

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Joint petition for approval of territorial agreement in Leon and Wakulla Counties by Talquin Electric Cooperative, Inc. and Progress Energy Florida, Inc.	DOCKET NO. 040231-EU ORDER NO. PSC-04-1106-PAA-EU ISSUED: November 8, 2004
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The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

NOTICE OF PROPOSED AGENCY ACTION ORDER
APPROVING TERRITORIAL AGREEMENT BETWEEN TALQUIN ELECTRIC
COOPERATIVE, INC. AND PROGRESS ENERGY FLORIDA, INC.

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 substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

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 dated March 12, 2004, between the parties in Leon and Wakulla Counties, Florida (Agreement). The Agreement, appended to this Order as Attachment A and incorporated herein by reference, 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 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 have been notified. The Agreement expressly provides that its effectiveness is contingent upon this Commission's approval. Pursuant to Section 366.04(2)(d), Florida Statutes, this Commission has the authority "[t]o approve territorial agreements between

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and among rural electric cooperatives, municipal electric utilities, and other electric utilities under its jurisdiction.”

Agreement

The differences between the proposed and expired 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. 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, our 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 the staff letter was filed on August 13, 2004. 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.”

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 this 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.

Our policy regarding the transfer of customers and facilities is to address the matter on a case-by-case basis. Two examples of Commission-approved transfers 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. We have 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. We find that the proposed 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 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, this Commission stated that "Agreements are generally viewed as the best evidence of efficient and cost-effective boundaries." We are 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. We find 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 this Commission's approval will be sought for an interim service to a new customer that lasts or is expected to last for more than one year. However, there is no explicit requirement in the Agreement for annual updates regarding the status of the voluntary customer transfers. By 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. We believe 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 this 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. We find 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, the Joint Petition for Approval of Territorial Agreement in Leon and Wakulla Counties by Talquin and PEFI is granted. The parties shall file an annual progress report on the customer transfers for the prior twelve months until the transfers are completed to ensure that the transfers can be effectively monitored.

It is, therefore,

ORDERED by the Florida Public Service Commission that the territorial agreement between Talquin Electric Cooperative, Inc. and Progress Energy Florida, Inc., as contained in Attachment A to this Order, is hereby approved. It is further

ORDERED that Attachment A to this Order is incorporated herein by reference. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the

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“Notice of Further Proceedings” attached hereto. If an appropriate petition is filed, the territorial agreement shall remain in effect pending resolution of the protest. It is further

ORDERED that Talquin Electric Cooperative, Inc. and Progress Energy Florida, Inc. shall file an annual progress report on the customer transfers for the prior twelve months until the transfers are completed to ensure that the transfers can be effectively monitored. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 8th day of November, 2004.



BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This

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petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on November 29, 2004.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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

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ATTACHMENT A

ATTACHMENT 1

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

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.

ATTEST:

Bernard Lewis
Secretary

(SEAL)

TALQUIN ELECTRIC COOPERATIVE, INC.

By Mal Green
President

ATTEST:

R. Allen
Assistant Secretary

(SEAL)

PROGRESS ENERGY FLORIDA, INC.

By Vance Adams
Vice President

