

this recommendation will be mailed to the customer, with a cover letter informing him that he may participate at the agenda conference.

The 25 extra-territorial customers currently served by Talquin will be asked to voluntarily transfer to PEFI within five years pursuant to Sections 3.1.1 and 3.1.2 of the Agreement. The parties will initially solicit voluntary transfers 60 days after the effective date of the Agreement. Then, five years later, the parties will again solicit voluntarily transfers of any remaining extra-territorial customers. After completing the two voluntary solicitation efforts, either party may petition the Commission to require or not require the transfers of any extra-territorial customers remaining with Talquin. The methodology for compensating Talquin for the transferred customers and associated electric distribution facilities is contained in Section 3.2 of the Agreement.

By letter dated September 21, 2004, the parties advised that Talquin feels strongly that the mandatory transfer of customers served by Talquin, who are also member-owners of the Cooperative, is inappropriate, while PEFI feels strongly that it is inappropriate to continue the use of attrition to address the issues associated with customers of either utility who are located in the other utility's service area. The parties believe that Section 3.1 of the Agreement provides a reasonable middle ground for the treatment of Talquin's extra-territorial customers, and will allow all customers of the two utilities in Leon and Wakulla Counties to receive the well recognized economic and operational benefits of a territorial agreement that, in all likelihood, would not exist in the absence of the compromise.

Staff notes that Commission policy regarding the transfer of customers and facilities is to address the matter on a case-by-case basis. Two examples of the Commission having approved the transfer of customers and facilities upon approval of joint agreements are contained in Order No. 6026, issued February 6, 1974, in Docket No. 73724-EU, In Re: Application of Florida Power Corporation for Approval of Transfer of Retail Customers and Sale of Facilities to the City of Gainesville, and Order No. PSC-95-1433-FOF-EC, issued November 27, 1995, In Re: Joint Petition for Approval of Territorial Agreement Between Lee County Electric Cooperative, Inc. and Glades Electric Cooperative, Inc. The Commission has also approved voluntary customer transfers that were projected to be completed within five years. See Order No. PSC-94-0799-AS-EU, issued June 28, 1994, in Docket No. 920659-EU, In Re: Petition to Resolve a Territorial Dispute Between Central Florida Electric Cooperative Inc. and Florida Power Corporation. The Agreement is consistent and comparable with the referenced cases.

Order No. PSC-92-1071-FOF-EU, issued September 28, 1992, in Docket No. 891245-EU, In Re: Joint Motion for Approval of Territorial Agreement and Dismissal of Territorial Dispute, at page 3, clearly states longstanding Commission policy concerning the approval of territorial agreements:

Our decision on whether or not to approve a territorial agreement is based on the effect the agreement will have on all affected customers, not just on whether transferred customers will benefit. It is our responsibility to insure that the territorial agreement works no detriment to the public interest. For Commission approval, any customer transfer in a proposed territorial agreement must not harm

the public. See Utilities Commission of New Smyrna Beach v. Florida Public Service Commission, 469 So. 2d 731 (Fla. 1985).

In this case, unlike in Utilities Commission of New Smyrna Beach, the 15-year old territorial boundary between the parties is not changing. This case is simply a renewal of a long established territorial boundary with updated terms and conditions related to the transfer of extra-territorial customers. If the old agreement had not expired, the same customers listed in Attachment C would be subject to transfer. Furthermore, in Order No. PSC-98-0174-FOF-EU, issued January 18, 1998, In Re: Petition to Resolve Territorial Dispute with Gulf Coast Electric Cooperative, Inc., by Gulf Power Company, the Commission stated that "Agreements are generally viewed as the best evidence of efficient and cost-effective boundaries." Staff is not aware of any fact that would result in future uneconomic duplication or a decline in reliability associated with the proposed transfer of the extra-territorial customers. Staff believes that maintaining the longstanding boundary between these parties is an efficient and cost-effective means to provide retail electric service in the area without adversely affecting the level of service provided.

In response to a staff data request, the petitioners have made it clear that Commission approval will be sought for an interim service to a new customer that lasts or is expected to last more than one year. However, there is no explicit requirement in the Agreement for annual updates regarding the status of the voluntary customer transfers. In Order No. PSC-94-1522-FOF-EU, issued December 12, 1994, In Re: Joint Petition for Approval of a Territorial Agreement Between Florida Power Corporation and Peace River Electric Cooperative, Inc., the parties were required to report customer transfer status after five years even though the approved agreement did not specifically include a reporting requirement. The purpose of the status report was to enable the Commission to monitor the utilities' progress in effecting the customer transfers. Staff believes that an annual reporting requirement is appropriate in this case because of the voluntary nature of the customer transfers for the next five years. Furthermore, not all customers may elect to transfer. Section 3.1.2 of the Agreement provides that either party may apply to the Commission to require or not require the transfer of these customers. Therefore, there is a potential for future disputes arising from this aspect of the Agreement. Staff believes that monitoring customer transfers is appropriate and reasonable to facilitate the resolution of potential future disputes.

The Agreement comports with the requirements of Rule 25-6.0440, Florida Administrative Code. It does not appear to cause a decrease in the reliability of electric service, and it appears to eliminate or minimize existing or potential uneconomic duplication of facilities. In light of the foregoing, staff recommends that the Commission grant the Joint Petition for Approval of Territorial Agreement in Leon and Wakulla Counties by Talquin Electric Cooperative, Inc. and Progress Energy Florida, Inc. The parties should file an annual progress report on the customer transfers for the prior twelve months until the transfers are completed to ensure that the Commission can effectively monitor the transfers.

Docket No. 040231-EU

Date: October 7, 2004

Issue 2: Should this docket be closed?

Recommendation: Yes, if no timely protest is filed by a person whose substantial interests are affected within 21 days of the Commission Order approving the Agreement, this docket should be closed upon the issuance of a Consummating Order. If a protest is timely filed by a substantially interested person, the Agreement should remain in effect pending resolution of the protest and the docket should remain open. (GERVASI)

Staff Analysis: If no timely protest is filed by a person whose substantial interests are affected within 21 days of the Commission Order approving the Agreement, this docket should be closed upon the issuance of a Consummating Order. If a protest is timely filed by a substantially interested person, the Agreement should remain in effect pending resolution of the protest and the docket should remain open.

ATTACHMENT 1

TERRITORIAL AGREEMENT DATED MARCH 12th, 2004
BETWEEN PROGRESS ENERGY FLORIDA
AND TALQUIN ELECTRIC COOPERATIVE

000006

AGREEMENT

Section 0.1 THIS AGREEMENT, made and entered into this 12th day of March, 2004, by and between TALQUIN ELECTRIC COOPERATIVE, INC., an electric cooperative organized and existing under the laws of the State of Florida (the "COOPERATIVE"), and PROGRESS ENERGY FLORIDA, INC., a private corporation organized and existing under the laws of the State of Florida (the "COMPANY"), referred to herein collectively as the "Parties" and individually as the "Party";

WITNESSETH:

Section 0.2 WHEREAS, the COOPERATIVE, by virtue of Chapter 425, Florida Statutes, is authorized and empowered to furnish electricity and power to its members, private individuals, corporations and others, as defined by the laws of Florida, and pursuant to such authority, presently furnishes electricity and power to members and customers in areas of Leon and Wakulla Counties, Florida, and elsewhere; and

Section 0.3 WHEREAS, the COMPANY is authorized and empowered to furnish electricity and power to persons, firms and corporations throughout the State of Florida and presently furnishes electricity and power to customers in certain areas of Leon and Wakulla Counties, Florida and elsewhere; and

Section 0.4 WHEREAS, the respective areas of retail service of the Parties are contiguous in many places, and the Parties have previously entered into territorial agreements dated December 8, 1976 and March 18, 1988, which were approved by the Florida Public Service Commission (the "Commission") on July 26, 1977, and August

15, 1988, respectively, in an effort to avoid duplication of service facilities and have thereby precluded such duplication; and

Section 0.5 WHEREAS, in approving the previous territorial agreements between the Parties the Commission has recognized that duplication of said service facilities may result 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 continue to avoid and eliminate the circumstances giving rise to the aforesaid potential hazards and duplications and toward that end have reestablished the Territorial Boundary Line to delineate their respective retail territories in Leon and Wakulla Counties; and

Section 0.7 WHEREAS, the Commission is empowered by the legislature of the State of Florida, pursuant to Section 366.04(2)(d), Florida Statutes, to approve territorial agreements and the Commission has recognized on numerous occasions the wisdom of retail territorial agreements between electric utilities and has adhered to the general opinion that retail territorial agreements, when properly presented to the Commission, in the proper circumstances, are advisable and indeed in the public interest;

Section 0.8 NOW, THEREFORE, in fulfillment of the purposes and desires aforesaid, and in consideration of the mutual covenants and agreements herein contained, which shall be construed as being interdependent, the Parties, subject to and upon the terms and conditions herein set forth, do hereby agree as follows:

ARTICLE I **DEFINITIONS**

Section 1.1: Territorial Boundary Line(s) – As used herein, the term “Territorial Boundary Line(s)” shall mean the boundary line(s) described in part by metes and bounds

in Composite Exhibit A and delineated as such in full on the Leon and Wakulla County maps included as a part of Composite Exhibit A.

Section 1.2: Cooperative Territorial Area – As used herein the term “Cooperative Territorial Area” shall mean all of the territory and lands in Leon and Wakulla Counties, Florida, lying within Territorial Boundary Lines and labeled “Cooperative Territorial Area” on Composite Exhibit A.

Section 1.3: Company Territorial Area – As used herein the term “Company Territorial Area” shall mean all of the territory and lands in Leon and Wakulla Counties, Florida, lying within Territorial Boundary Lines and labeled “Company Territorial Area” on Composite Exhibit A.

Section 1.4: Point of Use – As used herein, the term “Point of Use” shall mean the location within the Territorial Area of a Party where a customer’s end-use facilities consume electricity, which such Party shall be entitled to provide under this Agreement, irrespective of whether the customer’s point of connection or metering is located in the Territorial Area of the other Party.

Section 1.5: New Customers – As used herein, the term “New Customers” shall mean those customers applying for electric service after the Effective Date of this Agreement.

Section 1.6: Extra-Territorial Customers – As used herein, the term “Extra-Territorial Customers” shall mean those customers whose Points of Use are in the Territorial Area of one Party but who are receiving service from the other Party on the Effective Date of this Agreement and whose account has not been subsequently closed or

changed to the name of a new customer (except when changed to the name of a widow or widower of a deceased Extra-Territorial Customer),.

Section 1.7: Commission – As used herein, the term “Commission” shall mean the Florida Public Service Commission.

Section 1.8: Effective Date – As used herein, the term “Effective Date” shall mean the date of the Commission’s final order granting approval of this Agreement.

ARTICLE II **RETAIL ELECTRIC SERVICE**

Section 2.1: In General – Except as otherwise specifically provided herein, the COOPERATIVE shall have the exclusive authority to furnish retail electric service within the Cooperative Territorial Area and the COMPANY shall have the exclusive authority to furnish retail electric service in the Company Territorial Area. The Territorial Boundary Line shall not be affected by any change that may occur in the corporate limits of any municipality lying within the Cooperative Territorial Area or the Company 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 Point of Use facilities are located within the Territorial Area of the other Party, except as specifically provided in Section 2.3 of this Agreement.

Section 2.3: Temporary Service – The Parties recognize that in exceptional circumstances, economic constraints or good engineering practices may indicate that a New Customer’s Point of Use facilities either cannot or should not be immediately served by the Party in whose Territorial Area they are located. In such instances, upon written request by the Party in whose Territorial Area the Point of Use facilities are located, the

other Party may agree in writing to temporarily provide service to such customer's end-use facilities and shall inform the customer of the temporary nature of such service. Any such agreement for temporary service which is anticipated to last more than one year shall be submitted to the Commission for approval in accordance with Section 5.1 hereof, provided, however, the Party providing temporary service hereunder shall not be required to pay the other Party for any loss of revenue associated with the provision of such temporary service. Any such temporary service shall be discontinued when the Party in whose service area it is located shall provide such service.

Section 2.4: Referral of Service Request – In the event that a New Customer or prospective New Customer requests or applies for service from either Party to be provided to Point of 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.

Section 2.5: Extra-Territorial Customers – This Agreement is intended to apply to New Customers, as herein defined, and subject to the transfer provisions in Article III hereof, nothing in this Agreement shall be interpreted as precluding either Party from continuing to serve all Extra-Territorial Customers located in the Territorial Area of the other.

ARTICLE III **TRANSFER OF CUSTOMERS**

Section 3.1: Transfer of Customers – The COMPANY and the COOPERATIVE shall work toward the transfer of those Extra-Territorial Customers existing within the Territorial Area of the other. To that end, the provisions of Sections 3.1.1 and 3.1.2 shall

apply to the Extra-Territorial Customers listed in Exhibit B hereto, and the provisions of Section 3.1.3 shall apply to the Extra-Territorial Customers listed in Exhibit C hereto.

Section 3.1.1: - The Parties shall, within 60 days after the Effective Date, jointly contact the Extra-Territorial Customers listed in Exhibit B to explain the purpose and benefits of this Agreement and to request that they voluntarily receive service from the utility in whose Territorial Area they are located. All those who volunteer for transfer shall be transferred at the earliest practical date, with compensation for each such voluntarily transferred account and any related service facilities to be determined in accordance with Section 3.2.

Section 3.1.2: - Five years from the Effective Date, the Parties shall again jointly contact the remaining Extra-Territorial Customers listed in Exhibit B and solicit their voluntary transfer. Within 60 days after this solicitation period, if there are remaining Extra-Territorial Customers who have not volunteered for transfer, either Party may apply to the Commission to require the transfer of these customers, and the other Party may oppose or agree to this action to the full extent allowed by law except that the other Party may not assert that such transfer is contrary to or in any way precluded by this Agreement. The Parties hereby agree that the decision of the Commission on the question at that time will be binding for the remainder of the term of this Agreement; and that this Agreement will otherwise remain in full force and effect at all times during the term provided for in Section 6.1 hereof. In the event the Commission requires the transfer of the remaining Extra-Territorial Customers, compensation for transferred accounts and any related service facilities will be determined in accordance with Section 3.2.

Section 3.1.3: –The Extra-Territorial Customers listed in Exhibit C and any related service facilities the receiving Party elects to acquire will be transferred to the Party in whose Territorial Area they are located as soon as practicable after the Effective Date. Compensation for the transfer of each such Extra-Territorial Customer account and any such related service facilities shall be determined in accordance with Section 3.2.

Section 3.2: Compensation for Transferred Customers and Facilities.

Section 3.2.1: Going Concern Value for Extra-Territorial Customers – The receiving Party shall pay to the transferring Party for each customer account transferred an amount equal to two and one-half (2 ½) multiplied by (a) the transferring Party's total revenues from the sale of electric service (including the customer, fuel and demand charges but excluding taxes and fees) to such account during the most recent 12 complete billing months available at the time of transfer, or (b) if service was provided for less than 12 complete billing months, the average monthly amount of such revenues times 12. In the case of a customer account that was not billed for any part of the preceding 12 billing months, the amount to be paid for the transfer of such account shall be the transferring Party's prevailing average annual amount of such revenues from customers of the same class (i.e. residential, commercial, etc.), multiplied by 2 ½. In addition, the same compensation methodology shall be followed for the total revenues (including pole rental and fixture maintenance charges) of each transferred street or security lighting account.

Section 3.2.2: Cost of Facilities – If the Party receiving a customer account transferred pursuant to Section 3.1 above elects to acquire any related service facilities, the receiving Party shall compensate the transferring Party an amount based upon the replacement cost (new), less depreciation calculated on a straight line basis over the life

of the asset (facility) from the date of the installation of the service facilities, and the cost to the transferring Party for reintegration of its remaining system to the extent such reintegration costs are reasonably required, following prudent utility practice. The replacement cost shall be determined by applying a cost escalator such as the Handy Whitman Index or a common engineering cost estimation methodology, such as the COMPANY's Work Management (WMS) Program.

Section 3.2.3: Time of Payment – All payments from the receiving Party to the transferring Party determined in accordance with this section shall be made in cash within 60 days of the related transfer.

Section 3.2.4: Transfer Instruments – For each transfer, the transferring Party will make, execute, and deliver to the receiving Party a conveyance, deed or other instrument of transfer in order to convey all rights, titles and interests of the transferring Party in any facilities, rights-of-way, easements, road permits, or other rights to the receiving Party.

ARTICLE IV **OPERATION AND MAINTENANCE**

Section 4.1: Facilities to Remain – No electric facilities or related equipment except as provided in Article III above, shall be subject to transfer or, removal hereunder; PROVIDED, HOWEVER, that each Party shall operate and maintain its lines and facilities in such a manner as to minimize any interference with the operations of the other Party.

Section 4.2: Joint Use – Nothing in this agreement shall prevent the Parties from entering into Joint Use Agreements.

Section 4.3: COOPERATIVE Facilities to be Served – Nothing herein shall be construed to prevent or in any way inhibit the right and authority of the COOPERATIVE

to serve any COOPERATIVE facility located in the Company Territorial Area which facility is used exclusively in connection with the COOPERATIVE's business as an electric utility; provided, however, that the COOPERATIVE shall construct, operate, and maintain said lines and facilities in such manner as to minimize any interference with the operation of the COMPANY in the Company Territorial Area.

Section 4.4: COMPANY Facilities to be Served – Nothing herein shall be construed to prevent or in any way inhibit the right and authority of the COMPANY to serve any COMPANY facility located in the Cooperative Territorial Area which facility is used exclusively in connection with the COMPANY's business as an electric utility; provided, however, that the COMPANY shall construct, operate, and maintain said lines and facilities in such manner as to minimize any interference with the operation of the COOPERATIVE in the Cooperative Territorial Area.

ARTICLE V **PREREQUISITE APPROVAL**

Section 5.1: Commission Approval – The provisions and the Parties' performance of this Agreement are subject to the regulatory authority of the Commission, and appropriate approval by that body 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. Any proposed modification to this Agreement shall be submitted to the Commission for approval. In addition, either Party may petition the Commission to resolve any dispute concerning the provisions of this Agreement or the Parties' performance of this Agreement.

Section 5.2: Liability in the Event of Disapproval – In the event approval pursuant to Section 5.1, is not obtained, neither Party will have any claim against the other arising under this Agreement.

Section 5.3: Supersedes Prior Agreements – Upon approval by the Commission, this Agreement shall be deemed to specifically supersede all prior agreements between the Parties defining the boundaries of their respective Territorial Area in Leon and Wakulla Counties.

ARTICLE VI **DURATION**

Section 6.1: Term - This Agreement shall continue and remain in effect for a period of twenty (20) years from the Effective Date.

ARTICLE VII **CONSTRUCTION OF AGREEMENT**

Section 7.1: Bulk Power for Resale – Nothing herein shall be construed to prevent either Party from providing a bulk power supply for resale purposes, 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.

Section 7.2: 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 electric facilities; and encouraging the installation and maintenance of facilities necessary to fulfill the Parties' respective obligations to serve.

ARTICLE VIII
MISCELLANEOUS

Section 8.1: Negotiations – Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only ones agreed upon are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the Parties unless the same shall be in writing, attached hereto, signed by both Parties, and approved by the Commission.

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

Section 8.3: Notices – Notices given hereunder shall be deemed to have been given to the COOPERATIVE if mailed by certified mail, postage prepaid, to: Manager, Talquin Electric Cooperative, Inc. P.O. Box 1679, Quincy, Florida 32353; and to the COMPANY if mailed by certified mail, postage prepaid, to: President, Progress Energy Florida, P.O. Box 14042, St. Petersburg, Florida 33733. Such address to which such notice shall be mailed may be, at any time, changed by designating such new address and giving notice thereof in writing in the manner as herein provided.

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

TALQUIN ELECTRIC COOPERATIVE, INC.

ATTEST:

Bernard Lewis
Secretary

By Mal Green
President

(SEAL)

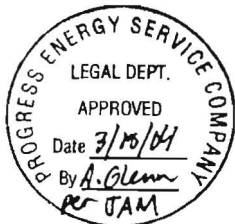
PROGRESS ENERGY FLORIDA, INC.

ATTEST:

R. Alford
Assistant Secretary

By Vernon D. Baker
Vice President

(SEAL)



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval)	DOCKET NO. 880619-EU
of Territorial Agreement Between)	
Florida Power Corporation and Talquin)	ORDER NO. 19806
Electric Cooperative, Inc.)	
-----)	ISSUED: 8-15-88

The following Commissioners participated in the disposition of this matter:

KATIE NICHOLS, Chairman
 THOMAS M. BEARD
 GERALD L. GUNTER
 JOHN T. HERNDON
 MICHAEL MCK. WILSON

ORDER APPROVING TERRITORIAL AGREEMENT

BY THE COMMISSION:

This Commission is empowered to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities under its jurisdiction, pursuant to Section 366.04(2)(d), Florida Statutes.

By Joint Petition filed on April 27, 1988, Florida Power Corporation (FPC) and Talquin Electric Cooperative, Inc. (TEC) requested approval of a territorial agreement.

Originally, the utilities entered into a territorial agreement in 1977, delineating their respective service territories with the intent to avoid uneconomic duplication of electric service and facilities in Leon and Wakulla counties. That agreement was approved by Order No. 7915, issued on July 26, 1977. At the time the 1977 agreement was approved, FPC had 50 extraterritorial customers and TEC had 272 extraterritorial customers. It was agreed at that time that extraterritorial customers would be transferred to the territorial utility when, and if, they agreed to the exchange, or when a service became inactive. In 1977, FPC's cost for its extraterritorial facilities and customers was placed at \$77,722. TEC's cost for its extraterritorial facilities and customers was determined to be \$288,095. These costs were based on a trended replacement cost of the facilities, minus depreciation, plus two and a half times the 1977 gross customer revenues. Thus far, for facilities, FPC has paid TEC \$24,150 and TEC has paid FPC \$24,034. According to the new agreement, FPC has 7 customers still subject to being transferred and TEC has 95 customers still subject to being transferred to FPC. The cost FPC will pay TEC for its extraterritorial customers was developed from the following formula: (\$288,095 minus \$24,150) divided by 272 or \$970. The cost TEC will pay FPC for its extraterritorial customers was developed from the same formula: (\$77,722 minus \$24,034) divided by 50 or \$1,073.

Since Order No. 7915, the service areas between FPC and TEC have grown and new developments have extended across the original territorial boundaries, thus creating uneconomic duplication of electric service and facilities. In order to continue to promote the intent and aims of the original agreement the parties have filed the new agreement.

Having reviewed the joint petition, we conclude that the proposed agreement has the potential of avoiding future

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duplication of electric service and facilities by FPC and TEC. We further conclude that it will allow the utilities to make orderly and economic long-range plans for expansion of electric facilities necessary to serve customers in Leon and Wakulla counties. 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 attached territory agreement entered into by Florida Power Corporation and Talquin Electric Cooperative, Inc. is approved. It is further

ORDERED that this docket is closed.

By ORDER of the Florida Public Service Commission,
this 15th day of AUGUST, 1988


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MRC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes (1985), as amended by Chapter 87-345, Section 6, Laws of Florida (1987), 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer 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 after the issuance 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.

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AGREEMENT

Section 0.1 THIS AGREEMENT, made and entered into this 18th day of March, 1988, by and between TALQUIN ELECTRIC COOPERATIVE, INC., an electric cooperative organized and existing under the laws of the State of Florida (herein called the "COOPERATIVE"), party of the first part, and FLORIDA POWER CORPORATION, a private corporation organized and existing under the laws of the State of Florida (herein called the "COMPANY"), party of the second part;

WITNESSETH:

Section 0.2 WHEREAS, the COOPERATIVE, by virtue of Florida Statutes, Chapter 425, and the Charter issued to it thereunder, is authorized and empowered to furnish electricity and power to its members, private individuals, corporations and others, as defined by the laws of Florida, and pursuant to such authority, presently furnishes electricity and power to members and customers in areas of Leon and Wakulla Counties, Florida, and elsewhere; and

Section 0.3 WHEREAS, the COMPANY, by virtue of its Charter, is authorized and empowered to furnish electricity and power to persons, firms and corporations throughout the State of Florida and presently furnishes electricity and power to customers in areas of Leon and Wakulla Counties, Florida and elsewhere; and

Section 0.4 WHEREAS, the respective areas of retail service of the parties hereto are contiguous in many places, and the parties had entered into a territorial

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agreement dated December 8, 1976 and approved July 26, 1977, in an effort to avoid duplication of service facilities and have thereby precluded such duplication; and

Section 0.5 WHEREAS, the Florida Public Service Commission has previously recognized that any such duplication of said service facilities results in needless and wasteful expenditures and creates hazardous situations, both being detrimental to the public interest, and approved the aforesaid previous agreement on July 26, 1977 in Docket No. 770085-EU(TD) by Order No. 7915; and

Section 0.6 WHEREAS, the parties hereto desire to continue to avoid and eliminate the circumstances giving rise to potential duplications and possible hazards and toward that end have reestablished the Territorial Boundary Line to delineate their respective retail territorial areas in Leon and Wakulla Counties; and

Section 0.7 WHEREAS, the Florida Public Service Commission is empowered by the legislature of the State of Florida, pursuant to F.S. 366.04(2)(d), to approve territory agreements and the Commission has recognized on numerous occasions the wisdom of retail territorial agreements between competing utilities and has adhered to the general opinion that retail territorial agreements, when properly presented to the Commission, in proper circumstances, are advisable and indeed in the public interest;

Section 0.8 NOW, THEREFORE, in fulfillment of the purposes and desires aforesaid, and in consideration of the mutual covenants and agreements herein contained, which shall be construed as being interdependent, the parties hereto, subject to and upon the terms and conditions herein set forth, do hereby agree as follows:

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ARTICLE I
DEFINITIONS

Section 1.1 Territorial Boundary Lines - As used herein, the term "Territorial Boundary Lines" shall mean the boundary lines described by metes and bounds in Composite Exhibit A-1 and delineated in red on the Leon and Wakulla Counties maps included as a part of Composite Exhibit A-1.

Section 1.2 Cooperative Territorial Area - As used herein the term "Cooperative Territorial Area" shall mean all of the territory and lands in Leon and Wakulla Counties, Florida, lying within Territorial Boundary Lines and labeled "Cooperative Territorial Area" on Composite Exhibit A-1.

Section 1.3 Company Territorial Area - As used herein the term "Company Territorial Area" shall mean all of the territory and lands in Leon and Wakulla Counties, Florida, lying within Territorial Boundary Lines and labeled "Company Territorial Area" on Composite Exhibit A-1.

Section 1.4 Transmission Lines - As used herein, the term "Transmission Lines" shall mean all transmission lines of either party having a rating of 69 KV or over.

Section 1.5 Distribution Lines - As used herein, the term "Distribution Lines" shall mean all distribution lines of either party having a rating up to but not including 69 KV.

Section 1.6 Primary Distribution Lines - As used herein, the term "Primary Distribution Lines" shall mean all distribution lines of either party having a rating of not less than 601 volts and less than 69,000 volts.

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Section 1.7 Secondary Distribution Line - As used herein, the term "Secondary Distribution Line" shall mean all distribution lines having a rating of up to and including 600 volts.

Section 1.8 New Customers - As used herein, the term "New Customer" shall mean all retail electric consumers applying for service to either COMPANY or COOPERATIVE after the date of this agreement.

ARTICLE II
AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1 Allocations - The Cooperative Territorial Area, as herein defined, will be allocated to the COOPERATIVE as its service area for the period of time hereinafter specified; and the Company Territorial Area, as herein defined, will be allocated to the COMPANY as its service area for the same period; and, except as otherwise specifically provided herein, neither party shall deliver any electric energy across any Territorial Boundary for use at retail in any of the service areas, as herein defined, of the other.

Section 2.2 New Customers - Neither party shall hereafter serve or offer to serve a new retail customer located in the Territorial Area of the other party unless, on a temporary basis, such other party shall request it in writing to do so. However, it shall be the responsibility of each party to furnish electric service to all customers located within its Territorial Area either directly or by so requesting the other party to do so. Any such temporary service shall be discontinued when the party in whose service area it is located shall provide such service.

Notwithstanding the foregoing, it is understood that the COOPERATIVE must furnish its service mainly to its members in order to preserve its tax exempt

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status. Therefore, unless the proposed recipient of temporary service will join the COOPERATIVE, the COOPERATIVE may decline such request by the COMPANY, when in the judgment of the COOPERATIVE, the income produced thereby would exceed that percentage of gross income which the COOPERATIVE may accept from non-members and maintain its tax exempt status.

Section 2.3 Existing Customers - This Agreement is intended to apply to New Customers, as herein defined, and subject to the exchange provisions hereof, nothing in this Agreement shall be interpreted as precluding either party from continuing to serve all customers other than New Customers Located in the Territorial Area of the other.

Section 2.4 Exchange of Customers and Facilities. The COMPANY and the COOPERATIVE shall work toward and gradually transfer to each other those extra-territorial customers existing within the here delineated service territory of the other. To that end the following provisions shall apply:

Section 2.4.1 Each party shall sell the distribution facilities serving its extra-territorial customers to the other. These facilities, to be designated on subsequent maps and engineering drawings, shall not include electric meters nor facilities that may transit the territory of the other party without serving customers therein.

Section 2.4.2 The consideration for such facilities shall be: for customers receiving service from the COMPANY and transferring to the COOPERATIVE, the COOPERATIVE shall pay the COMPANY \$1,073.77 for each customer; for customers receiving service from the COOPERATIVE and transferring to the COMPANY, the COMPANY shall pay the COOPERATIVE \$970.38 for each

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customer. Such consideration will be payable periodically on the basis of the number of customers transferred pursuant to the provisions of this Section.

Section 2.4.3 Each party will contact all extra-territorial customers to explain the purpose and benefits of the territorial agreement and to request that they voluntarily receive electric service from the utility in whose service area they are located. All those who volunteer for transfer shall be transferred at the earliest practicable date.

Section 2.4.4 It is anticipated that the number of remaining extra-territorial customers will be gradually reduced over the term of this Agreement through attrition and additional voluntary transfers. The parties agree to jointly solicit voluntary transfers from the remaining extra-territorial customers on an annual basis for the term of this Agreement.

Section 2.4.5 Each party agrees to safely and adequately operate and maintain the distribution facilities transferred to it for the benefit of the customers served from those facilities.

Section 2.5 Bulk Power Supply for Resale - Nothing herein shall be construed to prevent either party from providing bulk power supply to wholesale customers for resale purposes wheresoever they may be located. Further, no other provision of this Agreement shall be construed as applying to bulk power supply for resale.

ARTICLE III
OPERATION AND MAINTENANCE

Section 3.1 Facilities to Remain - All Generating Plants, Transmission Lines, Substations, Distribution Lines and related facilities now or hereafter constructed

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

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

ARTICLE IV
PREREQUISITE APPROVAL

Section 4.1 Florida Public Service Commission - The provisions of this Agreement are subject to the regulatory authority of the Florida Public Service Commission, and appropriate approval by that body of the provisions of this Agreement shall be a prerequisite to the validity and applicability hereof and neither party shall be bound hereunder until that approval has been obtained.

Section 4.2 Liability in the Event of Disapproval - In the event approval pursuant to Section 4.1, is not obtained, neither party will have an action against the other arising under this Agreement.

ARTICLE V
DURATION

Section 5.1 This Agreement shall continue and remain in effect for a period of 15 years from the date of the Florida Public Service Commission's initial Order approving this Agreement.

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ARTICLE VI
CONSTRUCTION OF AGREEMENT

Section 6.1 Intent and Interpretation It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to eliminate and avoid the needless and wasteful expenditures and potentially hazardous situations which would otherwise result from unrestrained competition between the parties operating in overlapping service areas.

Section 6.2 Supercedes Prior Agreement To the extent that this Agreement addresses territory the subject of a prior approved Agreement, this Agreement, following its approval by the Florida Public Service Commission, shall govern the extent of any conflict.

ARTICLE VII
MISCELLANEOUS

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

Section 7.2 Successors and Assigns Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon or give to any person or corporation other than the parties hereto any right remedy, or claim under or by reason of this Agreement or any provisions or conditions hereof; and all of the provisions, representations, covenants and conditions herein contained shall inure

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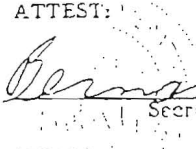
to the sole benefit of and shall be binding only upon the parties hereto and their respective representatives, successors and assigns.

Section 7.3 Notices Notices given hereunder shall be deemed to have been given to the COOPERATIVE if mailed by certified mail, postage pre-paid, to: Manager, Talquin Electric Cooperative, Inc. P. O. Box 901, Quincy, Florida 32351; and to the COMPANY if mailed by certified mail, postage prepaid, to: President, Florida Power Corporation, P. O. Box 14042, St. Petersburg, Florida 33733. Such address to which such notice shall be mailed may be, at any time, changed by designating such new address and giving notice thereof in writing in the manner as herein provided.

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

ATTEST:

TALQUIN ELECTRIC COOPERATIVE, INC.


Bernard Lewis
Secretary

By

P. H. D. Heller
President

(SEAL)

ATTEST

FLORIDA POWER CORPORATION

Kathleen P. Korteight
Assistant Secretary

By

William J. Phlips
Senior Vice President

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COMPOSITE EXHIBIT A-1
TERRITORY BOUNDARY LINES
METES AND BOUNDS
WEST BOUNDARY LINE

Beginning at a point on the west boundary line of Wakulla County, said point being where the section line between Sections 13 and 24, Township 5S, Range 4W, intersects the middle of the Ochlockonee River.

Thence east along said section line to the SE corner of Section 17, Township 5S, Range 3W.

Thence north to the NW corner of Section 9, Township 3S, Range 3W.

Thence east to the NE corner of Section 7, Township 3S, Range 2W.

Thence south to the SE corner of Section 7, Township 3S, Range 2W.

Thence east to the NE corner of Section 17, Township 3S, Range 2W.

Thence south to the SE corner of Section 17, Township 3S, Range 2W.

Thence east to the NE corner of Section 24, Township 3S, Range 2W.

Thence south approximately 2.5 miles to a point on the east boundary of Section 36, Township 3S, Range 2W, said point being on the centerline of Dogwood Avenue as extended southwesterly from its intersection with State Road #369.

Thence northeasterly approximately .9 miles along the centerline of Dogwood Avenue, as extended, to the NE corner of Lot 77, Hartsfield Survey, Township 3S, Range 1W.

Thence, southeasterly to the SE corner of Lot 78, Hartsfield Survey, Township 4S, Range 1W.

Thence, southwesterly to the SW corner of Lot 78, Township 4S, Range 1W.

Thence, southeasterly to the SE corner of Lot 87, Hartsfield Survey, Township 4S, Range 1W.

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Thence southwesterly to the NW corner of Lot 86, Hartsfield Survey, Township 4S, Range 1W. Thence southeasterly along the west boundary line of Lot 86 to a point 800 feet North of the SW corner of said Lot 86. Thence southwesterly 800 feet to a point. Thence southeasterly 800 feet to a point on the north boundary line of Lot 90. Thence northeasterly along the north boundary line of Lot 90 for 800 feet to the NW corner of Lot 85 (encompassing the 14.70 acre middle school site).

Thence southeasterly along the west boundary line of Lot 85 to a point 300 feet north of the center line of State Road 30. Thence northeasterly 300 feet to a point. Thence southeasterly 300 feet to the center line of State Road 30. Thence northeasterly along the center line of State Road 30 approximately 723 feet to the NE corner of an unrecorded subdivision known as Unit 1, Casora Estates. Thence southeasterly along the east boundary of said subdivision to the north boundary line of Lot 84. Thence southwesterly along the north boundary line of Lot 84 to the NW corner of said Lot 84. Thence southeasterly along the west boundary lines of Lots 84, 93, 103 and 113 of the Hartsfield Survey in Townships 4 and 5 South, Range 1 West, to the point where the creek which flows into Oyster Bay crosses the west boundary line of said Lot 113.

Thence southeasterly along the middle of said creek into Oyster Bay. Thence south and southeasterly between Piney Island and Palmetto Island into Apalachee Bay.

EAST BOUNDARY LINE

Beginning at a point 300' north of the point where the north edge of the right of way for State Road 10 (U.S. Highway 90) crosses the boundary line of Leon and Jefferson Counties in Section 36, Township 2N, Range 3E.

Thence westerly along a line parallel to and 300' north of the north edge of the right of way for State Road 10 (U.S. Highway 90) to the west boundary of Section 34, Township 2N, Range 3E.

Thence south along the west boundary of Section 34, Township 2N, Range 3E to State Road 10 (U.S. Highway 90).

Thence south along the centerline of State Road 59 to a point 500' south of the south right of way boundary for State Road 10 (U.S. Highway 90).

Thence southwesterly along a line running 500' south of and parallel to the south right of way boundary for State Road 10 (U.S. Highway 90) to the Leon County boundary line. Said Leon County boundary line being the east boundary line of Section 5, Township 1N, Range 3E.

Thence south and southwesterly along the boundary line between Leon and Jefferson Counties to the southeast corner of Section 25, Township 2S, Range 2E.

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Thence west along the boundary line between Leon and Wakulla Counties to the centerline of the Seaboard Air Line Railroad right of way near the northwest corner of Section 33, Township 2S, Range 1E.

Thence southeasterly along the centerline of said SAL Railroad approximately 1.5 miles to the point where the said SAL Railroad line intersects the east-west centerline of Section 4, Township 3S, Range 1E.

Thence west to a point along the east-west centerline of Section 3, Township 3S, Range 1W, said point being 300 feet west of the west right of way boundary for State Highway 61.

Thence south and southeasterly along a line running 300 feet west of and parallel to the west right of way boundary for State Highway 61, approximately 2.1 miles to the point in the East 1/2 of Section 14, Township 3S, Range 1W, where the Company's existing Wakulla Springs distribution line leaves the right of way of said road 61 and turns to a more southerly direction in order to run along the boundary line which separates the two (2) unnumbered lots lying north of Lots 21 and 22 of the Hartsfield Survey in Township 3S, Range 1W.

Thence southeasterly along a line running 300 feet west of and parallel to the boundary line separating the two unnumbered lots described in the next above paragraph and 300 feet west of and parallel to the west boundary line of Lots 21, 20, 19, 18, 17, 16, 15, 14, 13 and 12 of the Hartsfield Survey to a point on the east-west centerline of Lot 110 of the Hartsfield Survey in Township 4S, Range 1E.

Thence southwesterly along the east-west centerline of Lot 110 of the Hartsfield Survey to the middle of Gander Creek located in Lot 110 of the Hartsfield Survey.

Thence southerly along the middle of Gander Creek to the point where it flows into Goose Creek Bay thence into Apalachee Bay.

Exhibit B

**EXTRA-TERRITORIAL CUSTOMERS SERVED
BY TALQUIN ELECTRIC COOPERATIVE**

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**Extra-Territorial Customers of Talquin Electric
eligible to be transferred to Progress Energy**

<u>NAME</u>	<u>ID#</u>	<u>METER #</u>	<u>POLE #</u>	<u>PREMISE ADDRESS</u>
Joseph Williams	768-586-1606	46-378-206	A2-11-12-F16R1F	43 Mount Zion Rd., Crawfordville, FL 32327
Gordon Millender	473-386-4955	022-119-360	C0-96-F	621 Sopchoppy Hwy., Crawfordville, FL 32327
Beatrice Farmer (Ed)	218-298-0868	043-455-924	A2-78-9	45 Rocky Mount Rd., Crawfordville, FL 32327
Mrs. Thomas D. Head	314-883-0858	053-866-477	A2-78-24-13-2-1	237 Arran Rd., Crawfordville, FL 32327
Jack C. Johnson	370-611-8530	026-303-696	A2-78-24-15-2	26 John Vickers Rd., Crawfordville, FL 32327
E. O. Harvey	306-327-3803	056-972-250	A2-78-34	85 Harvey Mill Rd., Crawfordville, FL 32327
Carolyn Pelt (Harry)	535-977-7777	056-972-341	A2-78-46-9-2	12 Cypress Pond Rd., Crawfordville, FL 32327
G. Richard Pelt	536-162-6459	067-886-016	A2-78-46-9-2	11 Cypress Pond Rd., Crawfordville, FL 32327
Donald R. Pelt	536-041-4451	077-350-820	A2-78-46-10	447 Bostic Pelt Rd., Crawfordville, FL 32327
Debra Pelt (Cager)	535-995-8294	044-393-092	A2-78-46-11	414 Bostic Pelt Rd., Crawfordville, FL 32327
Callie Quigg	562-662-6351	053-866-626	A2-78-82-3-F	60 Mathers Farm Rd., Crawfordville, FL 32327
Sarah S Whaley	750-434-3687	047-963-608	A2-78-88-F	18 Shawn Whaley Rd., Crawfordville, FL 32327
Emmett W. Whaley	750-124-4458	077-861-665	A2-78-88-1-F	1016 Lawhon Mill Rd., Crawfordville, FL 32327
J. M. Futch	243-356-8918	049-319-413	A2-78-88-12-F	742 Lawhon Mill Rd., Crawfordville, FL 32327
Eula Mathers	443-796-1958	043-718-889	A2-78-90-5-F	52 Horace Trail, Crawfordville, FL 32327
Frank Mathers	443-924-8453	047-427-923	A2-78-90-7-F	24 Horace Trail, Crawfordville, FL 32327
Elmo F. White	753-276-4102	041-220-129	A2-78-1-8-F	1618 Lawhon Mill Rd., Crawfordville, FL 32327
Elmo F. White, Jr	753-276-7857	061-669-887	A2-78-1-9-F	1636 Lawhon Mill Rd., Crawfordville, FL 32327
Wakulla C. White	755-536-5845	055-929-493	A2-78-1-9-F	1648 Lawhon Mill Rd., Crawfordville, FL 32327
Marjorie S. Gray (W.F.)	271-526-3055	047-978-002	A2-78-1-29-1-F	559 Floyd Gray Rd., Crawfordville, FL 32327
William M. Payne	531-538-3959	049-331-853	A2-78-1-31-F	203 Friendship Rd., Crawfordville, FL 32327
Florida White (R. L.)	753-280-6010	047-986-446	A2-78-1-32-1-F	20 White Dr., Crawfordville, FL 32327
Friendship Baptist Church	240-971-0205	056-239-886	A2-78-1-33-F	165 Friendship Rd., Crawfordville, FL 32327
Albert R. Hanke, Jr	294-074-9795	036-518-879	E2-3-11-F	231 NT Smith Rd., Sopchoppy, FL 32358
Monroe Thompson	710-176-8708	042-193-138	E2-17-F	1888 Curtis Mill Rd., Sopchoppy, FL 32358

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Exhibit C

EXTRA-TERRITORIAL CUSTOMERS SERVED
BY PROGRESS ENERGY FLORIDA

**Extra-Territorial Customers of Progress Energy
 to be transferred to Talquin Electric**

<u>NAME</u>	<u>ID#</u>	<u>METER#</u>	<u>PREMISE ADDRESS</u>
Kristin B. Smythe	19448-41615	5330231	395 J.K. Moore Rd., Crawfordville, FL 32327
Kristin B. Smythe	65647-24158	5440614	395 J.K. Moore Rd., Crawfordville, FL 32327
L. Robert Tuzenew	19446-97608	3197213	46 Noah Court, Crawfordville, FL 32327
Delbert G. Story	19454-17659	5330179	10 Noah Court, Crawfordville, FL 32327
Patricia Story	34801-75525	5358900	22 Noah Court, Crawfordville, FL 32327
Malcom Rudd	49832-24213	1190327	26 Noah Court, Crawfordville, FL 32327
Amy D. Lalonde	49550-89400	1305764	4 Noah Court, Crawfordville, FL 32327
Simone C. Doyle	56167-64067	1283312	12 Cager Court, Crawfordville, FL 32327
James L. Melvin	97059-08200	7154201	25 Cager Court, Crawfordville, FL 32327
Tyrone Greene	19449-85621	898869	9 Cager Court, Crawfordville, FL 32327
Jerry D. Laxton	19455-61661	1045959	2 Noah Court, Crawfordville, FL 32327
Robert Tillman	90450-92116	490491	21 Swirl Lane, Crawfordville, FL 32327
Crystal Barber	91456-67366	1295907	39 Swirl Lane, Crawfordville, FL 32327
Ann R. Alford	45155-19494	1142267	57 Swirl Lane Crawfordville, FL 32328
Clifton F. Floyd	03145-21161	9105042	411 J.K. Moore Rd., Crawfordville, FL 32327
Caleb M. Crum	85538-80101	5350860	421 J.K. Moore Rd., Crawfordville, FL 32327
*Vaiden Smalley	54771-32349	5015599	140 Crawfordville, Jackson Bluff, Crawfordville, FL 32327

*(Previously referenced as ID #351135000022 and Meter #3002233)

000000

TO: Public Service Commission RE: Docket No. 040231-EU

I James, Scott Smalley,

Object for approval of territorial agreement in Leon and Wakulla Counties by Talquin Electric Cooperative, Inc. and Progress Energy Florida Inc.

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AUG 13 PM 1:39
COMMISSION CLERK

Reasons

1. I feel that change is not always good.
2. I do not want any interruption in my service.
3. I feel my electric cost will rise.
4. I will have to read my meter monthly.
5. I disagree with the agreement deciding who I pay.
6. I feel I have the right to disagree with some one, on some Commission deciding what's best for me and my property.

MP _____
 OM _____
 TR _____
 CR _____
 ICL _____
 OPC _____
 IMS _____
 ICA _____
 ICR _____
 IEC 1
 JTH Kim P.

James Scott Smalley
 4707 Smalley Lane
 Tallahassee Florida 32310

Aug. -13-04

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DOCUMENT NUMBER-DATE
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 FPSC-COMMISSION CLERK