

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition for renewal of territorial agreement and approval of a third amendment, by Clay Electric Cooperative, Inc. and the City of Green Cove Springs.

DOCKET NO. 120305-EU
ORDER NO. PSC-13-0053-PAA-EU
ISSUED: January 28, 2013

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING TERRITORIAL AGREEMENT

BY THE COMMISSION:

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

On December 5, 2012, Clay Electric Cooperative, Inc. (Clay Electric) and the City of Green Cove Springs (Green Cove Springs) filed a joint petition requesting Commission approval of a renewal of their Territorial Agreement (Agreement), which we initially approved on February 11, 1992. The petition also requested approval of a Third Amendment to the Agreement. The Agreement, previous amendments, the Third Amendment, as well as associated maps and territory description, are included here as Attachment A.

As explained below, we approve the joint petition. We have jurisdiction over this matter pursuant to Section 366.04, Florida Statutes (F.S.).

Pursuant to Section 366.04(2)(d), F.S., we have jurisdiction to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities. Pursuant to Rule 25-6.0440(2), F.A.C., in approving territorial agreements, we may consider the reasonableness of the purchase price of any facilities being transferred, the likelihood that the agreement will not cause a decrease in the reliability of electric service to existing or future ratepayers, and the likelihood that the agreement will eliminate existing or potential uneconomic duplication of facilities. Unless we determine that an agreement will cause a detriment to the public interest, the agreement should be approved. Utilities Commission of the City of New Smyrna v. Florida Public Service Commission, 469 So. 2d 731 (Fla. 1985).

DOCUMENT NUMBER - DATE

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FPSC-COMMISSION CLERK

The Agreement has not changed, except for the addition of the Third Amendment, which is simply the formal agreement to extend the Agreement for an additional 20 years. The maps provided with the joint petition have not changed and reflect the same boundaries. There are no new customer transfers affected by renewal of the Agreement, so there was no need to contact any customers to explain differences in rates. Likewise, there are no existing facilities being transferred and there is no reasonable likelihood that the Agreement will cause a decrease in the reliability of electric service to existing or future customers of either party. The parties state that the Agreement renewal will avoid confusion and potential uneconomic duplication of facilities, and they assert that the Agreement is in the public interest.

We find that the renewed Agreement between Clay Electric and Green Cove Springs is in the public interest and shall be approved, effective the date of this Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the joint petition for renewal of territorial agreement and approval of a third amendment, by Clay Electric Cooperative, Inc. and the City of Green Cove Springs is approved, effective the date of this Order. 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 Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. 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 28th day of January, 2013.



ANN COLE
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MCB

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 petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on February 18, 2013.

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.

TERRITORIAL AGREEMENT

BETWEEN

CLAY ELECTRIC COOPERATIVE, INC.

AND THE

CITY OF GREEN COVE SPRINGS

SEPTEMBER 19th, 1991

AGREEMENT

Section 0.1 THIS AGREEMENT, made and entered into this
17th day of September, 1991, by and between
CLAY ELECTRIC COOPERATIVE, INC., an electric cooperative
organized and existing under the laws of the State of Florida
(herein called "COOPERATIVE") and the City of Green Cove Springs,
a Municipal Government organized and existing under the laws of
the State of Florida (herein called the "CITY");

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 Clay County, Florida and elsewhere; and

Section 0.3 WHEREAS, the City, 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 Clay, State of
Florida, and pursuant to such authority presently furnishes
electricity and power to customers in areas of Clay County,
Florida; and

Section 0.4 WHEREAS, the respective areas of service of the parties hereto are contiguous in many places in Clay County, with the result that in the future duplication of service facilities may occur unless such duplication is precluded by a Territorial Agreement; and

Section 0.5 WHEREAS, the Florida Public Service Commission (herein called the "COMMISSION"), has previously recognized that any such duplication of service facilities may result in needless and wasteful expenditures, may create hazardous situations; both being detrimental to the public interest; and

Section 0.6 WHEREAS, the Commission is empowered by Section 366.04 (2) (d), Florida Statutes, to approve and enforce territorial agreements between electric utilities, and has recognized the wisdom of such agreements to avoid unnecessary and uneconomic duplication of electric facilities, and costly disputes over service areas, and that such agreements are in the public interest; and

Section 0.7 WHEREAS, the parties hereto desire to avoid and eliminate the circumstances that may give rise to the aforesaid duplications, hazards, and costly expenditures, and to that end desire to establish territorial boundaries; and

Section 0.8 WHEREAS, in order to accomplish said area allocation the parties have delineated boundary lines in portions of Clay County, hereinafter referred to as "Boundary Lines", and said boundary lines define and delineate the retail service areas of the parties in portions of Clay County;

Section 0.9 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 Lines - As used herein, the term "Territorial Boundary Lines" shall mean boundary lines which delineate the geographic areas on the county map attached hereto as Exhibit "A" and which differentiate and divide the Cooperative Territorial Area from the City Territorial Area as more particularly described in the legal description attached hereto and marked Exhibit "B". In the event of any discrepancy between Exhibit "A" and Exhibit "B", Exhibit "B" shall prevail.

Section 1.2 Cooperative Territorial Areas - As used herein, the "Cooperative" Territorial Areas shall mean the geographic areas shown as Exhibit "A" as lying outside the shaded areas and labeled "Cooperative".

Section 1.3 City Territorial Areas - As used herein, the term "City" Territorial Areas shall mean the geographic areas shown on Exhibit "A" as lying inside the shaded areas and labeled "City".

Section 1.4 Distribution Lines - As used herein, the term "Distribution Lines" shall mean all lines for the flow of electric energy of either party having a rating up to but not including 69 kv.

Section 1.5 Express Distribution Feeders - As used herein, the "Express Distribution Feeder" shall mean a three phase line, at distribution voltage, that transports power through the other party's territory but serves no load within such territory.

Section 1.6 Transmission Lines - As used herein the term "Transmission Lines" shall mean all lines for the flow of electric energy of either party having a rating of 69 kv or over.

Section 1.7 Customers - As used herein, the term "Customer" shall mean a customer or consumer of either party.

Section 1.8 New Customers - As used herein, the term "New Customers" shall mean all retail electric customers applying for service to either the City or Cooperative after the effective date of this Agreement.

Section 1.9 Existing Customers - As used herein, the term "Existing Customers" shall mean all retail electric customers receiving service on or before the effective date of this agreement from either party.

Section 1.10 Annexed Area - As used herein, the term "Annexed Area" shall mean any area presently located in Clay's territorial area and subsequently annexed by and into the City of Green Cove Springs.

Section 1.11 End Use Facilities - As used herein, the term "End Use Facilities" shall mean a geographic location where the electric energy used by a customer is ultimately consumed.

ARTICLE II

AREA DESIGNATIONS AND NEW CUSTOMERS

Section 2.1 Service Areas - The Cooperative Territorial Areas, as herein defined, are hereby set aside to the Cooperative as its retail service areas for the term hereof; and the City Territorial Areas, as herein defined, are hereby set aside to the City as its retail service areas for such period. Except as otherwise specifically provided for in Section 2.3, neither party shall serve or offer to serve a customer whose end use facilities are located in the territorial areas of the other party.

Section 2.2 New Customers - The parties shall each have the right and the responsibility to provide retail electric service to all New Customers within their respective territorial areas except as modified by Section 2.4 below. Neither party shall hereafter serve or offer to serve a New Customer whose end-use facilities are located in the territorial area of the other party except on an interim basis as provided in Section 2.3 below.

Section 2.3 Interim Service - The parties recognize that exceptional circumstances, economic constraints, good engineering practices, and system planning may indicate that a customer should not be immediately served by the party in whose territorial area the customer's end use facilities are located, until some time in the future. In such an event, a party may, in its discretion, request the other party to provide service to the new customer on an interim basis. Such request shall be made in writing and the other party shall promptly notify the requesting party if it should elect, in its discretion, to decline the request. If such request is accepted, the party providing interim service shall be deemed to do so only on behalf of the requesting party, who shall remain entitled to serve the New Customer to the same extent as if it had provided service in the first instance. At such time as the requesting party elects to begin providing service directly to the New Customer, after reasonable written notice to the other party, such other party shall cease providing interim service and, thereafter, service shall be furnished to the New Customer in accordance with Section 2.1 and 2.2 above.

Section 2.4 Existing Customers - Each party shall have the right and responsibility of providing retail electric service to each of its existing customers or any new customers at any location not being served by it whether or not the location where such existing service is provided is located within or without the territorial area of such party. It is intended by this provision that each party shall have the right to continue serving any existing location served by it, irrespective of the location of such service, and, irrespective of whether the customer served is an existing customer or a new customer. Notwithstanding the foregoing to the contrary, a customer located in the other's territory that discontinues electric service for one and one-half (1 1/2) years or longer shall thereafter be the customer of the party in whose territory same is located.

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 wherever they may be located. Further, no other provision of this Agreement shall be construed as applying to bulk power 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 used by either party in conjunction with their respective electric utility systems, and which are used directly or indirectly and are useful in serving customers in their respective service areas, shall be allowed to remain where situated and shall not be subject to removal hereunder, except by the party owning or using such facilities; 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 Express Distribution Feeders - Either party may erect and/or operate Express Distribution Feeders in the territorial are of the other party; PROVIDED, HOWEVER, that the party shall construct, operate and maintain said Express Distribution Feeders in a safe manner so as to minimize any interference with the operation of the other party's facilities.

Section 3.3 Transmission Lines - Either party may erect and/or operate Transmission Lines in the territorial area of the other party; PROVIDED, HOWEVER, that the party shall construct, operate and maintain said Transmission Lines in a safe manner so as to minimize any interference with the operation of the other party's facilities.

ARTICLE IV

ANNEXATIONS

Section 4.1 Annexed Areas - In the event any portion of the area outside the City territorial area and within the Cooperative's territorial area is subsequently annexed by and into the city limits of the City, the City may impose a franchise agreement with respect to such annexed portions upon reasonable terms and conditions, but the City shall have no right to acquire by eminent domain, condemnation, or otherwise any customers or facilities of the Cooperative in any portion designated as Clay territorial area. The Cooperative shall have the right to continue service to its existing and new customers in any area annexed by the City. Such franchise fee may not exceed 12% of the cooperative's revenues from its members within the city's corporate limits area covered by the franchise agreement.

ARTICLE V

PREREQUISITE APPROVAL

Section 5.1 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. Each party irrevocably and unconditionally consents to and requests the Commission to approve this agreement.

Section 5.2 Liability in the Absence of Approval - In the event approval pursuant to Section 5.1 is not obtained, neither party will have any cause of action against the other arising under this Agreement.

ARTICLE VI

DURATION

Section 6.1 This Agreement shall continue and remain in effect for a period of twenty (20) years from the date the Agreement is approved by the Commission. The parties, however, recognize that the Commission has the jurisdiction to review this agreement periodically during the term of this Agreement.

ARTICLE VII

CONSTRUCTION OF AGREEMENT

Section 7.1 Intent and Interpretation - It is hereby declared to be the purpose and intent of this Agreement shall be interpreted and construed, to eliminate and avoid the needless and wasteful expenditures, duplication of facilities and potentially hazardous situations, which might otherwise result from unrestrained competition between the parties operating in overlapping service areas.

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

Section 8.3 Notices - Notices given hereunder shall be deemed to have been given to Clay if mailed by Certified Mail, postage prepaid, to: General Manager, Clay Electric Cooperative, Inc., Post Office Box 308, Keystone Heights, Florida 32656; and to the City if mailed by Certified Mail, postage prepaid, to: Mayor, City of Green Cove Springs, Green Cove Springs, Florida 32043. 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 8.4 Severability - The invalidity or un-enforceability 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 un-enforceability provision were omitted.

Section 8.5 Cost and Attorney Fees - In the event legal action is taken to enforce the terms of this agreement, hereof, the prevailing party shall be entitled to recover all costs incurred, including reasonable attorney fees.

Section 8.6 Transfer of Customers - The parties recognize that this agreement does not provide for a mandatory transfer of customers of either party, except as may be provided in Section 2.4, where a customer has discontinued service for one and one-half (1 1/2) years or more. Nonetheless, the parties agree that this agreement does not prohibit negotiations and subsequent agreement on the transfer of existing customers of either party who are in the territorial area of the other party on the effective date of this agreement. On the request of either party, the other party agrees to meet with the requesting party to determine if a requested transfer can be mutually agreed upon, subject to applicable law and the jurisdiction of the Commission. In addition, the parties agree that the Commission may order a transfer of customers under this section on its own motion or on the request of an interested person, provided that the party to whom the customers will be transferred pays the other party fair and just compensation for the transfer.

IN WITNESS WHEREOF, this Agreement has been caused to be executed in Triplicate by the Cooperative in its name by its President, and its Corporate Seal hereto affixed by the Secretary of the Cooperative, and by the City in its name by its Mayor, and its Seal hereto affixed and attested by its Clerk, on the day and year first above written; and one of said triplicate copies has been delivered to each of the parties hereto.

ATTEST: CLAY ELECTRIC COOPERATIVE, INC.

By: Thomas E. McDaniel By: Floyd L. Luman
Vice President President

ATTEST: CITY OF GREEN COVE SPRINGS

By: Margaret Roberts By: Donald C. Muller
City Clerk Mayor

APPROVED: _____

Florida Public Service Commission Date

Approved as to Form Legality _____
City Attorney

EXHIBIT A

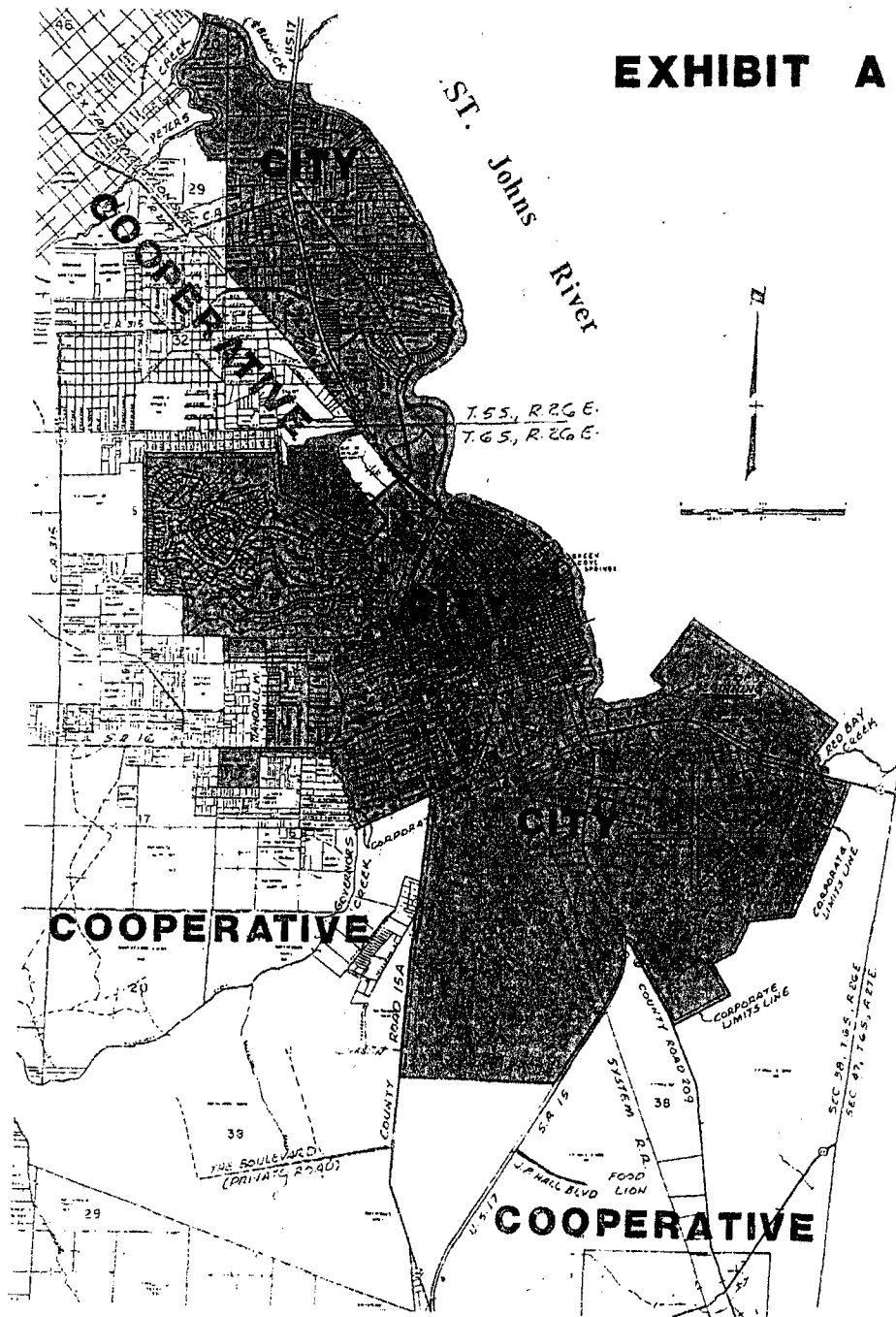


EXHIBIT B

Rev. 9/3/91

**Clay Electric Cooperative, Inc. and
the City of Green Cove Springs, Florida
Service Area Boundary Agreement
(Prepared by CEC)
Initiated August 8, 1990**

All the area encompassed within the following described boundary agreement line shall be reserved unto the City of Green Cove Springs, its successors and assigns, and the area outside of, adjacent and contiguous to said boundary agreement line, lying within Clay County, shall be reserved unto Clay Electric Cooperative, Inc., its successors and assigns, said boundary agreement line lying in Township 5 South, Range 26 East, and Township 6 South, Range 26 East, Clay County, Florida, and being more particularly described as follows:

Commence at the intersection of the Easterly line of Prospect Avenue as per plat of the Clinch Estate recorded in Plat Book 1, pages 31 through 34 of the public records of said County with the Northerly line of State Road No. 16; thence on the East line of said Prospect Avenue run North 10 degrees 37 minutes 10 seconds East 796.86 feet; thence North 71 degrees 26 minutes 06 seconds West 1042.75 feet to the Point of Beginning; thence North 59 degrees 55 minutes 25 seconds West 18.0 feet; thence North 35 degrees 43 minutes 15 seconds East 115.0 feet; thence North 59 degrees 55 minutes 25 seconds West 880.0 feet; thence North 35 degrees 43 minutes 15 seconds East 2565.0 feet; thence South 59 degrees 55 minutes 25 seconds East 1899.21 feet; thence South 59 degrees 53 minutes 00 seconds East 4931.99 feet; thence South 30 degrees 20 minutes 50 seconds West 1886.41 feet; thence South 04 degrees 43 minutes 10 seconds East 186.25 feet; thence South 41 degrees 44 minutes 00 seconds East 64.0 feet; thence South 39 degrees 36 minutes 50 seconds East 135.74 feet; thence South 50 degrees 29 minutes 00 seconds West 172.0 feet; thence Southeasterly along the high water line of Red Bay Creek, following the meanderings of same to a point in the Northerly Right-of-Way line of State Road No. 16; thence South 74 degrees 46 minutes 10 seconds East along said Right-of-Way line and across said creek to the high water line of the Easterly shore of said creek; thence Northeasterly along said high water line to a point that bears South 32 degrees 31 minutes 00 seconds East, 302.53 feet from the point described above as lying in the high water line of Red Bay Creek at the Southwesterly end of the above described 172 foot course; run thence South 31 degrees 42 minutes 30 seconds East, 181.17 feet; thence South 15 degrees 13 minutes 30 seconds West, 100 feet to the Southerly Right-of-Way line of said State Road No. 16; thence South 74 degrees 46 minutes 30 seconds East along said Southerly Right-of-Way line, 1383.56 feet to a concrete monument marking the Northeast corner of the former Lee Field Naval Reservation in Block 3 of the subdivision of the Clinch Estate according to the Gould T. Butler Plat as recorded in Plat Book 1

pages 31 thru 34 of the Public Records of Clay County, Florida, said monument being the most Easterly corner of those lands annexed by the City of Green Cove Springs, a municipal corporation, by Ordinance 0-21-84 dated September 18, 1984 and recorded in Official Record Book 825 pages 606 thru 611, inclusive, said Clay County Public Records; thence continue along the above-described corporate limits line, South 25 degrees 50 minutes 10 seconds West, 3613.25 feet to the extreme Southerly corner of Lot 2, Block 10 in said Clinch Estate; thence departing said corporate limits line, continue South 25 degrees 50 minutes 10 seconds West, 1868.7 feet; thence South 86 degrees 44 minutes 30 seconds West, 1933.4 feet to an intersection with said corporate limits line, said point lying South 25 degrees 02 minutes 06 seconds West, 2850 feet from the Northeasterly line of a platted street having a bearing of North 63 degrees 52 minutes 50 seconds West; thence along said corporate limits line, the following five (5) courses and distances: (First Course), South 25 degrees 02 minutes 06 seconds West, 1556.76 feet; (Second Course), South 75 degrees 16 minutes 02 seconds West, 656.60 feet; (Third Course), South 68 degrees 04 minutes 49 seconds West, 293.06 feet; (Fourth Course), South 21 degrees 55 minutes 10 seconds East, 1345.00 feet to the extreme Easterly corner of Lot 10, Block 14, said Clinch Estate; (Fifth Course), South 68 degrees 05 minutes 23 seconds West, along the line dividing Lots 9 and 10, and Lots 1 and 2 in said Block 14, a distance of 2,075 feet, more or less, to the centerline of County Road 209; thence Northwesterly along the said centerline of County Road 209, a distance of 3200 feet, more or less, to the point of intersection for the said centerline of County Road 209 projected to the present centerline of U.S. Highway 17 (State Road 15), said point of intersection designated Station 486+80.00 Baseline Survey = Station 0+00.00 Baseline Survey County Road 209, State Project 71010-3509, plans prepared by Flood & Associates dated March, 1989; thence Southerly and Southwesterly along said present centerline of U.S. Highway 17 (State Road 15), also referenced as "Baseline Survey" on the above-described plan drawings, a distance of 3600 feet, more or less, to a point that is 2200 feet from an intersection of said centerline with the centerline on J.P Hall Boulevard as presently established; thence departing said centerline in a Westerly direction to a point on the centerline of County Road 15A that is 745 feet South of its intersection with the centerline of Chason Road as presently established; thence Northerly along the said centerline of County Road 15A a distance of 8580 feet, more or less, to the Southerly line of the Palmer and Ferris Tract as recorded in Plat Book 2 page 1, said Public Records, also being a Southerly course of the said corporate limits of the City of Green Cove Springs; thence along the last-described Southerly line, South 66 degrees 08 minutes 27 seconds West, 2200 feet, more or less, to the Westerly bank of Governors Creek; thence down said creek, in a Northerly direction, and following the meanderings of said Westerly bank, also being the Westerly corporate limits line, 3400 feet, more or less, to a point that is 200 feet South of the present South right of way line of State Road 16 when measured at right angles thereto; thence parallel with and 200 feet South of said South right of way line when measured at right angles thereto, run South 88 degrees 29

minutes West, 2310 feet, more or less, to the East line of the lands of the Clay County School Board, also being the East line of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Section 16, Township 6 South, Range 26 East; thence along said East line, South 01 degrees 06 minutes East, 1042.49 feet to the South line of said School Board lands, also being the South line of said N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$; thence along said South line, South 88 degrees 49 minutes West, 1309.89 feet to the West line of said Section 16; thence along said West line, also being the West line of said School Board Lands, North 01 degrees 31 minutes West, 1285.06 feet to the centerline of State Road 16; thence along said centerline, North 88 degrees 29 minutes East, 1318 feet, more or less, to the centerline of Randall Road West (formerly State Road 16-A); thence North along said centerline of Randall Road West, 2640 feet, more or less, to the North line of the Southwest $\frac{1}{4}$ of Section 9, said township and range; thence along said North line, South 89 degrees 28 minutes 32 seconds West, 1323.08 feet to the East line of the Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 8, said township and range; thence along said East line, North 00 degrees 37 minutes 19 seconds West, 1271.65 feet to the North line of said Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$; thence along said North line, South 89 degrees 50 minutes 21 seconds West, 1325.65 feet to the East line of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of said Section 8; thence along said East line, North 00 degrees 33 minutes 02 seconds West, 1311.20 feet to the South line of Section 5, said township and range; thence along said South line, North 89 degrees 51 minutes 54 seconds West, 1324.08 feet to the East line of the West $\frac{1}{4}$ of said Section 5; thence along said East line North 00 degrees 21 minutes 24 seconds West, 4739.70 feet; thence North 89 degrees 27 minutes 09 seconds East, 2649.63 feet to the West line of Section 4, said township and range; said point being 653.10 feet South of the Northwest corner of said Section 4; thence North 89 degrees 14 minutes 40 seconds East, 1682.99 feet to the Westerly line of the T. Travers Grant, Section 37, said township and range; thence along said Westerly line, North 06 degrees 26 minutes 35 seconds West, 413 feet, more or less, to centerline of the North fork of Summerlin Branch; thence along said centerline, in a general Easterly direction, following the meanderings thereof, 51 feet, more or less, to the Westerly line of lands described in Official Records Book 702, page 30, of said public records; thence along said Westerly line South 06 degrees 23 minutes 30 seconds East 1057 feet, more or less, to the Southwesterly corner of said lands; thence along the Southerly line of said lands North 83 degrees 36 minutes 30 seconds East 260.50 feet to the Southeasterly corner thereof; thence along the Easterly line thereof North 06 degrees 23 minutes 30 seconds West 649 feet, more or less, to aforesaid centerline of the North fork of Summerlin Branch; thence run along last said centerline, and then on the centerline of Summerlin Branch, in a general Easterly direction, following the meanderings of same, 587 feet, more or less, to the Easterly line of land described in Official Records Book 495, page 72, of said public records; thence along said line North 01 degrees 20 minutes 30 seconds East 152 feet, more or less, to a point which bears South 01 degree 20 minutes 30 seconds West 787.76 feet from the Northeast corner of last said lands; thence

North 79 degrees 50 minutes 26 seconds East 1848.97 feet to the Southwesterly right-of-way line of CSX Transportation Railroad; thence along said right-of-way line South 42 degrees 21 minutes 10 seconds East 115 feet, more or less, to said centerline of Summerlin Branch; thence Westerly along said centerline, following the meanderings of same, 113 feet, more or less, to the centerline of Sugarhouse Branch; thence Southerly along last said centerline of Sugarhouse Branch, following the meanderings of same, 1856 feet, more or less, to the Southerly boundary of lands described in Official Records Book 85, page 605, of said public records; thence along the Westerly and Southwesterly lines of lands described and recorded in Official Records Book 613, pages 534 through 537, of the Public Records of said Clay County, Florida, the following two courses and distances; Course No. 1, South 29°07'12" West, 203.60 feet; Course No. 2, South 42°19'07" East, 1179.00 feet to a point on the Northwesterly line of Harbor Road, a 60 foot road as described and recorded in Official Records Book 33, pages 540 and 541, of the Public Records of said County; thence along said Northwesterly right of way line, North 47 degrees 37 minutes 30 seconds East, 1372.57 feet to the centerline of the CSX Transportation System Railroad right of way line as now established for a width of 100 feet; thence along said railroad centerline, North 42 degrees 24 minutes 39 seconds West, 8670 feet, more or less, to an intersection with the East line of Section 32, Township 5 South, Range 26 East; thence North along said East line and continuing along the East line of Section 29, said township and range, 3585 feet, more or less, to the South line of lands of Gateway Girl Scouts, Inc. as described in Deed Book 76 page 123, said public records; thence Westerly along said South line, 500 feet, more or less, to the centerline of an existing branch; thence Northwesterly along the centerline of said branch, also being the Westerly line of the said lands of Gateway Girl Scouts Inc., 1000 feet, more or less, to its confluence with Peters Creek; thence down said Peters Creek, in a Northerly direction and following the meanderings thereof, 4800 feet, more or less, to its confluence with Black Creek; thence down the centerline of said Black Creek, in a Southeasterly and Easterly direction, 2700 feet, more or less, to the centerline of the U.S. Highway 17 (State Road 15) span over said waters; thence perpendicular to said span, also being the Southerly limits of that certain Service Area Boundary Agreement between Clay Electric Cooperative, Inc., and the Jacksonville Electric Authority, run South 87 degrees 05 minutes 18 seconds East, to the waters of the St. Johns River; thence along said waters, run in a general Southeasterly direction 34,700 feet, more or less, to a point that bears South 35 degrees 43 minutes 15 seconds West, from the Point of Beginning; thence North 35 degrees 43 minutes 15 seconds East 420 feet to the Point of Beginning.

EXHIBIT 2
to Petition for Renewal

Commission Order No. 25707
Issued 2/11/92
Approving Territorial Agreement and
First and Second Amendments

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Joint Petition for)	DOCKET NO. 911106-EU
approval of territorial agreement))	ORDER NO. 25707
between Clay Electric)	ISSUED: 2/11/92
Cooperative, Inc. and the City)	
of Green Cove Springs.)	
_____)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING TERRITORIAL AGREEMENT

BY THE COMMISSION:

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

A joint petition for approval of a territorial agreement (agreement) between the City of Green Cove Springs (GCS), a municipal electric utility and Clay Electric Cooperative, Inc. (Clay) a rural electric cooperative was filed with this Commission on October 31, 1991. After several inquiries by our staff to the parties about the intent of Section 2.4 and how it avoided unnecessary and uneconomic duplication of electric facilities, the parties revised Section 2.4. on December 30, 1991 (amendment). This amendment modifies Section 2.4 and adds Section 1.12 entitled "Change In Use".

The agreement as amended represents an attempt by the parties to prevent unreasonable and unnecessary duplication of electric facilities in the territory covered by the agreement. This agreement designates Clay's and GCS's service territories within Clay County. Except as provided for in the agreement, neither party shall serve or offer to serve a customer whose end use facilities are located in the territorial areas of the other party.

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The agreement does not contemplate the immediate transfer of any customers. According to Section 2.4 as amended, each utility will have the right and responsibility to provide retail electric service to each of its existing customers at any location now being served by that utility, until there is a Change in Use as defined in Section 1.12, at which time the customer will be served by the utility in whose territory the customer lies. However in order to be consistent with other territorial agreements we have approved we are providing in this Order that Section 1.12 will be construed to include in its definition of Change of Use Subsection 4 "that a change in use of rural property by reason of a change in ownership or occupancy thereof to any person other than a widow, widower, or divorced spouse of an existing customer who receives electric service at the same location."

We also find that Section 2.3 should be amended to ensure our continued control over interim service to a new customer seeking service in the other utility's territory. Therefore, we are requiring that the utilities file a revised provision stating that in instances where a new customer seeks to be provided interim service that that service will not be provided for more than one year unless prior approval is received from this Commission.

If approved, the agreement will remain in effect for a period of twenty (20) years from the date of this Commission's initial order approving this agreement. The agreement may be extended or terminated as provided for by the agreement.

The agreement does not, and is not intended to prevent either party from providing bulk power supply to wholesale customers for resale wherever they may be located.

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

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the Joint Petition for Approval of the Territorial Agreement as amended between Clay Electric Cooperative, Inc. and the City of Green Cove Springs is granted as amended and with the conditions set out in the body of this Order. It is further


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

ORDERED that the parties shall file an amendment to Section 2.3 of the agreement consistent with the condition set out in the body of this Order. It is further

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

By ORDER of the Florida Public Service Commission, this 11th day of FEBRUARY, 1992.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MRC:bmi
911106.bmi

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may

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file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on 3/3/92.

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

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

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

JAN-28-1997 11:34 FROM CEC ENGINEERING DEPT TO HASWELL P.05

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Joint Petition of Clay Electric Cooperative, Inc. and the City of Green Cove Springs for Approval of a Territorial Agreement in Clay County. Docket No. 911106-EU

**FIRST AMENDMENT TO TERRITORIAL AGREEMENT
BETWEEN CLAY ELECTRIC COOPERATIVE, INC. AND
THE CITY OF GREEN COVE SPRINGS**

This is the First Amendment to that certain Territorial Agreement dated September 19, 1991, between CLAY ELECTRIC COOPERATIVE, INC. and the CITY OF GREEN COVE SPRINGS.

As a result of questions by the legal division of the Florida Public Service Commission concerning the effect of Section 2.4 relating to the avoidance of unnecessary and uneconomic duplication of electric facilities, the parties have revisited Section 2.4 and have agreed to modify the same and to add a new section 1.12 entitled "Change In Use." The purpose of this amendment is to reduce the possibilities of construction of facilities by either party that may duplicate the facilities of the other party. Consequently, the parties do hereby amend the agreement as follows:

1. A new Section 1.12 is hereby added to the Territorial Agreement as follows:

1.12 Change In Use: As used herein, the term "change in use" shall mean (1) a change in the use of a customer's end use facilities from residential to commercial, or commercial to residential; (2) a change in the use of the end use facilities that would normally require a reclassification of service under the applicable tariff of either party; (3) a change in use of end use facilities that results in the addition of one or more meters; (4) a change in the ownership of the real property on which the end use facilities are located; (5) termination of electric service to the end use facilities

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for a continuous period of 18 months or more; (6) notification by the non-territorial party providing service in the territorial area of the other party that its service will be terminated.

2. Delete the existing Section 2.4 and substitute in its place the following:

2.4 Existing Customers: Each party shall have the right and responsibility to provide retail electric service to each of its existing customers at any location now being served by a party, whether or not the location where such existing service is provided is located within or without the territorial area of a party, until there is a change in use as defined in Section 1.12, at which time the customer shall thereafter be served by the party in whose territory the customer lies. In carrying out the intent and purpose of this section, the parties will be guided by the legislative goal of avoiding unnecessary and uneconomic duplication of electric facilities. The parties recognize that providing service to existing customers in the territorial area of the other party, while maintaining the status quo, may from time to time create a potential for duplication of electric facilities when the territorial party extends its facilities to serve its own customers in the proximity of the non-territorial party's existing customers and facilities. The parties, therefore, agree that they will cooperate with each other in such events and will take such action as is appropriate to avoid unnecessary duplication of their respective electric facilities which may include an agreement on the transfer of existing non-territorial customers to the territorial party prior to a change in use as defined in Section 1.12.

3. Except as otherwise stated herein, the parties ratify and confirm the terms and conditions of the territorial agreement dated September 19, 1991, particularly including Article 5 regarding prerequisite approval of the Florida Public Service Commission.

4. The date of this Amendment shall be the date that the last of the parties executes this Amendment.

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IN WITNESS WHEREOF, this Agreement has been caused to be executed in triplicate by the Cooperative in its name by its President, and its corporate seal hereto affixed by the Secretary of the Cooperative, and by the City in its name by its Mayor and its seal hereto affixed and attested by its Clerk on the dates as set forth after their signatures, and one of said triplicate copies has been delivered to each of the parties hereto.

CLAY ELECTRIC COOPERATIVE, INC.

By: Floyd I. Gnann
Floyd I. Gnann, President

Dec. 19, 1991
Date

ATTEST:

(CORPORATE SEAL)

Raymond Wingate
Raymond Wingate, Secretary

CITY OF GREEN COVE SPRINGS

By: Donald A. Fuller
Donald A. Fuller, Mayor

DEC 17 1991
Date

ATTEST:

(SEAL)

Margaret Roberts
City Clerk

JAN-28-1997 11:35 FROM CEC ENGINEERING DEPT TO HASWELL P.08

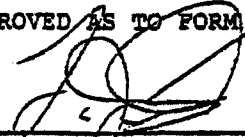
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APPROVED:

Florida Public Service Commission

Date

APPROVED AS TO FORM LEGALITY:



L. J. Arnold, III
City Attorney
City of Green Cove Springs

JAN-28-1997 11:32 FROM CEC ENGINEERING DEPT TO HASWELL P.02

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Joint Petition of Clay Electric Cooperative, Inc. and the City of Green Cove Springs for Approval of a Territorial Agreement in Clay County. Docket No. 911106-EU

**SECOND AMENDMENT TO TERRITORIAL AGREEMENT
BETWEEN CLAY ELECTRIC COOPERATIVE, INC. AND
THE CITY OF GREEN COVE SPRINGS**

This is the Second Amendment to that certain Territorial Agreement dated September 19, 1991, between CLAY ELECTRIC COOPERATIVE, INC. and the CITY OF GREEN COVE SPRINGS.

The Territorial Agreement and the First Amendment thereto were approved by the FLORIDA PUBLIC SERVICE COMMISSION by its Order No. 25707 issued on February 11, 1992 with the condition that Section 2.3 should be amended to insure the continued control by the PSC over interim service to a new customer seeking service in the other utility's territory. Consequently, the Commission required in its Order that the utilities file a revised provision stating that in instances where a new customer seeks to be provided interim service, that such service will not be provided for more than one year unless prior approval is received from the PSC. Consequently, CLAY ELECTRIC COOPERATIVE, INC. and the CITY OF GREEN COVE SPRINGS do hereby modify Section 2.3 of the Territorial Agreement to comply with the PSC Order in the following respects:

1. Section 2.3 entitled "Interim Service" is hereby amended by adding the following additional language: "Notwithstanding the foregoing, interim service under this section may not be provided

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for more than one year unless prior approval is received from the Commission."

2. In all other respects the Territorial Agreement as amended by the First Amendment is hereby ratified and confirmed.

3. The date of this Amendment shall be the date that the last of the parties executes this Amendment.

IN WITNESS WHEREOF, this Second Amendment to the Territorial Agreement between CLAY ELECTRIC COOPERATIVE, INC. and the CITY OF GREEN COVE SPRINGS has been caused to be executed in triplicate by the Cooperative in its name by its President, and its corporate seal hereto affixed by the Secretary of the Cooperative, and by the City in its name by its Mayor and its seal affixed hereto and attested by its Clerk on the dates as set forth after their signatures, and one of the triplicate copies has been delivered to each of the parties hereto and the original thereof has been filed with the Florida Public Service Commission.

CLAY ELECTRIC COOPERATIVE, INC.

By: Floyd A. Gnann
Floyd A. Gnann, President

2-27-92
Date

ATTEST:

(CORPORATE SEAL)

Raymond Wingate
Raymond Wingate, Secretary

JAN-28-1997 11:33 FROM CEC ENGINEERING DEPT TO HASWELL P.04

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Second Agreement to Territorial Agreement
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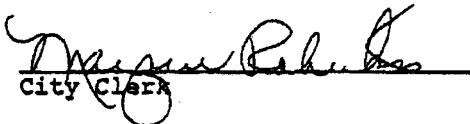
CITY OF GREEN COVE SPRINGS

By: 
Donald A. Fuller, Mayor

MAR 03 1992
Date

ATTEST:

(SEAL)



City Clerk

APPROVED:

Florida Public Service Commission

Date

APPROVED AS TO FORM AND LEGALITY:


L. J. Arnold, III
City Attorney
City of Green Cove Springs