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September 30, 1999

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: City of Bushnell, Florida and Sumter Electric Cooperative, Inc.
(Joint Petition for Approval of Territorial Agreement)

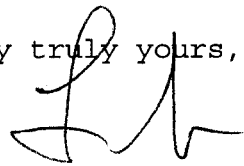
Dear Ms. Bayo:

Enclosed for filing please find an original and fifteen (15) copies of Joint Petition for Approval of Territorial Agreement with attached Agreement as Exhibit "1". In addition, attached to the original and each copy of the Joint Petition, please find Composite Exhibit "A" which consists of the legal description and map depicting the boundary lines established by the agreement.

I would appreciate your assistance in returning the enclosed copy of this letter, reflecting receipt by the Public Service Commission. A pre-addressed stamped envelope is enclosed for your convenience.

If there is anything further that is needed, please do not hesitate to contact me. Thank you for your courtesies and assistance in this regard.

Very truly yours,



Lewis W. Stone

LWS:pa
Enclosures

xc: James E. Wade, III, Esquire
Mr. James P. Duncan
Mr. Ben Brickhouse

seco/letters/l-psc-file-petition

DOCUMENT NUMBER-DATE

12233 OCT-7 99

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval)
of Territorial Agreement.)
City of Bushnell, a Florida)
municipality and Sumter Electric)
Cooperative, Inc., a Florida)
Cooperative,)
_____)

DOCKET NO: 991522-EU

Submitted for Filing:

**JOINT PETITION FOR
APPROVAL OF TERRITORIAL AGREEMENT**

City of Bushnell ("BUSHNELL") and Sumter Electric Cooperative, Inc. ("SECO") jointly petition the Commission for approval of a territorial agreement dated the 1st day of February, 1999, ("the Agreement"), entered into by and between BUSHNELL and SECO, and in support thereof, say:

1. BUSHNELL is a Florida municipal government serving consumers in the City of Bushnell, Florida and SECO is a rural electric cooperative serving consumers in the State of Florida. BUSHNELL's principal place of business is located in the City of Bushnell, Sumter County, Florida, and SECO's principal place of business is located in Sumterville, Sumter County, Florida.

2. All notices and pleadings in this matter should be served upon the following:

FOR THE CITY OF BUSHNELL

City Manager
City of Bushnell
P.O. Box 115
Bushnell, FL 33513

James E. Wade, III
Attorney for City of Bushnell
116 Bushnell Plaza
Bushnell, FL 33513

FOR SUMTER ELECTRIC COOPERATIVE, INC.

Mr. James P. Duncan
Chief Executive Officer
Sumter Electric Cooperative, Inc.
Post Office Box 301
Sumterville, Florida 33585-0301

Lewis W. Stone
Attorney for Sumter Electric
Cooperative, Inc.
Post Office Drawer 2048
Eustis, Florida 32727-2048

DOCUMENT NUMBER-DATE

12233 OCT-78

FPSC-RECORDS/REPORTING

3. On February 1, 1999, BUSHNELL and SECO entered into an Agreement in an effort to more accurately define portions of the parties' respective service areas which are contiguous in many places. Such Agreement provides expressly that it is contingent upon the subsequent approval of the Florida Public Service Commission. Attached hereto as Exhibit 1 is a copy of the Agreement dated the 1st day of February, 1999, which embodies the tentative agreement reached between the parties.

4. The Agreement addressed in this petition represents the continued effort by the parties to minimize costs to their respective consumers by avoiding unnecessary duplications of generation, transmission and distribution facilities. Toward that end, the parties have established the territorial boundary line described in the Agreement to delineate their respective retail territorial areas, subject to the approval of the Commission.

5. The Commission is authorized by Section 366.04(2)(d), Florida Statutes, to approve territorial agreements and resolve territorial disputes between rural electric cooperatives and other electric utilities under its jurisdiction. The Commission has promulgated Florida Administrative Code Rule 25-6.0440 to implement this authority. The Commission has often recognized the wisdom of such agreements, and has held that such agreements, when properly presented to the Commission, are advisable in proper circumstances, and, indeed, in the public interest.

6. MAPS AND DESCRIPTIONS. Attached as Composite Exhibit A to the Agreement are maps and legal descriptions defining the territorial

boundaries which the parties seek to have the Commission approve in this proceeding.

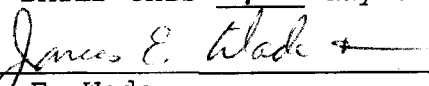
7. NUMBER AND CLASS OF CONSUMERS. No consumers are presently involved in those areas defining the territorial boundaries which the parties seek to have the Commission approve in this proceeding.

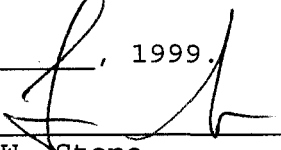
8. EFFECT ON SERVICE. There is no reasonable likelihood that the Agreement will cause a decrease in the reliability of electric service to the existing or future rate-payers of BUSHNELL or SECO. The parties believe the provisions of the tentative Agreement will help avoid future uneconomic duplications of facilities and prevent disputes and uncertainties.

9. Both BUSHNELL and SECO believe that Commission approval of the Agreement would be consistent with the criteria set forth in Section 366.04 of Florida Statutes, and would complement the objectives of assuring an adequate and reliable source of energy in Florida and avoiding uneconomic duplications of generation, transmission and distribution facilities.

WHEREFORE, BUSHNELL and SECO urge the Commission enter its order approving the Agreement attached hereto as Exhibit 1.

DATED this 4th day of October, 1999.


James E. Wade
Attorney for City of Bushnell
116 Bushnell Plaza
Bushnell, FL 33513
(352) 376-5226


Lewis W. Stone
Attorney for Sumter Electric
Cooperative, inc.
Post Office Drawer 2048
Eustis, Florida 32727-2048
(352) 357-0330

AGREEMENT

Section 0.1 THIS AGREEMENT, made and entered into this 1st day of February, 1999, by and between SUMTER ELECTRIC COOPERATIVE, INC., an electric cooperative organized and existing under the laws of the State of Florida (herein called "SECO"), and THE CITY OF BUSHNELL, FLORIDA, a Florida municipality (herein called "BUSHNELL"), each of which operates an electrical distribution system and each of which is subject to regulation pursuant to Chapter 366, Florida Statutes, regarding territorial agreements, are herein collectively called "the Parties";

WITNESSETH:

Section 0.2 WHEREAS, SECO and BUSHNELL entered into a Territorial Agreement, dated September 9, 1981, and approved by Order of the Florida Public Service Commission ("the Commission") on March 30, 1982; and

Section 0.3 WHEREAS, over the period of time since the approval of the prior Territorial Agreement, the development of property and the design of the Parties' respective distribution systems has created a substantial change of circumstances; and

Section 0.4 WHEREAS, it is the intent of this Agreement to supersede the prior agreement in its entirety and that the prior Territorial Agreement between the Parties, dated September 9, 1981, and approved by the Commission on March 30, 1982, is, upon approval of this Agreement by the Commission, be void and canceled; and

Section 0.5 WHEREAS, SECO, by virtue of its Charter and legislative authority, is authorized and empowered to furnish electricity and power to its members, private individuals, corporations and others, and pursuant to such authority, presently furnishes electricity and power to members and customers in areas of Sumter County, Florida, and elsewhere; and

EXHIBIT

1

Section 0.6 WHEREAS, BUSHNELL, by virtue of the laws of Florida, is authorized and empowered to furnish electricity and power to persons, firms and corporations in the County of Sumter, State of Florida, and pursuant to such authority presently furnishes electricity and power to customers in areas of Sumter County, Florida; and

Section 0.7 WHEREAS, the respective areas of retail service of the Parties hereto are contiguous in many places in Sumter County, with the result that duplication of service facilities may occur in the future unless such duplication is precluded by virtue of this Agreement; and

Section 0.8 WHEREAS, the Florida Public Service Commission (the "Commission") has previously recognized that any duplication of said service facilities results in needless and wasteful expenditures and creates hazardous situations, both being detrimental to the public interest; and

Section 0.9 WHEREAS, the Parties hereto desire to avoid and eliminate the circumstances giving rise to the aforesaid potential hazards and duplications and toward that end have established the Territorial Boundary Line to delineate their respective retail territories in Sumter County, Florida; and

Section 0.10 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; and

Section 0.11 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:

ARTICLE I

DEFINITIONS

Section 1.1 Territorial Boundary Line - As used herein, the term "Territorial Boundary Line" shall mean boundary lines so labeled on the maps attached hereto as Exhibit "A" designating the boundary between SECO Territorial Area, as defined in Section 1.2, and the BUSHNELL Territorial area, as defined in Section 1.3. Those portions of Sumter County which are the subject to the terms of this Agreement are identified as the areas marked on the maps included in Exhibit "A".

Section 1.2 SECO Territorial Area - As used herein, the term "SECO Territorial Area" shall mean the area so labeled on Exhibit "A" in Sumter County, Florida.

Section 1.3 BUSHNELL Territorial Area - As used herein, the term "BUSHNELL Territorial Area" shall mean the area so labeled on Exhibit "A" in Sumter County, Florida.

Section 1.4 Point of Use. - The point of use and not the point of connect or metering shall be determinative as to who shall be the provider of electric service under this Agreement.

Section 1.5 Transmission Lines - As used herein, the term "Transmission Lines" shall mean all electric lines of either Party having a rate of 69 kV or greater.

Section 1.6 Distribution Lines - As used herein, the term

"Distribution Lines" shall mean all electric lines of either Party having a rating up to but not including 69 kV.

Section 1.7 **New Customers** - As used herein, the term "New Customers" shall mean those Customers applying for electric service during the term of this Agreement at a point of use in the Territorial Area of either Party which has not previously been served by either utility.

Section 1.8 **Existing Customers** - As used herein, the term "Existing Customers" shall mean any person receiving electric service from either SECO or BUSHNELL at the location for which the service is existent on the effective date of this Agreement. The term Existing Customer shall include the widow, widower, or divorced spouse of an Existing Customer who received retail electric service at the same location as of the effective date of this Agreement or any person who has received electric service at such location prior to the effective date of this Agreement.

Section 1.9 **Person** - As used herein, the term "Person" shall mean the same inclusive meaning given to it in Section 1.01(3), Florida Statutes.

ARTICLE II

RETAIL SERVICE AREA

Section 2.1 **In General.** - Except as otherwise specifically provided herein, SECO shall have the exclusive authority to furnish retail electric service to all its Existing Customers and all New Customers within the SECO Territorial Area and BUSHNELL shall have the exclusive authority to furnish retail electric service to all its Existing Customers and all New Customers in the BUSHNELL 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 SECO Territorial Area or the BUSHNELL

Territorial Area.

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

The Parties recognize that in exceptional circumstances, economic constraints or good engineering practices may indicate that a customer's end-use facilities either cannot or should not be immediately served by the Party in whose Territorial Area they are located. In such instances, upon written request by the Party in whose Territorial Area the end-use facilities are located, to the other Party, the other Party may agree in writing to temporarily provide service to such customer's end-use facilities. The Parties shall notify the Commission of any such agreement for temporary service which is anticipated to last for more than one (1) year. 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.

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

Section 2.3 Purchase of Facilities. In the event of temporary end use customers, small discrete customer service areas, or future retail

customers are served by the utility outside the service territory in which such Customers are located in accordance with Section 2.2 hereof, each Party shall sell (at original cost less accumulated book depreciation at the time of the transfer) the distribution facilities used to serve said customers at the time a request is made by the utility in which territorial area said end-use customer is located.

ARTICLE III

BULK POWER SUPPLY

Section 3.1 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.

ARTICLE IV

OPERATION AND MAINTENANCE

Section 4.1 Facilities to Remain. No generating plant, transmission line, substation, distribution line or related equipment 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 SECO Facilities to be Served. Nothing herein shall be construed to prevent or in any way inhibit the right and authority of SECO to serve any SECO component portion of its electric system facility located in the BUSHNELL Territorial Area which facility is used in connection with SECO business as an electric utility; provided, however, that SECO shall construct, operate, and maintain said lines and facilities in such manner as to minimize

any interference with the operation of BUSHNELL in the BUSHNELL Territorial Area.

Section 4.3 **BUSHNELL Facilities to be Served.** Nothing herein shall be construed to prevent or in any way inhibit the right and authority of BUSHNELL to serve any BUSHNELL component portion of its electric system facility located in the SECO Territorial Area which facility is used in connection with BUSHNELL's business as an electric utility; provided, however, that BUSHNELL shall construct, operate, and maintain said lines and facilities in such manner as to minimize any interference with the operation of SECO in the SECO Territorial Area.

ARTICLE V

ANNEXATIONS

Section 5.1 **Annexed Areas** - In the event any portion of the area within SECO's Territorial Area is subsequently annexed by and into the city limits of BUSHNELL, BUSHNELL may impose a franchise fee upon SECO Customers served within the city boundaries pursuant to the existing Franchise Agreement between the parties hereto, or any modification or extension thereof, as set forth in Article II, Appendix A of the City of Bushnell Code of Ordinances, as adopted by Ordinance 81-13. Said Franchise Agreement is hereby incorporated by reference.

ARTICLE VI

PREREQUISITE APPROVAL

Section 6.1 **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, and the date of the Commission's order, if any, granting initial Commission approval of this Agreement shall be deemed to be the effective date of this Agreement. Any proposed modification of this Agreement shall be submitted to the Commission for approval. In addition, the parties agree to jointly petition the commission to resolve any dispute concerning the provisions of this Agreement or the Parties' performance of this Agreement.

Section 6.2 Liability in the Event of Disapproval. In the event approval pursuant to Section 6.1 is not obtained, neither party will have any claim against the other arising under this Agreement.

Section 6.3 Prior Agreement. Upon its approval by the Commission, this Agreement shall be deemed to specifically supersede the Territorial Agreement entered into between the Parties on September 9, 1981, identified by the Commission Docket No. 810367-EU, Order No. 10676, and issued on March 30, 1982, defining the boundaries of their respective Territorial Areas within certain areas of Sumter County, Florida.

ARTICLE VII

DURATION

Section 7.1 Term. This Agreement shall continue and remain in effect through March 29, 2012.

ARTICLE VIII

CONSTRUCTION OF AGREEMENT

Section 8.1 Other Electric Utilities. Nothing in this Agreement is intended to define, establish or affect in any manner the rights of either party hereto relative to any other electric utility not a Party to this

Agreement with respect to the furnishing of retail electric service including, but not limited to, the service territory of either Party hereto relative to the service territory of any other electric utility not a Party to this Agreement.

Section 8.2 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 generation, transmission and distribution facilities; and encouraging the installation and maintenance of facilities necessary to fulfill the Parties' respective obligations to serve.

ARTICLE IX

MISCELLANEOUS

Section 9.1 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, attached hereto, signed by both Parties, and approved by the Commission

Section 9.2 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, other than the Parties hereto, any right, remedy or claim under or by reason of this Agreement or any provision 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 hereto and their respective representatives, successors and assigns.

Section 9.3 Notices - Notices given hereunder shall be deemed to have been given to SECO if mailed by Certified Mail, postage prepaid, to CHIEF EXECUTIVE OFFICER, SUMTER ELECTRIC COOPERATIVE, INC., P.O. Box 301, Sumterville, FL 33585-0301. 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. And to BUSHNELL if mailed by Certified Mail, postage prepaid, to: CITY MANAGER, CITY OF BUSHNELL, P.O. Box 115, Bushnell, FL 33513. 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.

Section 9.4 Severability The invalidity or unenforceability of a particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceability provision were omitted.

IN WITNESS WHEREOF, the Parties hereby 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; and one of said triplicate copies has been delivered to each of the Parties hereto.

ATTEST:

By Ray F. Vick
Ray F. Vick
As its Secretary

SUMTER ELECTRIC COOPERATIVE, INC.
By Wilson G. Sheppard
Wilson G. Sheppard
As its President

(CORPORATE SEAL)

ATTEST:

By N. Joy Coleman
N. Joy Coleman
As its City Clerk

CITY OF BUSHNELL
By Joseph P. Strickland, Jr.
Joseph P. Strickland, Jr.
As its Mayor

(CORPORATE SEAL)

APPROVED AS TO FORM AND LEGALITY:

By James E. Wade
Legal Counsel to the
City of Bushnell

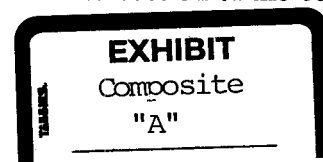
By [Signature]
Legal counsel to Sumter
Electric Cooperative, Inc.

APPROVED: Florida Public Service Commission Order No. _____
Date: _____

BOUNDARY DESCRIPTION OF THE TERRITORIAL AGREEMENT
BETWEEN THE CITY OF BUSHNELL AND SUMTER ELECTRIC COOPERATIVE, INC.

CITY OF BUSHNELL SERVICE TERRITORY

Begin at the Southeast Corner of Section 17, Township 21 South, Range 22 East; thence run Westerly along the South boundary of Section 17, Township 21 South, Range 22 East to the centerline of County Road #603 (also known as Dade Park Road); thence run Northerly along the centerline of County Road #603 to the intersection of the centerline of County Road #C-476; thence run Westerly along the centerline of County Road #C-476 to the intersection of the centerline of County Road #605; thence run due North to a point due West of the centerline of Central Avenue, a platted street in the City of Bushnell; thence run due East to the intersection of the centerline of West Street, a platted street in the City of Bushnell; Thence run Northerly along the centerline of West Street to a point 465.86 feet South of the South Right-of-Way of Noble Avenue; thence run West a distance of 300 feet, thence run north a distance of 180.86 ft. thence run East a distance of 100 feet; thence run North a distance of 150 feet to the South boundary line of Lot 3, Block 5 of Payne's Addition to Bushnell; thence run Westerly along the south boundary of said Lot 3 to the Southwest Corner of Lot 4, Block 5 of Payne's Addition; thence run Northerly along the West boundary of said Lot 4, Block 5 to the centerline of Noble Avenue, a platted street in the City of Bushnell; thence run Westerly along the centerline of said Noble Avenue to the intersection of the centerline of County Road #603 (also known as Gamble Avenue); thence run Northerly along the centerline of said County Road #603 to the North boundary of Dogwood Mobile Home Park, a subdivision in the City of Bushnell; thence run Easterly along the North boundary of Dogwood Mobile Home Park to the West boundary line of Section 16, Township 21 South, Range 22 East; thence run Northerly along the West boundary line of said Section 16 to the Southwest Corner of Section 9, Township 21 South, Range 22 East; thence continue Northerly along the West boundary of said Section 9 to a point due West of the Eastwest dividing line of Block 1, Bushnell Park #2 Subdivision; thence run East to the Southwest Corner of Lot 1, Block 1 of said Bushnell Park #2 Subdivision; thence continue Easterly along the Eastwest dividing line of said Block 1 to the centerline of York Street; thence run Southerly along the centerline of York Street to the intersection of the centerline of Parker Avenue; thence run Easterly along the centerline of Parker Avenue to a point due South of the Southeast Corner of Lot 19, Block 2 of Bushnell Park #2; thence run Northerly along the East boundary of Lots 19 & 7, Block 2 of said Subdivision to the centerline of Palm Avenue; thence run Westerly along the centerline of Palm Avenue to a point due South of the Southeast Corner of Lot 1, Block 71, Sumter Gardens Subdivision; thence run North to the Southeast Corner of said Lot 1; thence continue Northerly along the East boundary of said Lot 1 to the Northeast Corner of said Lot 1, Block 71, Sumter Gardens Subdivision; thence run Westerly along the North boundary of said Lot 1 to the centerline of County Road #311; thence run Northerly along the centerline of County Road #311 to the intersection of the centerline of Tustenugee Drive, a platted street in Jumpers Point Subdivision, Unit #1; thence run Easterly along the centerline of Tustenugee Drive to the intersection of the centerline of Jumper Drive South; thence run Southerly and Easterly along the centerline of Jumper Drive South to the intersection of the centerline of County Road #475; thence run Southerly along the centerline of County Road #475 to a point 210 ft. North of the intersection of the centerline of C.R. 475 and the Easterly extension of the North right-of-way line of Palm Avenue; thence run West to a point on the Westerly right-of-way line of C.R. 475 that is 210 ft. North of the southeast corner of Tract 1, Plat 70, Sumter Gardens and Bushnell Park No. 2, thence run West 210 ft., run South 210 ft. to a point on the north right-of-way line of Palm Avenue that is 210 ft. west of the southeast corner of said Tract 1; thence continue South to the centerline of Palm Avenue, thence run East along the centerline of Palm Avenue; thence run Easterly along the centerline of Palm Avenue to the intersection of the centerline of



CITY OF BUSHNELL SERVICE TERRITORY
CONTINUED – PAGE 2

Florida Street; thence run Southerly along the centerline of Florida Street to a point due West of the Southwest Corner of Lot 1, Block 4 of Sunland Estates Addition to Bushnell; thence run due East to the Southwest Corner of said Lot 1; thence run Easterly along the East-West dividing line of Block 4 Sunland Estates Addition to Bushnell to the Southwest Corner of Lot 1, Block 8 of Sumter Gardens Subdivision; continue Easterly along the East-West dividing line of Block 8 and Block 9 of said Sumter Gardens Subdivision to the centerline of Burnett Street; thence run Northerly along the centerline of Burnett Street to the intersection of the centerline of Parker Avenue; thence run Easterly along the centerline of Parker Avenue to the intersection of the centerline of US Hwy #301 (also known as State Road #35); thence run Southerly along the centerline of US Hwy #301 to the intersection of the centerline of Lawrence Court; continue Southerly along the centerline of Lawrence Court to a point due West of the Northwest Corner of Lot 3, Block 5, Highland Park Subdivision; thence run Easterly to Northwest corner of Lot 3, Block 5, Highland Park Subdivision, thence continue Easterly along the North boundary of Lots 3 & 16, Block 5, Highland Park Subdivision; thence continue to centerline of Highland Avenue, thence continue South to the centerline of Towns Boulevard; thence run Southwesterly along the centerline of Towns Boulevard to the intersection of the centerline of CR476 (also known as Noble Avenue); thence run Easterly along the centerline of CR476 (Noble Avenue) to the intersection of the centerline of Jasper Street; thence run Southerly along the centerline of Jasper Street to the intersection of the centerline of Central Avenue; thence run Westerly along the centerline of Central Avenue to the West boundary of Section 16, Township 21 South, Range 22 East; thence run Southerly along the West boundary of said Section 16 to intersection of the centerline of Seminole Avenue; thence run Westerly along the centerline of Seminole Avenue to a point due North of the centerline of a North-South alley way being the dividing line of Blocks 2, 9, 12, & 19, Lincoln Park Subdivision; thence run Southerly along the centerline of said alley way to the intersection of the centerline of Louisiana Street; thence run Westerly along the centerline of the Louisiana Avenue to the intersection of the centerline of Lincoln Street; thence run Southerly along the centerline of Lincoln Street to the intersection of the centerline of County Road #48; thence run Westerly along the centerline of said County Road #48 to the intersection of the centerline of Church Street; thence run Northerly along the centerline of Church Street to the intersection of the centerline of Louisiana Avenue; thence run Westerly along the centerline of Louisiana Avenue to the intersection of the centerline of Pine Street; thence run Southerly along the centerline of Pine Street to the South boundary of Section 16, Township 21 South, Range 22 East; thence run Westerly along the South boundary of said Section 16 to the Point of Beginning.

AND ALSO:

Section 17, Township 21 South, Range 22 East

The NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ less the N 333 ft. thereof**AND ALSO:**

Section 21, Township 21 South, Range 22 East

The East $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ **AND ALSO:**

Section 15 Township 21 South, Range 22 East

East $\frac{1}{2}$ of the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ and the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ less Begin at the SE corner of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ and run N 278.24 ft., W 313.12, S278.24ft., E 312.76 ft. to the POB, and less commence at the NE corner of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$, run S 333.59 ft., W 313.12 ft. to the P0B, thence run S 278.25 ft., W 200.08 ft., N 278.25 ft., E 200.08 ft. to the POB.

CITY OF BUSHNELL SERVICE TERRITORY
CONTINUED – PAGE 3

Sumter Electric to serve the following areas encompassed by City of Bushnell Electric System:

Begin at the Northwest Corner of Lot 1, Block 3, Bushnell Park #2 Subdivision; thence run Easterly along the North boundary of Lots 1-9, Block 3, to the Northeast Corner of said Lot 9; thence run Southerly along the East boundary of Lots 9 & 20, Block 3 of said Bushnell Park #2 to the Southeast Corner of said Lot 20; thence run Westerly along the South boundary of Lots 12-20, Block 3 of Bushnell Park #2 to the Southwest Corner of said Lot 12; thence run Northerly along the West boundary of Lot 12 and Lot 1, Block 3 to the Point of Beginning.

And

Begin at the Northwest corner of Lot 8, Block 4, Bushnell Park #2 Subdivision; thence run Easterly along the North boundary of said Lot 8 and Lot 9, Bushnell Park #2 to the Northeast corner of said Lot 9, thence run Southerly along the East boundary of said Lot 9 to the Southeast corner of said Lot 9; thence run Westerly along the South boundary of Lots 9 & 8, Block 4, Bushnell Park #2 to the Southwest corner of said Lot 8; thence run Northerly along the West boundary of Lot 8, Block 4 to point of beginning.

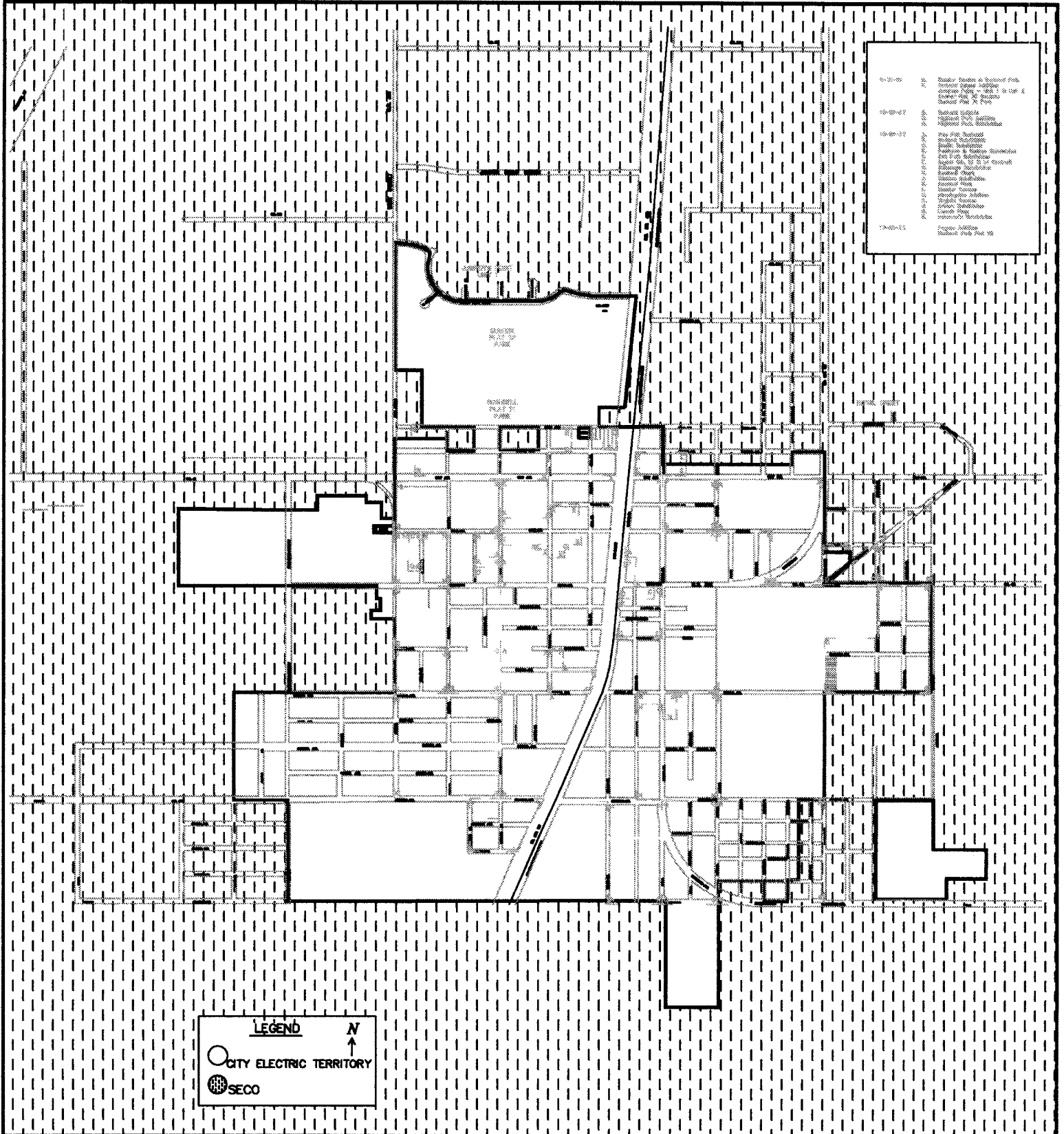
And

Begin at 582.14 feet South of the Northeast corner of Section 17, Township 21 South, Range 22 East; thence run South 80 feet, West 250 feet, North 80 feet, East 250 feet to the point of beginning.



MAP OF TERRITORIAL AGREEMENT

BETWEEN THE CITY OF BUSHNELL AND SUMTER ELECTRIC COOPERATIVE



RECEIVED
FLORIDA PUBLIC
SERVICE COMMISSION

AGREEMENT

99 OCT -7 PM 1:51
Section 0.1

THIS AGREEMENT, made and entered into this 1st day of February, 1999, by and between SUMTER ELECTRIC COOPERATIVE, INC., an electric cooperative organized and existing under the laws of the State of Florida (herein called "SECO"), and THE CITY OF BUSHNELL, FLORIDA, a Florida municipality (herein called "BUSHNELL"), each of which operates an electrical distribution system and each of which is subject to regulation pursuant to Chapter 366, Florida Statutes, regarding territorial agreements, are herein collectively called "the Parties";

WITNESSETH:

Section 0.2 WHEREAS, SECO and BUSHNELL entered into a Territorial Agreement, dated September 9, 1981, and approved by Order of the Florida Public Service Commission ("the Commission") on March 30, 1982; and

Section 0.3 WHEREAS, over the period of time since the approval of the prior Territorial Agreement, the development of property and the design of the Parties' respective distribution systems has created a substantial change of circumstances; and

Section 0.4 WHEREAS, it is the intent of this Agreement to supersede the prior agreement in its entirety and that the prior Territorial Agreement between the Parties, dated September 9, 1981, and approved by the Commission on March 30, 1982, is, upon approval of this Agreement by the Commission, be void and canceled; and

Section 0.5 WHEREAS, SECO, by virtue of its Charter and legislative authority, is authorized and empowered to furnish electricity and power to its members, private individuals, corporations and others, and pursuant to such authority, presently furnishes electricity and power to members and customers in areas of Sumter County, Florida, and elsewhere; and

Section 0.6 WHEREAS, BUSHNELL, by virtue of the laws of Florida, is authorized and empowered to furnish electricity and power to persons, firms and corporations in the County of Sumter, State of Florida, and pursuant to such authority presently furnishes electricity and power to customers in areas of Sumter County, Florida; and

Section 0.7 WHEREAS, the respective areas of retail service of the Parties hereto are contiguous in many places in Sumter County, with the result that duplication of service facilities may occur in the future unless such duplication is precluded by virtue of this Agreement; and

Section 0.8 WHEREAS, the Florida Public Service Commission (the "Commission") has previously recognized that any duplication of said service facilities results in needless and wasteful expenditures and creates hazardous situations, both being detrimental to the public interest; and

Section 0.9 WHEREAS, the Parties hereto desire to avoid and eliminate the circumstances giving rise to the aforesaid potential hazards and duplications and toward that end have established the Territorial Boundary Line to delineate their respective retail territories in Sumter County, Florida; and

Section 0.10 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; and

Section 0.11 NOW THEREFORE, in fulfillment of the purposes and desires

aforsaid, 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:

ARTICLE I

DEFINITIONS

Section 1.1 Territorial Boundary Line - As used herein, the term "Territorial Boundary Line" shall mean boundary lines so labeled on the maps attached hereto as Exhibit "A" designating the boundary between SECO Territorial Area, as defined in Section 1.2, and the BUSHNELL Territorial area, as defined in Section 1.3. Those portions of Sumter County which are the subject to the terms of this Agreement are identified as the areas marked on the maps included in Exhibit "A".

Section 1.2 SECO Territorial Area - As used herein, the term "SECO Territorial Area" shall mean the area so labeled on Exhibit "A" in Sumter County, Florida.

Section 1.3 BUSHNELL Territorial Area - As used herein, the term "BUSHNELL Territorial Area" shall mean the area so labeled on Exhibit "A" in Sumter County, Florida.

Section 1.4 Point of Use. - The point of use and not the point of connect or metering shall be determinative as to who shall be the provider of electric service under this Agreement.

Section 1.5 Transmission Lines - As used herein, the term "Transmission Lines" shall mean all electric lines of either Party having a rate of 69 kV or greater.

Section 1.6 Distribution Lines - As used herein, the term

"Distribution Lines" shall mean all electric lines of either Party having a rating up to but not including 69 kV.

Section 1.7 **New Customers** - As used herein, the term "New Customers" shall mean those Customers applying for electric service during the term of this Agreement at a point of use in the Territorial Area of either Party which has not previously been served by either utility.

Section 1.8 **Existing Customers** - As used herein, the term "Existing Customers" shall mean any person receiving electric service from either SECO or BUSHNELL at the location for which the service is existent on the effective date of this Agreement. The term Existing Customer shall include the widow, widower, or divorced spouse of an Existing Customer who received retail electric service at the same location as of the effective date of this Agreement or any person who has received electric service at such location prior to the effective date of this Agreement.

Section 1.9 **Person** - As used herein, the term "Person" shall mean the same inclusive meaning given to it in Section 1.01(3), Florida Statutes.

ARTICLE II

RETAIL SERVICE AREA

Section 2.1 **In General.** - Except as otherwise specifically provided herein, SECO shall have the exclusive authority to furnish retail electric service to all its Existing Customers and all New Customers within the SECO Territorial Area and BUSHNELL shall have the exclusive authority to furnish retail electric service to all its Existing Customers and all New Customers in the BUSHNELL 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 SECO Territorial Area or the BUSHNELL

Territorial Area.

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

The Parties recognize that in exceptional circumstances, economic constraints or good engineering practices may indicate that a customer's end-use facilities either cannot or should not be immediately served by the Party in whose Territorial Area they are located. In such instances, upon written request by the Party in whose Territorial Area the end-use facilities are located, to the other Party, the other Party may agree in writing to temporarily provide service to such customer's end-use facilities. The Parties shall notify the Commission of any such agreement for temporary service which is anticipated to last for more than one (1) year. 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.

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

Section 2.3 Purchase of Facilities. In the event of temporary end use customers, small discrete customer service areas, or future retail

customers are served by the utility outside the service territory in which such Customers are located in accordance with Section 2.2 hereof, each Party shall sell (at original cost less accumulated book depreciation at the time of the transfer) the distribution facilities used to serve said customers at the time a request is made by the utility in which territorial area said end-use customer is located.

ARTICLE III

BULK POWER SUPPLY

Section 3.1 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.

ARTICLE IV

OPERATION AND MAINTENANCE

Section 4.1 Facilities to Remain. No generating plant, transmission line, substation, distribution line or related equipment 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 SECO Facilities to be Served. Nothing herein shall be construed to prevent or in any way inhibit the right and authority of SECO to serve any SECO component portion of its electric system facility located in the BUSHNELL Territorial Area which facility is used in connection with SECO business as an electric utility; provided, however, that SECO shall construct, operate, and maintain said lines and facilities in such manner as to minimize

any interference with the operation of BUSHNELL in the BUSHNELL Territorial Area.

Section 4.3 **BUSHNELL Facilities to be Served.** Nothing herein shall be construed to prevent or in any way inhibit the right and authority of BUSHNELL to serve any BUSHNELL component portion of its electric system facility located in the SECO Territorial Area which facility is used in connection with BUSHNELL's business as an electric utility; provided, however, that BUSHNELL shall construct, operate, and maintain said lines and facilities in such manner as to minimize any interference with the operation of SECO in the SECO Territorial Area.

ARTICLE V

ANNEXATIONS

Section 5.1 **Annexed Areas** - In the event any portion of the area within SECO's Territorial Area is subsequently annexed by and into the city limits of BUSHNELL, BUSHNELL may impose a franchise fee upon SECO Customers served within the city boundaries pursuant to the existing Franchise Agreement between the parties hereto, or any modification or extension thereof, as set forth in Article II, Appendix A of the City of Bushnell Code of Ordinances, as adopted by Ordinance 81-13. Said Franchise Agreement is hereby incorporated by reference.

ARTICLE VI

PREREQUISITE APPROVAL

Section 6.1 **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, and the date of the Commission's order, if any, granting initial Commission approval of this Agreement shall be deemed to be the effective date of this Agreement. Any proposed modification of this Agreement shall be submitted to the Commission for approval. In addition, the parties agree to jointly petition the commission to resolve any dispute concerning the provisions of this Agreement or the Parties' performance of this Agreement.

Section 6.2 Liability in the Event of Disapproval. In the event approval pursuant to Section 6.1 is not obtained, neither party will have any claim against the other arising under this Agreement.

Section 6.3 Prior Agreement. Upon its approval by the Commission, this Agreement shall be deemed to specifically supersede the Territorial Agreement entered into between the Parties on September 9, 1981, identified by the Commission Docket No. 810367-EU, Order No. 10676, and issued on March 30, 1982, defining the boundaries of their respective Territorial Areas within certain areas of Sumter County, Florida.

ARTICLE VII

DURATION

Section 7.1 Term. This Agreement shall continue and remain in effect through March 29, 2012.

ARTICLE VIII

CONSTRUCTION OF AGREEMENT

Section 8.1 Other Electric Utilities. Nothing in this Agreement is intended to define, establish or affect in any manner the rights of either party hereto relative to any other electric utility not a Party to this

Agreement with respect to the furnishing of retail electric service including, but not limited to, the service territory of either Party hereto relative to the service territory of any other electric utility not a Party to this Agreement.

Section 8.2 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 generation, transmission and distribution facilities; and encouraging the installation and maintenance of facilities necessary to fulfill the Parties' respective obligations to serve.

ARTICLE IX

MISCELLANEOUS

Section 9.1 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, attached hereto, signed by both Parties, and approved by the Commission

Section 9.2 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, other than the Parties hereto, any right, remedy or claim under or by reason of this Agreement or any provision 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 hereto and their respective representatives, successors and assigns.

Section 9.3 **Notices** - Notices given hereunder shall be deemed to have been given to SECO if mailed by Certified Mail, postage prepaid, to CHIEF EXECUTIVE OFFICER, SUMTER ELECTRIC COOPERATIVE, INC., P.O. Box 301, Sumterville, FL 33585-0301. 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. And to BUSHNELL if mailed by Certified Mail, postage prepaid, to: CITY MANAGER, CITY OF BUSHNELL, P.O. Box 115, Bushnell, FL 33513. 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.

Section 9.4 **Severability** The invalidity or unenforceability of a particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceability provision were omitted.

IN WITNESS WHEREOF, the Parties hereby 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; and one of said triplicate copies has been delivered to each of the Parties hereto.

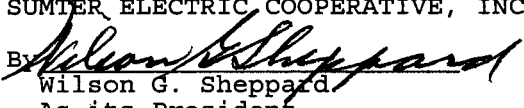
ATTEST:

By


Ray F. Vick
As its Secretary

SUMTER ELECTRIC COOPERATIVE, INC.

By


Wilson G. Sheppard
As its President

(CORPORATE SEAL)

ATTEST:

By N. Joy Coleman
N. Joy Coleman
As its City Clerk

CITY OF BUSHNELL
By Joseph P. Strickland, Jr.
Joseph P. Strickland, Jr.
As its Mayor

(CORPORATE SEAL)

APPROVED AS TO FORM AND LEGALITY:

By James E. Wade
Legal Counsel to the
City of Bushnell

By [Signature]
Legal counsel to Sumter
Electric Cooperative, Inc.

APPROVED: Florida Public Service Commission Order No. _____
Date: _____

