DOCKET 50-302

FLORIDA POWER CORPORATION

CRYSTAL RIVER

UNIT 3

APPLICATION FOR LICENSES

AMENDMENT NO. 12

The Power to Please
LORIDA

BEFORE THE
UNITED STATES
ATOMIC ENERGY COMMISSION

AMENDMENT NO. 12

TO

APPLICATION BY FLORIDA POWER CORPORATION
FOR A SECTION 104b CONSTRUCTION PERMIT
AND LICENSE FOR A UTILIZATION FACILITY

DOCKET NO. 50-302

Florida Power Corporation, a corporation organized and existing under the laws of the State of Florida, applicant for an operating license and construction permit for Crystal River Unit 3 Nuclear Generating Plant which is presently under construction pursuant to provisional construction permit number CPPR-51 issued by the Commission on September 25, 1968, hereby amends its Application by the filing of Amendment No. 12.

Amendment No. 12, in bound booklet form, consists of the answers to 19 questions requested by the Attorney General as transmitted to the applicant by letter of Dr. Peter A. Morris, Director, Division of Reactor Licensing, dated June 4, 1971, reference Docket No. 50-302A.

This amendment to the application contains no restricted data or other defense information.

Winter, 1977-78	4090	4547	4/77 200 MW Internal Combustion Gas Turbines Location Undetermined
Winter, 1978-79	4400	5372	10/78 825 MW Nuclear Steam Crystal River Plant
Winter, 1979-80	4730	5372	None
Winter, 1980-81	5080	5572	4/80 200 MW Internal Combustion Gas Turbines Location Undetermined

Question No. 2:

State applicant's estimated annual load growth for each of the next 20 years or for the period applicant utilizes in system planning.

Answer:

The estimated annual load growth for the Florida Power Corporation system over the next 20 years is tabulated below:

Year	Forecast MW Increase Over Prior Year Peak
1971	290
1972	230
1973	230
1974	230
1975	260
1976	300
1977	270
1978	290
1979	310
1980	330
1981	350
1982	390
1983	420
1984	460
1985	500
1986	540
1987	590
1988	640
1989	700
1990	760

Question No. 3:

State estimated annual load growth of companies or pools upon which the economic justification of the subject unit is based for each of the next 20 years or for the period applicant utilizes in system planning. Identify each company or pool member.

Answer:

The economic justification for the subject unit is based solely on the load growth of the applicant Florida Power Corporation system to meet customer requirements. The justification was completely independent of any "coordination" with interconnected companies.

Question No. 4:

For the year the subject unit would first come on line, state estimated annual load growth of any coordinating group or pool of which the applicant is a member (other than the coordinating group or pool referred to in the applicant's response to Item 3) which has generating and/or transmission planning functions. Identify each company or pool member whose loads are indicated in the response hereto.

Answer:

Applicant Florida Power Corporation is not a member of any coordination group or pool. However, Florida Power Corporation is a member of the Florida Subregion of the Southeastern Electric Reliability Council (SERC), and has therefore reported to the Federal Power Commission under Order 383-2 the load growth information for the Subregion. Members of the Florida Subregion of SERC are: Florida Power Corporation, Florida Power and Light Company, Tampa Electric Company, Jacksonville Electric Authority, Orlando Utilities Commission, Cities of Tallahassee and Lakeland. The projected load growth is tabulated below:

	Florida Subregion (SERC) Forecast MW Increase over Prior Year Peak
Summer 1971	1,090
Summer 1972	1,200
Summer 1973	1,350
Summer 1974	1,470
Summer 1975	1,630
Summer 1976	1,700
Summer 1977	1,810
Summer 1978	1,930
Summer 1979	2,010
Summer 1980	2,080

Question No. 5:

State applicant's minimum installed reserve criterion (as a percentage of load) 1/ for the period when the subject unit will first come on line. If applicant shares reserves with other systems, identify the other systems and provide minimum installed reserve criterion (as a percentage of load) 1/ by contracting parties or pool for the period when the proposed unit will first come on line.

1/ Indicate whether loads other than peak loads are considered.

Answer:

Applicant Florida Power Corporation has no explicit minimum installed reserve criterion, nor does applicant share reserves with other systems.

Question No. 6:

Describe methods used as a basis to establish, or as a guide in establishing the criteria for applicant's and/or applicant's pool's minimum amount of installed reserves. [e.g., (a) single largest unit down, (b) probability methods such as loss of load one day in 20 years, loss of capacity once in 5 years, (c) other methods and/or (d) judgment. List contingencies other than risk of forced outage that enter into the determination.]

Answer:

As indicated in the answer to Question No. 5, applicant Florida Power Corporation has no explicit installed reserve criterion, and hence has no established methods to determine minimum installed reserves. As a guide, credence has been placed on probability methods for the loss of load one day in ten years. A large amount of judgment is applied on a corporate level to establish acceptable reserves to meet forecast peak loads, plus operating reserves. Since the forecast peak loads include allowance for extreme weather in both summer and winter periods, this contingency is covered in the application of judgment factors.

Question No. 8:

List rights to receive emergency power and obligations to deliver emergency power, rights or obligations to receive or deliver deficiency power or unit power, or other coordinating arrangements, by reference to applicant's Federal Power Commission (FPC) rate schedules, (i.e., ABC Power & Light Co., FPC Rate Schedule No. 15 including supplement 1-5) 2/, and also by reference to applicant's state commission filings. Where documents are not on file with the FPC, supply copies, or where not reduced to writing describe arrangements. Identify for each such arrangement the participating parties other than applicant. Provide one line electrical and geographic diagrams of coordinating groups or power pools (with generation or transmission planning functions) of which applicant's generation and transmission facilities constitute a part.

2/ List separately and identify certificates of concurrence.

Answer:

Rights as described above are covered by the following contracts, agreements, or arrangements:

1. Florida Power Corporation Interchange Agreement with Tampa Electric Company, dated September 1, 1957. See Federal Power Commission Docket E-7257, Exhibit 80.

2. Florida Power Corporation Interconnection Agreement with Orlando Utilities Commission, dated August 17, 1967. See Federal Power Commission Docket E-7257, Exhibit 68.

3. Florida Power Corporation Reliability Agreement with Southern System Companies, dated December 1, 1967. Filed with Federal Power Commission on January 8, 1968 by Southern Services, Inc.; Certificate of Concurrence from Florida Power Corporation dated January 15, 1968.

4. Florida Power Corporation Interchange Contract with The Southern Compa[illegible]ated December 15, 1968. Filed with Federal Powe[illegible]mission as Rate Schedule FPC No. 66 and supplements thereto.

5. Florida Power Corporation Interchange Agreement with Gulf Power Company, dated April 21, 1961. Filed with Federal Power Commission as part of Rate Schedule FPC No. 40 and 40.1.

6. Florida Power Corporation Interconnection Contract with City of Wauchula, dated August 3, 1967. Copy attached.

7. Florida Power Corporation Interconnection Contract with City of Tallahassee, dated December 23, 1968. Copy attached.

8. Florida Power Corporation Contract with Southeastern Power Administration, dated July 19, 1957. Filed with Federal Power Commission as Rate Schedule FPC No. 65, with Supplements 1 through 4.

9. Florida Power Corporation Purchase Contract with Tampa Electric Company, dated July 23, 1970. Copy attached.

10. Letter Agreement with City of Sebring, dated September 11, 1969, amended October 14, 1970. Copy attached.

11. Statement of Operating Arrangement with Florida Power and Light Company, see Federal Power Commission Docket E-7257, Exhibit 93.

All documents listed above are on file for information with Florida Public Service Commission, Tallahassee, Florida.

See Map 9-4 for electrical and geographic diagram of electric utility systems in Florida.

~~DRAFT~~
~~8/29/67~~

CONTRACT
FOR
INTERCONNECTION AND ELECTRIC SERVICE
BETWEEN
FLORIDA POWER CORPORATION
AND
CITY OF WAUCHULA, FLORIDA

SECTION 0.1 THIS CONTRACT, made and entered into this 3 day of August, 1967, by and between FLORIDA POWER CORPORATION, a private corporation organized and existing under the laws of the State of Florida, herein referred to as the "CORPORATION", party of the first part, and the CITY OF WAUCHULA, FLORIDA, a municipal corporation organized and existing under the laws of the State of Florida, herein referred to as the "CITY", party of the second part:

W I T N E S S E T H:

Section 0.2 WHEREAS, the parties hereto, in the public interest, will have entered into an Agreement defining mutually agreeable service areas in Hardee County, based on the previously established boundary reflected by the presently existing distribution facilities of the CITY and CORPORATION, in the area outside of and contiguous to the boundary of the municipal corporation, which is conditioned upon and will be executed simultaneously with this CONTRACT and said Agreement and this CONTRACT shall be filed with the Florida Public Service Commission for its approval; and

Section 0.3 WHEREAS, the parties hereto deem it desirable that this arrangement be made for the interconnection of the generating and electric system of the CORPORATION with the generating and electric system of the CITY at the point established as herein provided; and

Section 0.4 WHEREAS, each party desires to establish the terms and conditions of the interconnection arrangement for their respective systems;

Section 0.5 NOW, THEREFORE, in consideration of the foregoing premises and of the mutual benefits to be obtained from the covenants herein and in that certain aforementioned "Territorial Agreement" of this same date, the parties hereto do hereby agree as follows:

ARTICLE I

TERM OF CONTRACT

Section 1.1 - Term: The term of this CONTRACT shall commence on the 3 day of August, 1967, and shall continue in effect for an initial period of seven years, and thereafter shall automatically be extended for succeeding periods of three years each except that this CONTRACT may be cancelled by either party at the end of said initial period or any time thereafter upon written notice to the other party three years prior to any peroid or as provided in Section 9.1.

ARTICLE II

INTERCONNECTION POINT

Section 2.1 - Interconnection Point: The CORPORATION and the CITY agree to construct, maintain and continue in operable condition facilities to effectively use a 12,000 nominal volt connection at the Delivery Point described in Section 2.3.

Section 2.2 - Ownership: The ownership of the 12,000 volt connection facilities shall be as follows:

(1) The CORPORATION shall provide and own all metering equipment.

(2) The CORPORATION shall provide and own all 12,000 volt line and interconnection facilities from the Delivery Point described in Section 2.3 to the Company's Wauchula Substation.

Section 2.3 - Delivery Point: The point of delivery shall be the metering point and shall be located on a service pole provided and owned by the Company and situated on the north side of Orange Avenue, approximately one

span east of the corner of Florida and Orange Avenues, in the City of Wauchula, Florida.

Section 2.4 - Accessory Facilities: The parties hereto will provide communication, telemetering, load-control and frequency-control equipment and such other facilities for load dispatching purposes and for control of power flow and flow of reactive kva as is now or may hereafter reasonably be required in accordance with good, modern practice, as determined by the Committee provided for in Section 3.1.

Section 2.5 - Parties Responsible: Each party hereto shall provide, operate, and maintain at its own cost and expense such of the equipment and facilities as may be constructed pursuant to the foregoing provisions of this ARTICLE II.

ARTICLE III

OPERATION

Section 3.1 - Administrative and Operating Committee: Each party shall appoint one person to an Administrative and Operating Committee, who shall be a responsible person connected with the day-to-day operations of each of the parties hereto. This Committee shall represent the parties in all matters arising under this CONTRACT which may be delegated to it by mutual agreement of the parties hereto. Each party shall cooperate in providing to the Administrative and Operating Committee all information required in the performance of its duties. Such duties shall include preparation of operation and maintenance schedules, control and operating procedures, and supervision of accounting functions. If the Administrative and Operating Committee is unable to agree unanimously on any matter falling under its jurisdiction, such matter shall be referred by the members of the Administrative and Operating Committee to the parties for decision. All decisions and agreements made by the Committee shall be evidenced in writing.

Section 3.2 - Parallel Operation: Systems of the CORPORATION and the CITY shall normally be operated in parallel, with circuits closed at the interconnection point set forth under Section 2.1 hereof, except as may be otherwise mutually arranged by authorized representatives of the parties hereto, and except during normal switching operations or as fol...

(1) It is recognized that due to the extreme differences in size of the electric systems of the two parties, power will immediately flow for an indeterminable length of time from the CORPORATION to the CITY upon sudden outage or maloperation of generating equipment in the CITY'S system.

(2) It is further recognized that the system of CORPORATION is exposed to unavoidable power flows to the CITY; therefore, if the flow of power over the system of either party is detrimental to customer's service, or is detrimental to the system operation of either party, or results in abnormal losses on either system, then the party which in its judgment so suffers injury shall have the right to open the interconnection to relieve its system of the burden being imposed upon it by such flow of power and keep said interconnection open until such impairment is overcome, provided, however, that notice shall be given to the other party when practicable before any interconnection is opened.

Section 3.3 - Reactive KVA: Each party shall endeavor to supply the reactive kva required on its own system, except as otherwise mutually agreed between the parties from time to time. Neither party shall be obligated to supply reactive kva to the other party when to do so would interfere with service on its own system, would limit the use of interconnection facilities, or would require operation of generating equipment not otherwise required. If the flow of reactive kva over the interconnection is detrimental to customer service or system operation of either party, then

the party which in its judgment so suffers injury shall have the right to open the interconnection between the parties hereto to relieve its system of the burden imposed upon it by such flow of reactive kva; provided, however, that prior notice shall be given to the other party when practicable, so that any feasible corrective measures may be put into effect before opening the interconnection.

Section 3.5 - Regulation of Transfer of Power and Energy: The parties hereto agree that it is the responsibility of each party to operate its power supply facilities so as to supply its own system load at all times, except as may otherwise be provided for herein or as mutually agreed, and to hold deviations from scheduled deliveries to a minimum. To this end, the CITY shall provide and operate load control equipment acceptable to the CORPORATION and in accordance with standard practice so as to avoid making objectionable demands upon the CORPORATION'S system during normal operation. The CITY agrees to conduct its operations in accordance with currently accepted practices in interconnected electric utility operations.

ARTICLE IV

ELECTRIC SERVICE

Section 4.1 - Electric Service: It is recognized that transfer of various specific classes of service and the rates applicable to each class of electric service must necessarily depend upon the conditions existing from time to time. The sale and purchase of specific classes of electric service and the terms, arrangements and rates applicable thereto are set forth in four Electric Service Schedules, which Service Schedules have been executed by the parties hereto and which are a part of this CONTRACT. These Service Schedules are respectively referred to as:

Service Schedule A - Emergency Electric Service

Service Schedule B - Scheduled Electric Service

Service Schedule C - Economy Energy Service

Service Schedule D - Firm Interchange Electric Service

Section 4.2 - Inadvertent Transfer of Electric Energy: Inadvertent transfer of energy is a transfer of energy between the systems of the parties hereto in excess of the scheduled delivery as a result of the inherent physical and electrical characteristics of the systems, limitations in the equipment used to control the flow of power between the systems or limitations in the operation of such equipment. Inadvertent transfers of energy shall be returned in kind at times mutually agreed upon (when the value of the energy to the party to which such energy is returned is substantially equal to the cost of the corresponding energy originally delivered), or such energy be paid for. At any time either party may require a cash settlement, upon thirty (30) days' notice at a rate determined in accordance with Service Schedule B, Section B 0.4, as it relates to energy.

ARTICLE V

METERING PROVISIONS

Section 5.1 - Metering: CORPORATION shall install necessary metering equipment to permit determination of the amounts of electric power and energy transmitted over the interconnection described in Section 2.1 hereof.

All meters pertaining to billing shall be sealed and shall, except in an emergency, or as provided below, be opened only in the presence of authorized representatives of both parties hereto. The meters and associated equipment shall be tested and inspected annually, unless otherwise mutually agreed. If any test or inspection shows any meter to be inaccurate by more than one per cent, fast or slow, an adjustment in billing between the parties shall be made during the following months for a preceding period of not more than thirty (30) days to adjust for the amounts by which the meters are shown to have been in error; and the meter or other equipment found to be inaccurate or defective shall promptly be repaired.

adjusted, or replaced.

Section 5. 2 - Meter Reading: For billing purposes, all meters shall be read at 8:00 o'clock p. m. on the last day of each month, or as near thereto as practicable. Copies of recordings, kwhr consumptions and maximum kw demands shall be assembled for billing and record purposes.

ARTICLE VI

ELECTRIC GENERATING CAPACITY

Section 6. 1 - Electric Generating Capacity to be Provided: In consideration of the relative size and configuration of each of the systems, the CITY agrees that it will provide reserve capacity in such amount that its power supply will at all times be equal to at least 12. per cent of the CITY'S actual peak load requirements. It is expressly understood that deliveries under Service Schedule B shall not be used in calculating the aforementioned reserve capacity requirements.

Section 6. 2 - Generating Capacity Additions by City: It is mutually agreed that the CITY may schedule its generating capacity additions to be as large and economical as it may independently determine.

ARTICLE VII

BILLING AND PAYMENT

Section 7. 1 - Presentation and Payment: Each of the parties shall submit to the other, as promptly as possible after the first of each month, written bills for the respective amounts due it under the terms of this CONTRACT for the preceding calendar month and all such bills shall be due and payable within ten (10) days.

Section 7. 2 - Disputed Bill: In case any portion of any bill be in bona fide dispute, the undisputed amount shall be payable when due; and the remainder, if any, upon determination of the correct amount shall be paid promptly after such determination.

ARTICLE VIII

FORCE MAJEURE AND INDEMNIFICATION

Section 8.1 - Force Majeure: In case either party hereto should be delayed in or prevented from performing or carrying out any of the agreements, covenants, and obligations made by and imposed upon said parties by this CONTRACT by reason of or through strike, stoppage in labor, failure of contractors or suppliers of materials, riot, fire, flood, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any Court granted in any bona fide adverse legal proceedings or action, order of any civil or military authority either de facto or de jure, explosion, act of God or the public enemies or any cause reasonably beyond its control and not attributable to its neglect; then, and in such case or cases, such party shall not be liable to the other party for or on account of any loss, damage, injury, or expense resulting from or arising out of such delay or prevention; provided, however, that the party suffering such delay or prevention shall use due and, in its judgment, practicable diligence to remove the cause or causes thereof; and provided, further, that neither party shall be required by the foregoing provisions to settle a strike except when, according to its own best judgment, such a settlement seems advisable.

Section 8.2 - Responsibility and Indemnification: Each party hereto expressly agrees to indemnify and save harmless and defend the other against all claims, demands, costs, or expense for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with or growing out of the generation, transmission, or use of electric capacity and energy on its own side of the point of ownership hereunder unless such claim or demand shall arise out of or result from the negligence or willful misconduct of the other party, its agents, servants, or employees; provided, however, that neither party hereby assumes responsibility for damage or

injury to employees of the other party.

ARTICLE IX

MISCELLANEOUS

Section 9.1 - Regulation: The provisions of this CONTRACT, as they affect the CORPORATION, are subject to the regulatory authority of the Florida Public Service Commission, and filing with and approval by the Commission of the provisions of this CONTRACT shall be a prerequisite to its validity. In the event this CONTRACT is changed or modified by any regulatory agency or authority, either party, if adversely affected to a material extent, shall have the right to terminate this CONTRACT on six (6) months' written notice to the other party.

Section 9.2 - Waivers: Any waiver at any time by any party hereto of its rights with respect to the other party or with respect to any matter arising in connection with this CONTRACT shall not be considered a waiver with respect to any subsequent default or matter.

Section 9.3 - Successors and Assigns: This CONTRACT shall inure to the benefit of and be binding upon the parties hereto, their respective successors and assigns, and shall not be assignable by either party without the written consent of the other party except as to a successor in the operation of its properties by reason of a merger, consolidation, sale or foreclosure where substantially all such properties are acquired by such a successor.

Section 9.4 - Notices: Any notice, demand, or request required or authorized by this CONTRACT shall be deemed properly given if mailed, postage prepaid, to Florida Power Corporation, St. Petersburg, Florida, in the case of the CORPORATION; and to the Electric Utilities Department, City of Wauchula, Florida, in the case of the CITY; or to such other person as may be designated by the CORPORATION or by the CITY as hereinafter provided. The designation of the person to be notified or the address of such person may be changed by the CORPORATION or the CITY at any time, or

from time to time, by similar notice.

IN WITNESS WHEREOF, the parties hereto have caused this CONTRACT to be executed by their duly authorized officers, and copies delivered to each party, as of the day and year first above stated.

ATTEST: FLORIDA POWER CORPORATION

By _____ Secretary By _____ President

(SEAL)

ATTEST: CITY OF WAUCHULA, FLORIDA

By _____ City Clerk By J. C. Underwood Chairman of City Council

(SEAL)

Contract and Schedules A, B, C, and D approved as to form:

By _____ City Attorney By Paul Thomas Mayor

SERVICE SCHEDULE A
EMERGENCY ELECTRIC SERVICE

IT IS AGREED this Service Schedule A will be effective under, and a part of, the Contract dated August 3, 1967 for interconnection and electric service supplied between the Florida Power Corporation and the City of Wauchula, Florida, hereinafter referred to as the "CONTRACT".

Section A 0.1 - Term: The term of this Service Schedule A shall be concurrent with and identical to the term stipulated in Section 4.1 of the CONTRACT.

Section A 0.2 - Emergency Electric Service: Emergency electric service, for the purpose of this Schedule, shall mean emergency power supplied by either party for use under emergency conditions, when such party is temporarily unable to supply its required power and energy from normally available sources. It is agreed that a condition of deficiency in the CITY'S power supply occasioned by shortage of system facilities, water, fuel or other supplies, which has resulted from failure of the CITY to follow recognized good engineering practice, shall not be considered an emergency condition for the purposes of this Service Schedule A but shall, instead, constitute a reduction in the CITY'S recognized power supply.

It is understood and agreed that the power and energy received by either party under emergency conditions when the period of such receipt of power and energy is less than sixty (60) minutes shall be classified as inadvertent interchange of energy and shall be treated as set forth in Section 4.2, Article IV, of the CONTRACT, of which this Service Schedule A is a part.

If, as determined by either party, such party is able to continue delivery of power for more than sixty (60) minutes, all of the power and energy taken after said sixty (60) minute period shall be treated as scheduled electric service, as provided for under Service Schedule B.

Section A 0.3 - Payment for Emergency Electric Service: As consideration for:

(1) The CORPORATION being obligated under this CONTRACT to supply instantaneous emergency power to the CITY, the CITY agrees to pay the CORPORATION, in addition to any other rates and charges stipulated in this CONTRACT, an annual charge of $5.08 per kw for 100 per cent of the maximum net generating capability of the CITY'S largest generating unit.

(2) As consideration for the CITY supplying emergency power to the CORPORATION when requested and if available, such service shall be scheduled electric service and the CORPORATION agrees to pay the CITY as provided for under Service Schedule E, Section B 0.4 (2).

Section A 0.4 - Emergency Energy: Energy supplied under emergency conditions shall be returned by the receiving party under the conditions set forth in Section 4.2 of the CONTRACT.

IN WITNESS WHEREOF, the parties hereto have caused this Service Schedule A to be executed by their duly authorized officers, and copies delivered to each party, as of the day and year first above stated.

ATTEST: FLORIDA POWER CORPORATION

By _____ Secretary By _____ President

(SEAL)

ATTEST: CITY OF WAUCHULA, FLORIDA

By _____ City Clerk By J. C. Underwood Chairman of City Council

(SEAL)

Service Schedule A approved as to form:

By _____ City Attorney By Paul Thomas Mayor

SERVICE SCHEDULE B
SCHEDULED ELECTRIC SERVICE

IT IS AGREED this Service Schedule B will be effective under, and a part of, the Contract dated August 3, 1967 for interconnection and electric service supplied between Florida Power Corporation and the City of Wauchula, Florida, hereinafter referred to as the "CONTRACT".

Section B 0.1 - Term: The term of this Service Schedule B shall be concurrent with and identical to the term stipulated in Section 1.1 of the CONTRACT.

Section B 0.2 - Scheduled Electric Service During Maintenance of Facilities: Scheduled electric service is capacity and energy arranged in advance in either direction.

Section B 0.3 - Scheduled Electric Service Commitments: Each scheduled electric service commitment shall be evidenced by duplicate copies of a letter of commitment, which document shall provide appropriate space thereon for acceptance.

Such records shall be made in all cases including those involving scheduled electric service initiated because of emergencies as provided for under Schedule A.

Section B 0.4 - Payment for Scheduled Electric Service:

(1) The CITY shall pay for scheduled electric power and energy monthly at the following daily charges:

DEMAND - $0.0575 per kw for each kw of scheduled demand or actual recorded demand, whichever is greater; PLUS:

ENERGY - At the rate of four (4) mills per kwh or the Seller's average fuel cost plus ten per cent (10%), whichever is less at the tie.

(2) The CORPORATION shall pay for scheduled electric power and energy monthly at the following daily charges:

$0.75

DEMAND - [redacted] per kw for each kw of scheduled demand or actual recorded demand, whichever is less; PLUS:

ENERGY - At the rate of 3.4 ( ) mills per kwh or the Seller's average fuel cost plus two per cent (2%), whichever is less at the time.

Section B.1. - Actual Recorded Demand: Actual recorded demand shall mean the kwh per one hour as determined by the differences between consecutive hourly readings of the billing kwh meter. It is agreed telemeter readings as received at the Dispatching Offices may be used for this purpose.

IN WITNESS WHEREOF, the parties hereto have caused this Service Schedule B to be executed by their duly authorized officers, and copies delivered to each party, as of the day and year first above stated.

ATTEST: FLORIDA POWER CORPORATION

By _____ Secretary By _____ President

(SEAL)

ATTEST: CITY OF WAUCHULA, FLORIDA

By _____ City Clerk By _____ Chairman of City Council

(SEAL)

Service Schedule B approved as to form:

By _____ City Attorney By _____ Mayor

SERVICE SCHEDULE C
ECONOMY ENERGY ELECTRIC SERVICE

IT IS AGREED this Service Schedule C will be effective under, and a part of, the contract dated August 3, 1967 for interconnection and electric service between the Florida Power Corporation and the City of Wauchula, Florida, hereinafter referred to as the "CONTRACT".

Section C 0.1 - Term: The term of this Service Schedule C shall be concurrent with and identical to the term stipulated in Section 1.1 of the CONTRACT.

Section C 0.2 - Economy Energy Electric Service: Economy energy electric service as used herein shall mean electric energy which one party (Seller) can produce at a cost which is lower than the cost the other party (Buyer) would incur by producing equivalent energy from other available sources, and which energy the Seller is willing and able to sell and deliver to the Buyer.

It is understood and agreed that a party is entitled to purchase economy energy only at such times that such party has alternate dependable capacity including adequate reserves that could otherwise be used.

Section C 0.3 - Purchase and Sale of Economy Energy: At any time that either of the parties desires to purchase economy energy and the other party is willing and able to supply such economy energy, the two parties may effect such purchase and sale under the provisions of this Service Schedule C. Such purchase and sale shall be entirely voluntary on the part of each party. The price to be paid by the Buyer to the Seller shall be the price calculated at the time of such agreement in accordance with Section C 0.4 hereof.

If an emergency should occur on either system during the sale of economy energy, the Buyer shall as soon as possible supply his energy requirements

and the specific agreement for the sale and purchase of economy energy shall be terminated.

Section C 9.4 - Rates and Compensation: Payment for energy scheduled hereunder shall be calculated in accordance with the following rate:

$$\text{Rate per kwhr} = \frac{A + B}{2}$$

when:

A = The cost of supplying energy involved from resources of the Buyer.

B = The cost of supplying energy involved from resources of the Seller.

IN WITNESS WHEREOF, the parties hereto have caused this Service Schedule C to be executed by their duly authorized officers, and copies delivered to each party, as of the day and year first above stated.

ATTEST: FLORIDA POWER CORPORATION

By _____ Secretary By _____ President

(SEAL)

ATTEST: CITY OF WAUCHULA, FLORIDA

By _____ City Clerk By J. C. Underwood Chairman of City Council

(SEAL)

Service Schedule C approved as to form:

By _____ City Attorney By Paul Thomas Mayor

SERVICE SCHEDULE D
FIRM INTERCHANGE ELECTRIC SERVICE

IT IS AGREED this Service Schedule D will be effective under, and a part of, the contract dated August 3, 1967 for interconnection and electric service between the Florida Power Corporation and the City of Wauchula, Florida, hereinafter referred to as the "CONTRACT".

Section D 0.1 - Term: The term of this Service Schedule D shall be concurrent with and identical to the term stipulated in Section 1.1 of the CONTRACT.

Section D 0.2 - Firm Interchange Electric Service: Firm interchange electric service shall mean capacity and the accompanying energy whereby one party (Seller) shall deliver to the other party (Buyer) after commitment certain quantities of capacity and the accompanying energy provided, however, Seller shall neither commit for the delivery of capacity in excess of one-half the Buyer's peak load forecast for the commitment period, nor for less than 1,000 kilowatts. The Buyer will normally supply to the Seller during the commitment period an advance daily schedule of capacity and accompanying energy to be delivered hereunder. The Seller shall make every effort to conform with the Buyer's daily schedules up to the amount of the firm interchange electric service commitment.

Section D 0.3 - Condition: It is a condition of this Service Schedule D that firm interchange electric service may be committed by the CITY to the CORPORATION only in such amount that the CITY'S total remaining net capacity available to its system is equal but not less than 15% of its expected maximum sixty (60) minute integrated power requirement, expressed in kilowatts, during the term of the commitment.

The time interval for determining a sixty (60) minute integrated power requirement shall be between the clock hours.

Section D 0. 4 - Firm Interchange Electric Service Commitments: Each party will determine its needs for firm interchange electric service from time to time and will negotiate with the other party for such service, and to the extent such service can be made available, a commitment may be made between the parties hereto for such service.

Each firm interchange electric service commitment period shall be not less than twelve (12) months nor more than thirty-six (36) months. Such commitment shall be evidenced by duplicate copies of a letter of commitment signed by both parties.

Section D 0. 5 - Payment for Service: For firm interchange electric service made available from one party to the other, the Buyer shall pay to the Seller each month an amount for capacity demand and energy computed at the following monthly charges:

A. DEMAND

(1) For firm interchange electric service made available by the CITY to the CORPORATION, the CORPORATION shall pay to the CITY a demand charge equal to $ 1.55 per kilowatt for each kilowatt of billing demand.

(2) For firm interchange electric service made available by the CORPORATION to the CITY, the CITY shall pay to the CORPORATION a demand charge equal to $1.55 per kilowatt for each kilowatt of billing demand.

B. ENERGY

The energy charge shall be negotiated for each firm interchange electric service commitment, and such charges shall be set forth in the letter of commitment referred to in Section D 0. 4.

Billing demand hereunder shall be the firm interchange electric service capacity commitment in kilowatts (kw), unless modified as set forth in Section D 0. 6. Actual hourly demand shall be recorded by appropriate

meters, and is defined as the kilowatt hours per one (1) hour, as determined by the differences between consecutive hourly readings of the billing kilowatt hour meter. It is agreed telemetered readings as received in the Dispatching Offices may be used for this purpose. The time intervals for determining the sixty (60) minute integrated power demand shall be between the clock hours.

Section D 0.6 - Billing Demand Adjustments Within Contract Period: If at any time the Buyer is receiving power under the provisions of Section D 0.2, and the actual supply of power to the Buyer exceeds the specified billing demand up to five per cent (5%) because of limitations of the control system to accurately control the flow of power to the exact amount specified, no demand charge for such excess power flow shall be made. If, however, the Buyer imposes a demand on the Seller in excess of the specified billing demand above five per cent (5%), a new billing demand is thereby established, and the Buyer shall pay for such greater demand only for the billing month during which such greater demand was taken. The demand of the Buyer in excess of the then effective billing demand shall be exempt from this adjustment in billing demand if such excess is caused by an emergency as defined in Service Schedule A of the CONTRACT, in which case the excess power, if made available to the Buyer, shall be billed in accordance with the provisions of said Service Schedule A.

In the event the parties have reached an agreement upon the terms of a commitment under this Service Schedule D and the Buyer requests the Seller to deliver power up to the amount of the then established billing demand, which power, after reasonable notice from the Buyer to the Seller, Seller fails to make available for reasons other than the uncontrollable forces as defined in Section 3.1, Article VIII, of the CONTRACT, or malfunction of system facilities as herein provided, the billing demand for that month shall be adjusted downward to a lesser figure representing the quantity which the Seller is willing and able to make available.

It is the intent of the parties that malfunctions of system facilities shall be considered reasonably beyond the control of either party. In the event of such malfunctions to the Seller's equipment during the term of a firm interchange electric service commitment, if, within four (4) hours after such malfunction, the Seller is unable to deliver power up to the amount of the firm interchange electric service commitment by using all the remaining facilities available, then the billing demand for that current month shall be adjusted downward to a lesser figure representing the quantity which the Seller is able to make available. If, within four (4) hours after a malfunction, the Seller is able to resume delivery of the full amount of the firm interchange electric service commitment, then there shall be no adjustment to the billing demand.

If, in any month during the term of a firm interchange electric service commitment, there are circumstances to cause more than one adjustment to the billing demand, that circumstance which results in the lowest billing demand shall be the one upon which the billing demand adjustment shall be based.

Section D.3 - Tax Adjustment: To the base demand and energy charges shall be added the applicable proportionate part of any taxes and assessments (except Federal Income taxes), imposed by any governmental authority in excess of those in effect as of the date of the CONTRACT, which are assessed on the basis of meters or customers, or the price of or revenue from electric energy or services sold, or the volume of energy generated or purchased for sale or sold. In the event either party pays a gross receipts tax to the State of Florida under Section 203.01, Florida Statutes, in respect to interchanges hereunder, such party making such tax payment shall be fully reimbursed in such manner by the party purchasing the electric energy.

IN WITNESS WHEREOF, the parties hereto have caused this Service Schedule D to be executed by their duly authorized officers, and copies

delivered to each party, as of the day and year first above stated.

ATTEST:

By _____
Secretary

(SEAL)

FLORIDA POWER CORPORATION

By _____
President

ATTEST:

By _____
City Clerk

(SEAL)

CITY OF WAUCHULA, FLORIDA

By _____
Chairman of City Council

Service Schedule D approved
as to form:

By _____
City Attorney

By _____
Mayor

CONTRACT
FOR
INTERCONNECTION AND ELECTRIC SERVICE
BETWEEN
FLORIDA POWER CORPORATION
AND
CITY OF TALLAHASSEE, FLORIDA

Section 0.1 THIS CONTRACT, made and entered into this 23rd day of December, 1968, by and between FLORIDA POWER CORPORATION, a private corporation organized and existing under the laws of the State of Florida, herein referred to as the "CORPORATION", party of the first part, and the CITY OF TALLAHASSEE, FLORIDA, a municipal corporation organized and existing under the laws of the State of Florida, herein referred to as the "CITY", party of the second part;

W I T N E S S E T H:

Section 0.2 WHEREAS, the parties hereto have entered into a separate "Territorial Agreement" in the public interest under which the parties have established mutually agreeable service territories as set forth in said "Territorial Agreement" which is conditioned upon and executed simultaneously with this CONTRACT and said "Territorial Agreement" and this CONTRACT shall be filed with the Florida Public Service Commission for its approval; and

Section 0.3 WHEREAS, the parties hereto deem it desirable that this arrangement be made for the interconnection of the generating and electric system of the CORPORATION with the generating and electric system of the CITY at the points established as herein provided; and

Section 0.4 WHEREAS, each party desires to establish the terms and conditions of the interconnection arrangement for their respective systems;

Section 0.5 NOW, THEREFORE, in consideration of the foregoing premises and of the mutual benefits to be obtained from the covenants herein and in that certain aforementioned "Territorial Agreement" of this same date, the parties hereto do hereby agree as follows:

ARTICLE I

TERM OF CONTRACT

Section 1.1 - Term: The term of this CONTRACT shall commence on the 31st day of December, 1968, and shall continue in effect for a period of seven (7) years, and thereafter shall automatically be extended for succeeding periods of six (6) years each, except that this CONTRACT may be cancelled by either party upon five (5) years' written notice to the other party, or as provided in Section 9.1.

ARTICLE II

INTERCONNECTION

Section 2.1 - Interconnection Points: The CORPORATION and the CITY agree to construct, maintain and continue in operable condition the facilities to enable effective use of the following interconnections:

(1) The existing 69,000 nominal volt connection at the CORPORATION'S Tallahassee switching station.

(2) A looped 115 kv interconnection from the Tallahassee 115 kv transmission system to the CORPORATION'S 115 kv circuit presently extending between its Quincy Substation and its Suwannee River Plant.

(3) Future interconnection points, as deemed to be in the general interests of both parties, as based upon sound engineering principles and studies. It is the intent

of the parties that the establishing of such future interconnection point or points is necessary and important to continued sound development of the two systems under coordinated design and operation.

Section 2.2 - Interconnection Facilities: The facilities to effect the interconnection points are to be as follows:

(1) The 69,000 volt interconnection consists of an oil circuit breaker terminal in the CORPORATION'S Tallahassee switching station, to which terminal the CITY has connected a 69,000 volt transmission line, which transmission line extends to the CITY'S No. 3 substation located on the west side of the CITY OF TALLAHASSEE. The 69,000 volt interconnecting line terminates in a 25,000 kva 69/115 kv transformer at the CITY'S No. 3 substation, which is connected into the 115 kv bus at the CITY'S No. 3 substation.

(2) The 115 kv looped interconnection to be designed and constructed at the earliest convenient time, shall be made by sectionalizing the CORPORATION'S Quincy-Suwannee 115 kv circuit, then extending the circuit into a 115 kv substation to be built by the CITY and located within the CITY'S service territory. The resulting circuitry when would be a 115 kv line from the CORPORATION'S Suwannee Plant Substation into the CITY'S substation, and a circuit from the CORPORATION'S Quincy Substation into the CITY'S substation.

(3) Detailed design of all future interconnection facilities shall be thoroughly studied and agreed upon by both parties, and each shall construct those portions of agreed upon future interconnections which lie within its territorial boundary.

Section 2.3 - Interconnection Capacity: It is understood and agreed that the two interconnections described in Section 2.2(1) and 2.2(2) are considered as limited capacity, supply ties. The engineers of the CORPORATION estimate that the ability of the CORPORATION to deliver power to the CITY through the combination of these two interconnections will be approximately 40,000 kva. It is agreed and understood that the combination of these two interconnections will not constitute continuous backup, standby or instantaneous service to support the loss of the CITY'S 44,000 kw or future 66,000 kw generators, and therefore each party is deemed to be equally advantaged by the benefits under this CONTRACT.

Section 2.4 - Delivery Points: The points of delivery or interchange shall be as follows:

(1) A metering point at the CITY'S 69,000 volt No. 3 Substation.

(2) A metering point at the 115,000 volt substation into which the loop interconnection is to be extended.

(3) Metering points as mutually agreed upon for future interconnection points.

Section 2.5 - Accessory Facilities: The parties hereto will provide communication, telemetering, load-control and frequency-control equipment and such other facilities for load dispatching purposes and for control of power flow and flow of reactive kva as is now or may hereafter reasonably

be required in accordance with good, modern practice, as determined by the Administrative Committee, referred to in Section 3.1.

Section 2.6 - Parties Responsible: Each party hereto shall provide, operate, and maintain at its own cost and expense such of the equipment and facilities as may exist or be constructed pursuant to the foregoing provisions of this ARTICLE II.

ARTICLE III

OPERATION

Section 3.1 - Administrative Committee: Each party shall appoint a member to an Administrative Committee. The duties of this Committee shall include those mentioned elsewhere in this CONTRACT and, but not limited to, the following:

(1) Coordination of the parties' generation and transmission planning, construction and protection arrangements.

(2) Planning of automatic load relief procedures for system reliability.

(3) Exchange of information on actual and forecasted loads, capabilities of generating facilities, programs of capacity additions, and capability of bulk power interchange facilities.

(4) Negotiations for firm interchange service under Service Schedule D.

The Administrative Committee shall also perform such other duties as may be conferred upon it by mutual agreement of the parties hereto. Each party shall cooperate in providing to the Administrative Committee all information required in the performance of its duties. If the Administrative Committee

is unable to agree unanimously on any matter falling under its jurisdiction, such matter shall be referred by the members of the Administrative Committee to their Principals for decision. Failure of the Principals to agree on any matter referred to them shall not constitute a basis for cancellation of this CONTRACT unless it violates the major underlying purpose of the agreement to avail each party of the advantages arising out of this agreement in the underlying purpose of exchange of power as provided herein. All decisions of agreements made by the Committee shall be evidenced in writing.

Section 3.2 - Operating Committee: Each party shall appoint a member to an Operating Committee, who shall be a responsible person connected with day-to-day operations of each of the parties hereto. The duties of the Operating Committee shall include preparation of operation and maintenance schedules, control and operating procedures, supervision of service accounting functions, and arrangements for all service schedules except Firm Electric Service Schedule D. If the Operating Committee is unable to agree unanimously on any matter falling under its jurisdiction, such matter shall be referred to the Administrative Committee for decisions. All decisions and agreements made by the Committee shall be evidenced in writing.

Section 3.3 - Parallel Operation: Systems of the CORPORATION and the CITY shall normally be operated in parallel with the circuits closed at the interconnection points set forth under ARTICLE II hereof, except as may be otherwise mutually arranged by the Operating Committee. It is recognized, however, neither party should be burdened by circumstances created by the other party. It is, therefore, appropriate that each party shall reserve the right to seek operational relief if such burdens

become undue, or in the opinion of the affected party, continuity of service on its own system becomes impaired. These circumstances could occur because of one or more of the following conditions:

(1) Due to the differences in size of the electrical systems of the two parties, power will immediately flow for an indeterminable length of time from the CORPORATION to the CITY upon sudden outage or malfunction of generating equipment in the CITY'S system.

(2) Because of the electrical principles of interconnected operation, the CORPORATION is exposed to unavoidable power flows to and from the CITY over which the CORPORATION will have no automatic control.

(3) The CITY'S system may become an interconnected link between and among two or more points in the CORPORATION'S system, and therefore could be subjected to through flows over which the CITY would have no control.

(4) Since in interconnected operations reactive flows are the result of voltage levels and not easily controlled, either party may find itself in the position of supplying reactive KVA to the other party to the detriment of the supplying system.

If any of the foregoing circumstances create an undue burden upon either party, every attempt shall be made by the parties to effectively resolve the problem through the Operating Committee described under Section 3.2. If the parties are unable to resolve the problem to the satisfaction of

the party which, in its judgment, suffers undue burden, then the burdened party shall have the right to open the interconnections between the parties hereto to relieve its system of the burden imposed upon it; provided, however, prior notice shall be given to the other party when practicable.

Section 3.4 - Commitment of Facilities: Each party will make available for the supply of power to the interconnected systems all capacity available to it from all available sources not otherwise committed, and such of its transmission facilities and other facilities as are required for interconnected operation, and will operate such facilities on an interconnected and coordinated basis to the end that the maximum benefits obtainable through such operation may be realized.

Section 3.5 - Regulation of Transfer of Power and Energy: The parties hereto agree that it is the responsibility of each party to operate its power supply facilities so as to supply its own system load at all times, except as may otherwise be provided for herein or as mutually agreed, and to hold deviations from scheduled deliveries to a minimum. It is recognized that because of the characteristics of interconnected operation, the CITY has sole control of the interchange between the two parties. To this end, the CITY shall provide and operate load control equipment acceptable to the CORPORATION and in accordance with standard practice so as to avoid making unscheduled demands upon the CORPORATION'S system during normal operation. The CITY agrees to conduct its operations in accordance with currently accepted practices in interconnected electric utility operations.

ARTICLE IV

ELECTRIC SERVICE

Section 4.1 - Electric Service: It is recognized that transfer of various specific classes of service and the rates applicable to each class of

electric service must necessarily depend upon the conditions existing from time to time. The sale and purchase of specific classes of electric service and the terms, arrangements and rates applicable thereto are set forth in four Electric Service Schedules, which Service Schedules have been executed by the parties hereto and which are a part of this CONTRACT. These Service Schedules are respectively referred to as:

Service Schedule A - Emergency Electric Service

Service Schedule B - Scheduled Electric Service

Service Schedule C - Economy Energy Electric Service

Service Schedule D - Firm Electric Service

Service Schedules for other classes may be included by mutual agreement.

Section 4.2 - Inadvertent Transfer of Electric Energy: Inadvertent transfer of energy is a transfer of energy between the systems of the parties hereto differing from the scheduled delivery as a result of the inherent physical and electrical characteristics of the systems, limitations in the equipment used to control the flow of power between the systems or limitations in the operation of such equipment. Inadvertent transfers of energy shall be returned in kind at times mutually agreed upon (when the value of the energy to the party to which such energy is returned is substantially equal to the cost of the corresponding energy originally delivered), or such energy be paid for. At any time either party may require a cash settlement, upon thirty (30) days' notice at a rate determined in accordance with Service Schedule B, Section B.2, as it relates to energy.

ARTICLE V

METERING PROVISIONS

Section 5.1 - Metering: CORPORATION shall install and maintain necessary metering equipment to permit determination of the amounts of electric

power and energy transmitted over the interconnections described in Section 2.1 hereof, unless the Administrative Committee agrees that in the interest of economy and/or convenience it would be appropriate for the CITY to own and/or maintain certain metering equipment.

All meters pertaining to billing shall be sealed and shall, except in an emergency, or as provided below, be opened only in the presence of authorized representatives of both parties hereto. The meters and associated equipment shall be tested and inspected annually, unless otherwise mutually agreed. If any test or inspection shows any meter to be inaccurate by more than one per cent (1%), fast or slow, an adjustment in billing between parties shall be made during the following month for a preceding period of not more than thirty (30) days to adjust for the amount by which the meters are shown to have been in error; and the meter or other equipment found to be inaccurate or defective shall promptly be repaired, adjusted or replaced.

Section 5.2 - Meter Reading: For billing purposes, all meters shall be read at 4:00 o'clock p.m. on the last day of each month, or as near thereto as practicable. Copies of recordings, kwhr consumptions and maximum kw demands shall be assembled for billing and record purposes.

ARTICLE VI

ELECTRIC GENERATING CAPACITY

Section 6.1 - Electric Generating Capacity to be Provided: In consideration of the relative size and configuration of each of the systems, the CITY agrees that it will provide reserve capacity in such amount that its power supply will at all times be equal to at least one hundred twenty per cent (120%) of the CITY'S actual peak load requirements, or will remain firm (capable of serving its peak load with the loss of its largest unit) at the option of the CITY.

Section 6.2 - Generating Capacity Additions by CITY: It is mutually agreed that the CITY may schedule its generating capacity additions to be as large and economical as it may independently determine.

ARTICLE VII

BILLING AND PAYMENT

Section 7.1 - Presentation and Payment: Each of the parties shall submit to the other, as promptly as possible after the first of each month, written bills for the respective amounts due it under the terms of this CONTRACT for the preceding calendar month and all such bills shall be due and payable within ten (10) days.

Section 7.2 - Disputed Bill: In case any portion of any bill be in bona fide dispute, the undisputed amount shall be payable when due; and the remainder, if any, upon determination of the correct amount shall be paid promptly after such determination.

ARTICLE VIII

FORCE MAJEURE AND INDEMNIFICATION

Section 8.1 - Force Majeure: In case either party hereto should be delayed in or prevented from performing or carrying out any of the agreements, covenants, and obligations made by and imposed upon said parties by this CONTRACT by reason of or through strike, stoppage in labor, failure of contractors or suppliers of materials, riot, fire, flood, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any Court granted in any bona fide adverse legal proceedings or action, order of any civil or military authority either de facto or de jure, explosion, act of God or the public enemies or any cause reasonably beyond its control and not attributable to its neglect; then, and in such case

or cases, such party shall not be liable to the other party for, or on account of, any loss, damage, injury, or expense resulting from or arising out of such delay or prevention; provided, however, that the party suffering such delay or prevention shall use due and, in its judgment, practicable diligence to remove the cause or causes thereof; and provided, further, that neither party shall be required by the foregoing provisions to settle a strike except when, according to its own best judgment, such a settlement seems advisable.

Section 8.2 - Responsibility and Indemnification: Each party hereto expressly agrees to indemnify and save harmless and defend the other against all claims, demands, costs, or expense for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with or growing out of the generation, transmission, or use of electric capacity and energy on its own side of the point of ownership hereunder unless such claims or demand shall arise out of or result from the negligence or willful misconduct of the other party, its agents, servants, or employees; provided, however, that neither party hereby assumes responsibility for damage or injury to employees of the other party.

ARTICLE IX

MISCELLANEOUS

Section 9.1 - Regulation: The provisions of this CONTRACT, as they affect the CORPORATION, are subject to the regulatory authority of the Florida Public Service Commission, and filing with and approval by the Commission of the provisions of this CONTRACT shall be a prerequisite to its validity. In the event this CONTRACT is changed or modified by any regulatory agency or authority, either party, if adversely affected to a material extent, shall have the right to terminate this CONTRACT on six (6) months' written notice to the other party.

Section 9.2 - Waivers: Any waiver at any time by any party hereto of its rights with respect to the other party or with respect to any matter arising in connection with this CONTRACT shall not be considered a waiver with respect to any subsequent default or matter.

Section 9.3 - Successors and Assigns: This CONTRACT shall inure to the benefit of and be binding upon the parties hereto only, and their respective successors and assigns, and shall not be assignable by either party without the written consent of the other party except as to a successor in the operation of its properties by reason of a merger, consolidation, sale or foreclosure where substantially all such properties are acquired by such a successor.

Section 9.4 - Notices: Any notice, demand, or request required or authorized by this CONTRACT shall be deemed properly given if mailed to the Administrative Committee representative of each party.

IN WITNESS WHEREOF, the parties hereto have caused this CONTRACT to be executed by their duly authorized officers, and copies delivered to each party, as of the day, month and year first above stated.

CITY OF TALLAHASSEE

Signed, sealed, delivered
in the presence of:

By _____
Mayor

Attest:

Lula C. Burt

Melinda C. Wood

City Auditor and Clerk

(Seal)

Approved as to Form and Correctness:

City Attorney
City of Tallahassee

FLORIDA POWER CORPORATION

By A. P. Pérez
President

Signed, sealed and delivered
in the presence of:

Attest:

Asst Secretary

(Seal)

FLORIDA POWER CORP.
LEGAL DEPT.
APPROVED
Date 11-5-68
By SAB

SERVICE SCHEDULE A
EMERGENCY ELECTRIC SERVICE

IT IS AGREED this Service Schedule A will be effective under, and a part of, the CONTRACT dated 12/23/68 for interconnection and electric service supplied between the Florida Power Corporation and the City of Tallahassee, Florida, hereinafter referred to as the "CONTRACT".

Section A.0 - Term: The term of this Service Schedule A shall be concurrent with and identical to the term stipulated in Section 1.1 of this CONTRACT.

Section A.1 - Emergency Electric Service: Emergency electric service, for the purpose of this Schedule, shall mean emergency power supplied by either party for use under emergency conditions, when such party is temporarily unable to supply its required power and energy from normally available sources. It is agreed that a condition of deficiency in power supply occasioned by shortage of system facilities, water, fuel or other supplies, which has resulted from failure of the party affected to follow recognized good engineering practice, shall not be considered an emergency condition for the purpose of this Service Schedule A.

When either party, in an emergency, shall request emergency electric service which the other is in a position to furnish, the Seller shall furnish the requested emergency electric service from all available sources as needed to the extent that, in the judgment of the Seller, the generation or purchase and the delivery of such power and energy will not jeopardize service in the system of the Seller.

It is understood and agreed that the power and energy received by one party from the other under emergency conditions when the period of such receipt of such power and energy is less than sixty (60) minutes shall be classified as unintentional interchange of energy and shall be treated as set

forth in Section 4.2, ARTICLE IV, of the CONTRACT, of which this Service Schedule A is a part.

If the taking hereunder of power and energy during an emergency shall be for a period of sixty (60) minutes or more, all of the power and energy taken during the emergency shall be treated as emergency electric service, as provided for under this Service Schedule A.

It is also understood and agreed that the duration of emergency electric service as provided for under this Service Schedule A, shall not exceed thirty (30) consecutive days for any single emergency.

Section A.2 - Payment for Emergency Electric Service: Emergency electric service received by either party shall, at the option of the party supplying such service, either be returned in kind, at times mutually agreed upon (when the value of power and energy to the party which supplied the emergency electric service is substantially equal to the cost of the corresponding power and energy delivered), or be paid for by the Buyer at the following rate:

> An energy charge per kwhr equal to the Seller's average fuel cost per net kwhr at the Seller's fossil fueled generating units for the second preceding calendar month, plus ten per cent (10%), rounded out to the nearest $0.00005 (5/100 of a mill). If the Seller is subjected to abnormally high costs, in order to supply the emergency electric service needs of the Buyer, then mutually agreeable adjustments to the rate shall be determined by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Service Schedule A to be executed by their duly authorized officers, and copies delivered to each party, as of the day and year first above stated.

Signed, sealed and delivered
in the presence of:

CITY OF TALLAHASSEE

By _____
Mayor

Attest:

_____
City Auditor and Clerk

(Seal)

Approved as to Form and Correctness:

_____
City Attorney
City of Tallahassee

Signed, sealed and delivered
in the presence of:

FLORIDA POWER CORPORATION

By _____
President

Attest:

_____
Asst. Secretary

(Seal)

FLORIDA POWER CORP.
LEGAL DEPT.
APPROVED
Date 11-5-69
By SAB

SERVICE SCHEDULE B
SCHEDULED ELECTRIC SERVICE

IT IS AGREED this Service Schedule B will be effective under, and a part of, the CONTRACT dated 12/23/68 for interconnection and electric service supplied between the Florida Power Corporation and the City of Tallahassee, Florida, hereinafter referred to as the "CONTRACT".

Section B.0 - Term: The term of this Service Schedule B shall be concurrent with and identical to the term stipulated in Section 1.1 of the CONTRACT.

Section B.1 - Scheduled Electric Service and Commitment: Scheduled service for the purpose of this schedule shall mean the power and energy supplied by one party (Seller) to the other party (Buyer) for use during periods of routine or emergency overhaul and maintenance of facilities, and the power and energy supplied to the Buyer during short term periods of deficiency on the Buyer's system due to causes beyond control of the Buyer and under circumstances where, in the opinion of the Seller, the Buyer has through prudent and diligent efforts, intended to provide adequate firm power. A commitment to deliver scheduled energy shall be considered firm. Each scheduled service commitment shall be evidenced in writing, which may be confirmation of oral communication.

Section B.2 - Payment for Service: For scheduled service made available from one party to the other, the Buyer shall pay to the Seller each month an amount for demand and energy computed at the following daily charges:

a. Demand

1. For scheduled service made available by the CITY to the CORPORATION, the CORPORATION shall pay to the CITY a demand charge equal to $0.035 per kw for each kw of billing demand.

2. For scheduled service made available by the CORPORATION to the CITY, the CITY shall pay to the CORPORATION a demand charge equal to $0.05 per kw for each kw of billing demand.

b. Energy

The energy charge shall be negotiated for each scheduled commitment, and such charges shall be set forth as designated in Section B.1. The energy charge per kwhr shall be rounded out to the nearest $0.00005 (5/100 of a mill). The energy charge in no instance shall exceed 110% of the average fuel cost per net kwh at the Seller's fossil fueled generating units which were in service for the immediately preceding twelve (12) months operating period.

Billing demand hereunder shall mean the single maximum sixty (60) minute integrated power demand, expressed in kw, which the Seller agrees to furnish and the Buyer agrees to pay for in accordance with this Service Schedule B. The time intervals for determining the sixty (60) minute integrated power demand shall be between the clock hours.

The billing demand will be the scheduled service commitment between the parties hereto in accordance with Section B.1.

CITY OF TALLAHASSEE

Signed, sealed and delivered
in the presence of:

Lucia C. O'Brien

Marion C. Wood

By _____
Mayor

Attest:

_____
City Auditor and Clerk

(Seal)

Approved as to Form and Correctness:

City Attorney
City of Tallahassee

FLORIDA POWER CORPORATION

By A. D. Pierce
President

Signed, sealed and delivered
in the presence of:

Attest:

Asst. Secretary

(Seal)

FLORIDA POWER CORP.
LEGAL DEPT.
APPROVED
Date 11-5-68
By JRB

SERVICE SCHEDULE C
ECONOMY ENERGY ELECTRIC SERVICE

IT IS AGREED this Service Schedule C will be effective under, and a part of, the CONTRACT dated 12/23/68 for interconnection and electric service between the Florida Power Corporation and the City of Tallahassee, Florida, hereinafter referred to as the "CONTRACT".

Section C.0 - Term: The term of this Service Schedule C shall be concurrent with and identical to the term stipulated in Section 1.1 of the CONTRACT.

Section C.1 - Economy Energy Electric Service: Economy energy electric service as used herein shall mean electric energy which one party (Seller) can produce at an incremental cost which is lower than the incremental cost the other party (Buyer) would incur by producing and/or procuring equivalent energy from other available sources, and which energy the Seller is willing and able to sell and deliver to the Buyer. In the calculation of such incremental cost of energy to the Buyer, the price of any energy that the Buyer is entitled to purchase under the provisions of Service Schedule D of the CONTRACT may be included in such incremental cost of energy.

It is understood and agreed that a party is entitled to purchase economy energy only to the extent that such party has alternate dependable capacity, including adequate reserves, that could otherwise be used. Any firm power capacity being purchased by the Buyer shall be included in the alternate dependable capacity.

Section C.2 - Purchase and Sale of Economy Energy: At any time that either of the parties desires to purchase economy energy and the other party is willing and able to supply such economy energy, the two parties may effect such purchase and sale under the provisions of this Service Schedule C.

Such purchase and sale shall be entirely voluntary on the part of each party. The price to be paid by the Buyer to the Seller shall be the price calculated at the time of such agreement in accordance with Section C.3 hereof.

If an emergency should occur on either system during the sale of economy energy, the Buyer shall immediately supply his own energy requirements and the specific agreement for the sale and purchase of economy energy shall be terminated.

Section C.3 - Rates and Compensation: Payment for energy scheduled hereunder shall be calculated in accordance with the following rate:

$$\text{Rate per kwhr} = \frac{A + B}{2}$$

when:

A = The calculated incremental cost of supplying energy involved from resources of the Buyer.

B = The calculated incremental cost of supplying energy involved from resources of the Seller.

The methods of calculating costs for A and B shall be determined jointly by the Operating Committee.

It is intended that only the cost components for the particular transaction shall be taken into account.

IN WITNESS WHEREOF, the parties hereto have caused this Service Schedule C to be executed by their duly authorized officers, and copies delivered to each party, as of the day and year first above stated.

Signed, Sealed and delivered
in the presence of:

CITY OF TALLAHASSEE

By _____
Mayor

Attest:

_____
City Auditor and Clerk

(Seal)

Approved as to Form and Correctness:

City Attorney
City of Tallahassee

FLORIDA POWER CORPORATION

By A. P. Pierce
President

Signed, sealed and delivered
in the presence of:

Attest:

Secretary

(Seal)

FLORIDA POWER CORP.
LEGAL DEPT.
APPROVED
Date 11-5-68
By

SERVICE SCHEDULE D
FIRM ELECTRIC SERVICE

IT IS AGREED this Service Schedule D will be effective under, and a part of, the CONTRACT dated 12/23/68 for interconnection and electric service supplied between the Florida Power Corporation and the City of Tallahassee, Florida, hereinafter referred to as the "CONTRACT".

Section D.0 - Term: The term of this Service Schedule D shall be concurrent with and identical to the term stipulated in Section 1.1 of the CONTRACT.

Section D.1 - Firm Electric Service: Firm service as used herein shall mean electric power and the accompanying energy made available by one party (Seller) to the other party (Buyer) by commitment between the parties as to the quantities of power and energy to be made available. The Seller shall neither commit for the delivery of capacity in excess of one-half the Buyer's peak load forecast for the commitment period, nor for less than 10,000 kilowatts. The Buyer will normally furnish to the Seller, during the period of the commitment, an advance daily schedule of power and energy to be delivered hereunder. The Seller shall make every effort to conform with the Buyer's daily schedules, up to the amount of the firm service commitment.

Section D.2 - Firm Electric Service Commitments: Each party will determine its needs for firm service from time to time and will negotiate with the other party for such service and to the extent that such service can be made available by the other party, a commitment shall be made between the parties hereto for such service.

Each firm service commitment shall not exceed a maximum term of thirty-six (36) months, nor be less than a minimum term of twelve (12)

months, although the Seller in any given instance may agree at its option to enter into such a commitment for a lesser period of time. Any such commitment shall be evidenced by duplicate copies of a letter of commitment from the Buyer to the Seller and signed by the Buyer, which documents shall provide appropriate space thereon for acceptance by the Seller and which shall be signed in duplicate by the Seller as evidence of such acceptance.

Section D.3 - Payment for Service: For firm service made available from one party to the other, the Buyer shall pay to the Seller each month an amount for demand and energy computed at the following monthly charges:

a. Demand

1. For firm service made available by the CITY to the CORPORATION, the CORPORATION shall pay to the CITY a demand charge equal to $0.90 per kw for each kw of billing demand.

2. For firm service made available by the CORPORATION to the CITY, the CITY shall pay to the CORPORATION a demand charge equal to $1.35 per kw for each kw of billing demand.

b. Energy

The energy charges shall be negotiated for each firm commitment, and such charges shall be set forth in the letter of commitment designated in Section D.2. The energy charge per kwhr shall be rounded out to the nearest $0.00005 (5/100 of a mill). The energy charge in no instance shall exceed 110% of the average fuel cost per net kwh at the Seller's fossil fueled generating units which were in service for the immediately preceding twelve (12) months operating period.

Billing demand hereunder shall mean the single maximum sixty (60) minute integrated power demand, expressed in kw, which the Seller agrees to furnish and the Buyer agrees to pay for in accordance with this Service Schedule D. The time intervals for determining the sixty (60) minute integrated power demand shall be between the clock hours. Until otherwise adjusted as provided herein, the billing demand will be the Firm Service Commitment specified in Section D.2.

Section D.4 - Billing Demand Adjustments Within Contract Period: If at any time the Buyer is receiving power under the provisions of Section D.2 above, and the actual supply of power to the Buyer exceeds the specified billing demand because of the limitations of the control system to accurately control the flow of power to the exact amount specified, no demand charge for such excess power flow shall be made.

In the event the parties have reached an agreement upon the terms of a commitment under this Service Schedule D and the Buyer requests the Seller to deliver power up to the amount of the then established billing demand, which power, after reasonable notice from the Buyer to the Seller, Seller fails to make available for reasons other than the uncontrollable forces as defined in Section 8.1, ARTICLE VIII, of the CONTRACT, or malfunction of system facilities as herein provided, the billing demand shall be adjusted downward to a lesser figure representing the quantity which the Seller is able to make available. Such downward adjustment shall be made retroactively from the beginning and shall continue to the end of the term of the commitment, but, in no case, shall such retroactive adjustment exceed a total equal of three (3) months of initial billing demand charges.

It is the intent of the parties that malfunctions of the system facilities shall be considered reasonably beyond the control of either party. In the event of such malfunctions to the Seller's equipment during the term of a firm commitment, if, within eight (8) hours after such malfunction, the Seller is unable to deliver power up to the amount of the firm commitment, then the billing demand for that current month shall be adjusted downward to a lesser figure representing the quantity which the Seller is able to make available. If, within eight (8) hours after a malfunction, the Seller is able to resume delivery of the full amount of the firm commitment, then there shall be no adjustment to the billing demand.

If, in any month during the term of a firm commitment, there are circumstances to cause more than one adjustment to the billing demand, that circumstance which results in the lowest billing demand shall be the one upon which the billing demand adjustment shall be based.

Section D.5 - Tax Adjustments: To the base demand and energy charges shall be added the applicable proportionate part of any taxes and assessments (except Federal Income Taxes), imposed by any governmental authority in excess of those in effect as of the date of the CONTRACT, which are assessed on the basis of meters or customers, or the price of or revenue from electric energy or services sold, or the volume of energy generated or purchased for sale or sold. In the event either party pays a gross receipts tax to the State of Florida under Section 203.01, Florida Statutues, in respect of electric service hereunder, such party making such tax payment shall be fully reimbursed in such manner by the party purchasing the electric energy.

IN WITNESS WHEREOF, the parties hereto have caused this Service

Schedule D to be executed by their duly authorized officers, and copies delivered to each party, as of the day and year first above stated.

CITY OF TALLAHASSEE

Signed, sealed and delivered
in the presence of:

By _____
Mayor

Attest:

_____
City Auditor and Clerk

(Seal)

Approved as to Form and Correctness:

_____
City Attorney
City of Tallahassee

FLORIDA POWER CORPORATION

Signed, sealed and delivered
in the presence of:

By _____
President

Attest:

_____
Asst. Secretary

(Seal)

FLORIDA POWER CORP.
LEGAL DEPT.
APPROVED
Date 11-3-60
By SAD

CONTRACT COVERING PURCHASE AND SALE OF
CAPACITY AND ENERGY BETWEEN
TAMPA ELECTRIC COMPANY
AND
FLORIDA POWER CORPORATION

Section 0.1 THIS CONTRACT, made and entered into this 23rd day of July, 1970, by and between FLORIDA POWER CORPORATION, a private corporation organized and existing under the laws of the State of Florida, hereinafter referred to as "CORPORATION" and TAMPA ELECTRIC COMPANY, also a corporation organized and existing under the laws of the State of Florida, hereinafter referred to as "COMPANY".

W I T N E S S E T H

Section 0.2 WHEREAS, the parties hereto are presently operating under an existing Interchange Agreement dated September 1, 1957, modified by a supplemental Indenture dated March 9, 1961 and a supplemental Indenture dated October 16, 1964; and

Section 0.3 WHEREAS, additional benefits accruing from interconnected systems operation may be effected through the interchange of capacity and energy between the participants, thereby providing for the installation of larger and more efficient generating units; and

Section 0.4 WHEREAS, both the CORPORATION and the COMPANY may experience generating capacity deficits unless one or the other installs new capacity; and

Section 0.5 WHEREAS, COMPANY is installing a generating unit hereinafter called Plant Big Bend No. 1 Unit, at its Big Bend Station site, said new unit being ready for commercial operation about August 1, 1970;

Section 0.6 NOW, THEREFORE, in consideration of the foregoing premises and of the mutual benefits to be obtained from the covenants herein set forth, the parties hereto do hereby agree as follows:

ARTICLE I

TERM OF CONTRACT

Section 1.1 Prior Agreements: (a) This contract supercedes and replaces that certain contract between these parties dated August 31, 1966, and entitled "Contract Covering Interchange of Capacity and Energy Between Tampa Electric Company and Florida Power Corporation" which contract shall be of no further force and effect after this contract has been executed by both parties. (b) The INTERCHANGE AGREEMENT referred to in Section 0.2 above, shall remain in full force until cancelled by one of the parties. Cancellation of this prior AGREEMENT, under its own terms, will not in any way alter the terms of this CONTRACT.

Section 1.2 Term: The initial term of this contract shall become effective the first day of the month in 1970 following the month in which the Plant Big Bend No. 1 Unit is released for commercial operation, and shall continue in effect to February 1, 1973. Provided, however, if written notice of

cancellation is not given by either party by January 1, 1973, the contract shall continue in effect to March 1, 1973; and provided further, that if written notice of cancellation is not given by either party by February 1, 1973, the contract shall then continue in effect to April 1, 1973.

ARTICLE II

MAINTENANCE OF INTERCONNECTIONS

Section 2.1 Parallel Operations: The CORPORATION and the COMPANY agree to continue operating with all existing and new interconnections closed, to the extent that the reliable interconnection capacity between the CORPORATION'S and the COMPANY'S power system shall not be reduced to the status where the COMPANY cannot make delivery of the Plant Big Bend No. 1 unit capacity allocated to the CORPORATION, without undue burden on either party.

Section 2.2 Control Facilities: Existing telemetering and automatic load control facilities on the systems of the parties hereto shall be maintained in as near perfect condition as is practical, and expanded to include any and all new interconnections, the said facilities being essential to the control of net interchange between the two power systems. These control systems, however, cannot regulate flows over individual interconnections, with the result that unintentional burdens may be imposed by one party upon the other. Therefore, the party which in its judgement suffers injury shall have the right to

open the interconnection responsible for the burden being imposed, provided, however, that prior notice is given the other party when practicable, so that any feasible corrective measures may be put into effect before opening the interconnection.

Section 2.3 Reactive KVA: Each party shall endeavor to supply the reactive kva requirements of its own system; and, except as otherwise may be arranged from time to time, neither party shall be obligated to supply or receive reactive kva over the interconnections if such flows impose a burden. If the flow of reactive kva over one or more interconnections is detrimental to customer's service on either system, then the party which in its judgement suffers injury from the uncontrollable flow of reactive kva over an interconnection shall have the right to open the interconnection, providing, however, that notice shall be given to the other party, when practicable, before said interconnection is opened.

ARTICLE III

CAPACITY COMMITMENTS AND BASIS OF COST

Section 3.1 Capacity Transactions: COMPANY agrees to deliver and CORPORATION agrees to receive at the metering points 200 megawatts capacity assigned to CORPORATION out of Plant Big Bend Unit No. 1.

Section 3.2 Basis for Capacity Charge: The charge for the capacity assigned to CORPORATION in accordance with the provisions of this contract shall be 3½¢ ($0.035) per kw per day.

Section 3.3 Capacity Curtailment and Failure to Deliver: Subject to the provisions of Section 3.4, entitled "Unit Outages", in the event COMPANY fails to make delivery of the contract capacity in the amount of 200 mw out of Plant Big Bend No. 1 Unit, or from other steam sources available to COMPANY, promptly following request by CORPORATION, COMPANY shall not be liable to CORPORATION for failure to deliver but the capacity charge for that day shall be determined by multiplying the capacity charge set forth in Section 3.2 times the smallest amount of mw capacity made available during that day. It is intended that if, after requested to do so, COMPANY is unable to supply to CORPORATION the full contract capacity (200 mw) from Plant Big Bend No. 1 Unit, COMPANY will then attempt to deliver the requested capacity up to the full contract capacity from other steam electric generating capacity on the COMPANY'S own system, (P. O. Knight plant excluded) provided, however, that this does not interfere with maintenance and inspection of COMPANY'S other units.

Section 3.4 Unit Outages: Routine maintenance and inspection outages of the Plant Big Bend No. 1 Unit shall be scheduled at times mutually agreeable to both CORPORATION and COMPANY; provided, however, that in the event the parties are unable to agree COMPANY shall have the right to perform maintenance or inspection of the unit at a reasonable time of its selection upon furnishing reasonable notice thereof to CORPORATION.

During the first 4200 accumulated hours over the life of this contract that Plant Big Bend No. 1 Unit is off the line as a result of an outage for any reason whatsoever, CORPORATION agrees that the full capacity charge ($7,000.00 per day) shall not be waived or reduced. In the event of failure to deliver due to outages experienced by Plant Big Bend No. 1 Unit in excess of 4200 accumulated hours over the life of this contract the capacity and energy payments shall be determined in accordance with Sections 3.3 and 4.3 of this agreement.

ARTICLE IV

ENERGY COMMITMENTS AND BASIS OF CHARGE

Section 4.1 Energy Allotment: CORPORATION shall have first call on all the energy produced by its capacity allotment in Plant Big Bend No. 1 Generating Unit except during time of capacity deficiency on COMPANY'S system, in which event CORPORATION'S capacity allotments shall become available to COMPANY, and COMPANY may then use energy from this capacity as necessary to make up this deficiency without charge to COMPANY. The capacity charges to CORPORATION for any portion of the capacity to which it is entitled under this contract which is utilized by COMPANY during a period of capacity deficiency on COMPANY'S system shall be adjusted in accordance with the provisions of Section 3.3. Capacity deficiency on COMPANY'S system is defined as COMPANY not having enough available steam electric generating capacity on COMPANY'S system (P. O. Knight plant excluded and

exclusive of the capacity assigned to CORPORATION pursuant to this contract) to supply its system load, including Interruptible Load and Spinning Reserve Obligation.

Any time CORPORATION is not scheduling all of its capacity allotment, COMPANY may use energy from the remaining non-scheduled portion of that capacity allotment without reduction of the capacity payment by CORPORATION and without adjustment of the charge to CORPORATION for energy actually delivered to it.

Section 4.2 Scheduling Energy Deliveries: The amount of energy deliveries at the metering points under this contract up to the allocated capacity limits, as stipulated in Article III herein, and the time of taking shall be optional with CORPORATION, except that when practicable, CORPORATION shall give COMPANY reasonable notice of the desired schedule.

Section 4.3 Energy Charge: In addition to the capacity charges provided for in Article III, CORPORATION shall also pay energy charges as follows:

(a) With reference to Section 3.4 entitled "Unit Outages", any energy delivered to CORPORATION by COMPANY from sources other than Plant Big Bend No. 1 Unit during any portion of the 4200 accumulated hours of outages defined in Section 3.4 and during which time CORPORATION will be paying the full capacity charge, shall be billed at the rate of 4.0 mills per kwh. This energy charge shall be fixed throughout the term

of this contract and shall not be subject to Section 4.4 entitled "Fuel Cost Adjustment".

(b) With reference to Section 3.3 entitled "Capacity Curtailment and Failure to Deliver", any energy delivered to CORPORATION by COMPANY from capacity in excess of the minimum capacity made available that day shall be billed at 5.5 mills per kwh. This energy charge shall be fixed throughout the term of this contract and shall not be subject to Section 4.4, entitled "Fuel Cost Adjustment".

(c) With the exception of 4.3(a) and 4.3(b) above, the charge for energy delivered under this contract at the metering points for account of CORPORATION shall be 2.9 mills per kwh. This energy charge shall be subject to Section 4.4 entitled "Fuel Cost Adjustment".

Section 4.4 Fuel Cost Adjustment: The energy charge per kwh shall be increased or decreased $0.00001 per kwh for each $0.001 increase above, or decrease below $0.260 per million British Thermal Units in the cost to COMPANY for fuel delivered to COMPANY'S coal fired boilers for the second month preceding the billing period.

ARTICLE V

METERING PROVISIONS

Section 5.1 Meter Readings: For billing purposes, all meters shall be read on the last day of each month, or as near thereto as practicable. Copies of recordings, kwh interchange and

maximum demands shall be assembled for billing and recording purposes in the established manner.

ARTICLE VI

BILLING AND PAYMENT

Section 6.1 Presentation: Billing under this CONTRACT shall be included with that provided for under Section 6.1, Article VI, of the Interchange Agreement referred to in Section 0.2 herein, except that the bills rendered by each party to the other, shall give a breakdown, showing the energy and capacity charges under terms of this CONTRACT and by separate billing in the event said Interchange Agreement is terminated prior to the termination of this agreement.

Section 6.2 Payment - Disputed Bills: In case portion of any bill is in bona fide dispute, the undisputed amount shall be payable when due; and the remainder, if any, upon determination of the correct amount shall be paid promptly after such determination. All bills shall be due and payable within ten (10) days after such determination.

Section 6.3 Inadvertent Interchange: It is recognized that power flows over the various interconnections may be in either direction from time to time. For the purpose of this contract all bills will be rendered on a scheduled energy and capacity basis.

ARTICLE VII

FORCE MAJEURE AND INDEMNIFICATION

Section 7.1 Force Majeure: In case either party hereto should be delayed in or prevented from performing or carrying out any of the agreements, covenants, and obligations made by and imposed upon said parties, by this CONTRACT by reason of or through strike, stoppage in labor, failure of contractors or suppliers of materials, riot, fire, flood, ice, storm, invasion, civil war, commotion, insurrection, military or usurped power, order of any Court granted in any bona fide adverse legal proceedings or action, order of any civil or military authority either de facto or de jure, explosion, act of God or the public enemies or any cause reasonably beyond its control and not attributable to its neglect then, and in such case or cases, such party shall not be liable to the other party for or on account of any loss, damage, injury, or expense resulting from or arising out of such delay or prevention; provided, however, that the party suffering such delay or prevention shall use due and, in its judgement, practicable diligence to remove the cause or causes thereof. It is understood that neither party shall be required by the foregoing provisions to settle a strike except when, according to its own best judgement, such a settlement seems advisable.

Section 7.2 Responsibility and Indemnification: Each party hereto expressly agrees to indemnify and save harmless and

defend the other against all claims, demands, costs, or expense for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with or growing out of the generation, transmission, or use of electric capacity and energy on its own side of the delivery point or points hereunder unless such claim or demand shall arise out of or result from the negligence or willful misconduct of the other party, its agents, servants, or employees; provided, however, that neither party hereby assumes responsibility for damage or injury to employees of the other party.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Waivers: Any waiver at any time by either party hereto of its rights with respect to the other party or with respect to any other matter arising in connection with this CONTRACT shall not be considered a waiver with respect to any other or subsequent default or matter.

Section 8.2 Successors and Assigns: This CONTRACT shall inure only to the benefit of and be binding only upon the parties hereto and their respective successors and assigns, and shall not be assignable by either party without the written consent of the other party except as to a successor in the operation of its properties by reason of a merger, consolidation, sale or foreclosure where substantially all such properties are acquired by such successor.

Section 8.3 Notices: Any notice, demand, or request required or authorized by this CONTRACT shall be deemed properly given if mailed, postage prepaid, to Florida Power Corporation, St. Petersburg, Florida, in the case of the CORPORATION; and to Tampa Electric Company, Tampa, Florida, in the case of the COMPANY; or to any successor or agent designated by the CORPORATION or by the COMPANY. The designation of the person to be notified or the address of such person may be changed by the CORPORATION or by the COMPANY at any time, or from time to time, by similar notice.

IN WITNESS WHEREOF, the parties hereto have caused this CONTRACT to be executed by their duly authorized officers.

Attest:

FLORIDA POWER CORPORATION

J. Brandes
Secretary

By Richard E. Raymond
Senior Vice President

Attest:

TAMPA ELECTRIC COMPANY

D. R. Lovett
Assistant Secretary

By J. D. Nicholson
Vice President

FLORIDA POWER CORP.
LEGAL DEPT.
APPROVED
Date 7/21/76
By

Sebring Utilities Commission

213 South Commerce Avenue
SEBRING, FLORIDA 33870
PHONE 385-0712

October 14, 1970

Florida Power Corporation
St. Petersburg, Florida - 33733

Gentlemen:

The CITY OF SEBRING UTILITIES COMMISSION (CITY) and FLORIDA POWER CORPORATION (COMPANY) agree to amend and extend to December 1, 1972, the existing Agreement dated September 11, 1969, which is attached hereto and made a part hereof except as hereinafter amended, for a limited-capacity 12 kv open switch emergency connection between the Systems of the CITY and the COMPANY.

The capacity limits of this connection will be 4,000 kw.

The point of interconnection will be at the COMPANY'S DeSoto City Substation.

It is agreed that the CITY will repay to the COMPANY up to $22,900.00 as compensation for adjustments to the COMPANY'S plant made for the benefit of the CITY.

W. J. Post

William J. Post, Chairman
SEBRING UTILITIES COMMISSION

FLORIDA POWER CORPORATION

FLORIDA POWER CORPORATION
ST. PETERSBURG, FLORIDA

September 11, 1969

City of Sebring Utilities Commission
Sebring, Florida 33870

Gentlemen:

For a one-year period commencing December 1, 1969, FLORIDA POWER CORPORATION agrees to establish a limited-capacity interim 12 kv open switch emergency connection with the CITY OF SEBRING. The switch will normally be in the open position and will be closed in the event of an emergency condition only by FLORIDA POWER CORPORATION personnel at the specific request of the CITY OF SEBRING. The capacity limits of this connection will be 2000 KW.

Capacity and energy supplied through this connection will be billed in accordance with the following schedule:

Demand Charge

Each kw at $1.25 per kw

Energy Charge

First	500 kwh	at	3.98¢	per kwh
Next	500 kwh	at	3.38¢	per kwh
Next	9,000 kwh	at	2.52¢	per kwh
Next	30,000 kwh	at	1.77¢	per kwh
Next	110,000 kwh	at	1.20¢	per kwh
All additional kwh		at	.97¢	per kwh

It is agreed between FLORIDA POWER CORPORATION and the CITY OF SEBRING that any costs incurred by FLORIDA POWER CORPORATION to provide the above-detailed limited connection will be repaid to FLORIDA POWER CORPORATION. These costs will include necessary expenditures for metering, ~~switchgear~~ and switching equipment not to exceed $20,000.

Initial, Sebring Utilities Commission

Initial, Florida Power Corporation

The location of this limited service connection will be in the general vicinity of the Fred Wild School on South Highlands Avenue in the City of Sebring.

FLORIDA POWER CORPORATION

By _____
A. H. Hines, Jr., Executive Vice President

ACCEPTED THIS 11th DAY OF September, 1969.

CITY OF SEBRING
SEBRING UTILITIES COMMISSION

By _____
Chairman, Sebring Utilities Commission

Question No. 9:

List non-affiliated 3/ electric utility systems with peak loads smaller than applicant's which serve either at wholesale or at retail adjacent to areas served by applicant. Provide a geographic one line diagram of applicant's generation and transmission facilities (including subtransmission), indicating the location of adjacent systems and as to such systems indicate (if available) their load, their annual load growth, their generating capacity, largest thermal generating unit size, and their minimum reserve criteria.

3/ Systems not in the same holding company system.

Answer:

Non-affiliated electric utility systems which serve in areas adjacent to areas served by applicant are listed below:

Utility System	(1) Ident. No.	(2) Load, MW	(3) Annual Load Growth, MW	(4) Generating Capacity, MW	(5) Largest Thermal Unit, MW	(6)
The Southern Company (Georgia Power Co. & Gulf Power Co.)	1	Larger than applicant.				
Florida Power & Light Co.	2	Larger than applicant.				
Tampa Electric Co.	3	1173	62	1943	425	
City of Orlando (Orlando Utilities Commission)	4	299	20	411	225	
City of Tallahassee (Electric Utilities Dept.)	5	149	13	231	80	
Southeastern Power Administration (Jim Woodruff Project - Florida Only)	6	36	0	36	None	
Florida Public Utilities Co.	7	N/A	N/A	7.6	None	

Utility System	(1) Ident. No.	(2) Load, MW	(3) Annual Load Growth, MW	(4) Generating Capacity, MW	(5) Largest Thermal Unit, MW	(6)
City of Gainesville (Gainesville Utilities Dept.)	8	85	N/A	144	44	
City of Sebring (Sebring Utilities Commission)	9	13	N/A	24	12	
City of Kissimmee (Kissimmee Water & Light Dept.)	10	15	N/A	19.9	None	
City of St. Cloud (St. Cloud Utilities Commission)	11	11.5	N/A	18.8	None	
City of Wauchula (Wauchula Municipal Light Dept.)	12	7	N/A	7.7	None	
City of Ocala (Ocala Utilities Dept.)	13	58.3	4.1	None	---	
City of Leesburg (Leesburg Municipal Elect. Light Dept.)	14	30	2.2	None	---	
City of Bartow (Bartow Municipal Light and Water Dept.)	15	20.6	1.1	None	---	
City of Quincy (Quincy Municipal Elect. Light Dept.)	16	13	1.0	None	---	
City of Mount Dora (Mt. Dora Municipal Light Dept.)	17	7.3	0.5	None	---	
City of Fort Meade (Ft. Meade Electric Dept.)	18	4	0.3	None	---	

Utility System	(1) Ident. No.	(2) Load, MW	(3) Annual Load Growth, MW	(4) Generating Capacity, MW	(5) Largest Thermal Unit, MW	(6)
Town of Alachua (Alachua Electric Dept.)	19	3	0.2	None	---	
Town of Chattahoochee (Chattahoochee Light System)	20	2.6	0.1	None	---	
Town of Williston (Williston Municipal Electric Light Dept.	21	1.9	0 1	None	---	
Town of Bushnell (Bushnell Electric Light, Water, & Power Dept.)	22	1.3	0.1	None	---	
Town of Newberry (Newberry Board of Public Works)	23	1.2	0.1	None	---	
Town of Lake Helen (Lake Helen Municipal Electric Dept.)	24	0.9	0.1	None	---	
Town of Havana (Havana Power & Light System)	25	N/A	N/A	N/A		
Clay Electric Cooperative, Inc.	26	49.5	2.4	None	---	
Sumter Electric Cooperative, Inc.	27	44.5	4.6	None	---	
Withlacoochee River Elect. Coop., Inc.	28	34.4	4.5	None	---	
Talquin Electric Coop., Inc.	29	34.0	3.4	None	---	
Peace River Elect. Coop., Inc.	30	12.9	1.0	None	---	
Suwannee Valley Elect. Coop., Inc.	31	9.6	1.1	None	---	

Utility System	(1) Ident. No.	(2) Load, MW	(3) Annual Load Growth, MW	(4) Generating Capacity, MW	(5) Largest Thermal Unit, MW	(6)
Central Florida Elect. Coop., Inc.	32	8.1	1.0	None	---	
Tri-County Electric Coop., Inc.	33	5.4	0.8	None	---	
Glades Electric Coop., Inc.	34	1.6	0.1	None	---	

Notes: (1) Identification number(s) shown in general area of principal office or headquarters on Map 9-4.

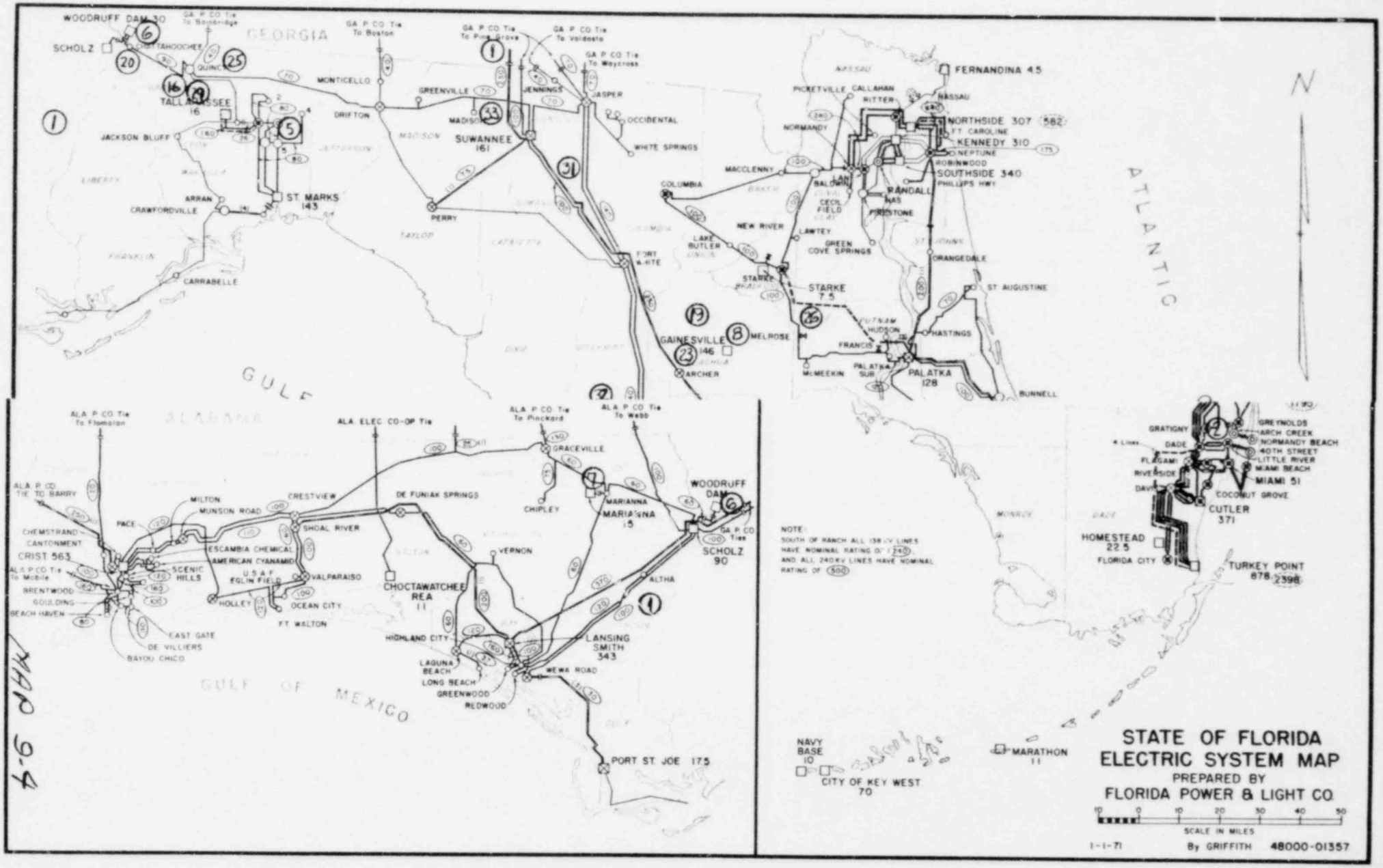
(2) Peak load listed obtained from public documents or applicant's billing demand records, and is latest available, although not always 1970 datum.

(3) Load growth is average annual for five years from 1966 to 1970 based on sources noted in (2) above.

(4) Same sources as (2) above.

(5) Same sources as (2) above, no internal combustion units listed.

(6) Minimum reserve criterion for all systems listed is not known to applicant.


WOODRUFF DAM 30
SCHOLZ
TALLAHASSEE 16
JACKSON BLUFF
ST. MARKS 143
CRAWFORDVILLE
CARRABELLE
PERRY
DRIFTON
MONTICELLO
GREENVILLE
JENNINGS
JASPER
OCCIDENTAL
WHITE SPRINGS
SUWANNEE 161
FORT WHITE
GAINESVILLE 146
ARCHER
MELROSE
STARKE 75
PALATKA 128
PALATKA SUB
McMEEKIN
BUNNELL
ST AUGUSTINE
HASTINGS
ORANGEDALE
GREEN COVE SPRINGS
LAWTEY
NEW RIVER
LAKE BUTLER
COLUMBIA
MACCLENNY
FERNANDINA 45
PICKETVILLE
CALLAHAN
RITTER
NASSAU
NORMANDY
NORTHSIDE 307
FT CAROLINE
KENNEDY 310
NEPTUNE
ROBINWOOD
SOUTHSIDE 340
PHILLIPS HWY
BALDWIN
CECIL FIELD
RANDALL
NAS
FIRESTONE
GRATIGNY
DADE
FLAGAMI
RIVERSIDE
DAVIS
GREYNOLDS
ARCH CREEK
NORMANDY BEACH
40TH STREET
LITTLE RIVER
MIAMI BEACH
MIAMI 51
COCONUT GROVE
CUTLER 371
HOMESTEAD 225
FLORIDA CITY
TURKEY POINT 878 2398
ATLANTIC
GULF
GEORGIA
ALABAMA
GULF OF MEXICO
ALA P CO Tie To Florala
ALA P CO Tie To Barry
ALA P CO Tie To Mobile
ALA ELEC CO-OP Tie
ALA P CO Tie To Pinckard
ALA P CO Tie To Webb
GA P CO Tie To Bainbridge
GA P CO Tie To Boston
GA P CO Tie To Pine Grove
GA P CO Tie To Valdosta
GA P CO Tie To Waycross
GA P CO Tie
GRACEVILLE
CHIPLEY
MARIANNA
MARIANNA 15
WOODRUFF DAM 6
SCHOLZ 90
DE FUNIAK SPRINGS
CRESTVIEW
MILTON
MUNSON ROAD
PACE
SHOAL RIVER
CHEMSTRAND
CANTONMENT
CRIST 563
ESCAMBIA CHEMICAL
AMERICAN CYANAMID
SCENIC HILLS
U S A F EGLIN FIELD
VALPARAISO
BRENTWOOD
GOULDING
BEACH HAVEN
HOLLEY
OCEAN CITY
FT WALTON
EAST GATE
DE VILLIERS
BAYOU CHICO
VERNON
CHOCTAWATCHEE REA 11
ALTHA
HIGHLAND CITY
LANSING SMITH 343
WEWA ROAD
LAGUNA BEACH
LONG BEACH
GREENWOOD
REDWOOD
PORT ST JOE 175
NAVY BASE 10
CITY OF KEY WEST 70
MARATHON 11
NOTE:
SOUTH OF RANCH ALL 138 KV LINES HAVE NOMINAL RATING OF (240) AND ALL 240 KV LINES HAVE NOMINAL RATING OF (500)
N
STATE OF FLORIDA
ELECTRIC SYSTEM MAP
PREPARED BY
FLORIDA POWER & LIGHT CO.
SCALE IN MILES
1-1-71
By GRIFFITH
48000-01357

MAP 9-4

Question No. 10

List separately those systems in Item 9 which purchase from applicant (a) all bulk power supply and (b) systems which purchase partial bulk power supply requirements. Where information is available to applicant, identify those Item 9 systems purchasing part or all of their bulk power supply requirements from suppliers other than applicant.

Answer:

The electric utility systems identified in Item 9 are listed below under the criterion set forth in this Item:

(a) Purchase all bulk power supply from applicant:

City of Ocala
City of Leesburg
City of Mount Dora
City of Fort Meade
Town of Alachua
Town of Williston
Town of Bushnell
Town of Newberry
Town of Lake Helen
Sumter Electric Cooperative, Inc.
Withlacoochee River Electric Cooperative, Inc.

(b) Purchase partial bulk power supply from applicant:

Tampa Electric Company
City of Orlando
City of Tallahassee
Southeastern Power Administration
City of Wauchula
City of Bartow
City of Chattahoochee
City of Quincy
Clay Electric Cooperative, Inc.

Talquin Electric Cooperative, Inc.
Peace River Electric Cooperative, Inc.
Suwannee Valley Electric Cooperative, Inc.
Central Florida Electric Cooperative, Inc.
Tri-County Electric Cooperative, Inc.
Glades Electric Cooperative, Inc.

(c) Purchase part or all of bulk power supply from suppliers other than applicant:

Tampa Electric Company
City of Orlando
Southeastern Power Administration
City of Kissimmee
City of St. Cloud
Florida Public Utilities Co.
City of Bartow
City of Chattahoochee
City of Quincy
Town of Havana
Clay Electric Cooperative, Inc.
Talquin Electric Cooperative, Inc.
Peace River Electric Cooperative, Inc.
Suwannee Valley Electric Cooperative, Inc.
Central Florida Electric Cooperative, Inc.
Tri-County Electric Cooperative, Inc.
Glades Electric Cooperative, Inc.

Question No. 11:

State as to all power generated and sold by applicant the most recent average cost of bulk power supply experienced by applicant (a) at site of generating facilities, (b) at the delivery points from the primary transmission (backbone) system, (c) at delivery points from the secondary transmission system, and (d) at delivery points from the distribution system, in terms of dollars per kilowatt per year, in mills per kilowatt-hour, and in both the kilowatt costs and kilowatt hour costs divided by the kilowatt hours. If wholesale sales are made at varying voltages, indicate average cost at each voltage.

Answer:

ESTIMATED 1970 AVERAGE BULK POWER SUPPLY COSTS

	Annual Unit Costs*		Annual Average Costs*
	$/KW	Mills/KWH	Mills/KWH
At Generation	21.21	4.51	8.80
At Transmission	38.27	4.70	12.43
At Distribution	65.75	4.90	18.19

* These estimated costs: (1) do not include overhead costs such as Administrative and General Expenses, Fixed Charges on General Plant, etc., (2) are estimated at annual average load factor, and (3) are not available at each voltage level within transmission and distribution classifications.

Question No. 12:

State (a) for generating facilities and (b) for transmission subdivided by voltage classes, the most recent estimated cost of applicant's bulk power supply expansion program of which the subject unit is a part, in terms of dollars per kilowatt/per year, in mills per kilowatt hour and in both the kilowatt costs and kilowatt hour costs divided by the kilowatt hours.

Answer:

(1) ESTIMATED 1975 AVERAGE BULK POWER SUPPLY COSTS (2)

Annual Capacity Costs (3):	
Generation	$35.92/KW/Yr.
Transmission (4)	12.19/KW/Yr.
TOTAL	$48.11/KW/Yr.
Energy Costs:	5.64 mills/KWH
Total Per Unit Costs:	
Capacity	10.13 mills/KWH
Energy	5.64 mills/KWH
TOTAL	15.77 mills/KWH

Notes: (1) Based on present commitments for 5 year expansion program of the bulk power supply for applicant Florida Power Corporation.

(2) These do not include any distribution or retail customer-related costs, or overhead costs such as Administrative and General Expenses, Fixed Charges on General Plant, etc.

(3) Based on forecast annual load factor.

(4) Information is not available for transmission subdivided by voltage classes.

Question No. 13:

List and describe all requests for interconnection and/or coordination and for purchases or sales of coordinating power and energy from adjacent utilities listed in Item 9 since 1960 and state applicant's response thereto. List and describe all requests for supply of full or partial requirements of bulk power for the same period and state applicant's response thereto.

Answer:

A. Requests and arrangements for interconnection and/or purchases or sales of bulk power have been received from the following utilites since 1960:

1. City of Wauchula - interconnection agreement signed August 3, 1967.

2. City of Tallahassee - interconnection agreement signed December 23, 1968.

3. City of Gainesville - interconnection ordered by Federal Power Commission in Docket No. E-7257, engineering details currently under joint study for early completion.

4. City of Sebring - 12 KV connection established January 25, 1971. Interconnection agreement currently in final negotiation stages with 69 KV interconnection scheduled for December, 1972.

5. City of Jacksonville - interconnection currently under joint study and negotiation.

6. City of Orlando - interconnection agreement signed August 17, 1967.

7. City of Kissimmee - 69 KV connection discussed in 1970 for June, 1971 effective date, request deferred by City in January, 1971, reactiviated in June, 1971 for 69 KV interconnection to be effective in 1972. Applicant delivered to City 1000 KW diesel gene-

rator on 2 days notice for emergency use during Summer 1971 and is currently negotiating 12 KV emergency connection.

Informal inquiries and discussions of interconnection arrangements or establishing of delivery points have been made individually by the cities of Lakeland and St. Cloud. Applicant Florida Power Corporation has responded to these inquiries affirmatively, with willingness to detail the arrangements at such time as the City desires. St. Cloud has participated in several discussions outlined in A-7 above, since it is presently interconnected with the City of Kissimmee and therefore affected by the latter's negotiations.

B. Requests for the supply of full or partial requirements of bulk power have been received from the following utility systems:

1. City of Mount Dora - contract effective 12/1/69 for term of five years, automatically renewing annually thereafter.

2. City of Quincy - Delivery Point No. 2, effective 12/20/66

3. Central Florida Electric Cooperative:

Delivery Point No. 4, Oldtown, effective 9/20/62
Delivery Point No. 5, Williston, effective 6/8/64
Delivery Point No. 6, Chiefland, effective 2/15/67
Delivery Point No. 7, Cross City, effective 1/20/69
Delivery Point No. 8, Bell, effective 5/18/70

4. Clay Electric Cooperative:

Delivery Point No. 5, Barberville, effective 3/17/60
Delivery Point No. 6, Rochelle (Phifer), effective 8/28/62
Delivery Point No. 7, Fairfield, effective 6/5/63
Delivery Point No. 8, Fort White, effective 6/20/63
Delivery Point No. 9, Astor, effective 12/9/63
Delivery Point No. 10, Gainesville, effective 6/2/67

Delivery Point No. 11, Lynn, effective 11/9/70
Delivery Point No. 12, Arredondo, effective 9/2/70

5. Peace River Electric Cooperative:

Delivery Point No. 4, Nittaw, effective 10/16/64
Delivery Point No. 5, Lake Buffum, effective 4/30/65
Delivery Point No. 6, Parnell Rd, effective 6/1/70

6. Sumter Electric Cooperative:

Delivery Point No. 12, Bushnell, effective 1/15/65
Delivery Point No. 13, Mt. Dora - Tavares, effective 10/7/66
Delivery Point No. 14, Rainbow Lakes Est., effective 1/17/68
Delivery Point No. 15, Mt. Dora - East, effective 2/24/69

7. Suwannee Valley Electric Cooperative:

Delivery Point No. 6, Madison Smith, effective 4/17/69
Delivery Point No. 7, Falmouth, effective 4/11/68

8. Talquin Electric Cooperative:

Delivery Point No. 2, Hilliardville, effective 6/1/66
Delivery Point No. 6, Shadeville, effective 4/25/66
Delivery Point No. 7, Point Milligan, effective 9/8/66
Delivery Point No. 8, Jackson Bluff, effective 4/4/66
Delivery Point No. 9, Miccosukee, effective 3/20/68
Delivery Point No. 10, Sopchoppy, effective 3/20/67
Delivery Point No. 11, Lake Bradford, effective 7/10/69

9. Tri-County Electric Cooperative:

Delivery Point No. 1, Perry, effective 1/20/64
Delivery Point No. 3, Madison, effective 10/20/67
Delivery Point No. 4, Monticello, effective 1/23/63

Delivery Point No. 5, Perry Office, effective 12/10/69
Delivery Point No. 6, Madison Office, effective 12/18/69

10. Withlacoochee River Electric Cooperative:

Delivery Point No. 6, Brooksville Office, effective 2/16/61
Delivery Point No. 7, Weekiwachee, effective 10/24/62
Delivery Point No. 8, Croom, effective 3/15/63
Delivery Point No. 9, Homosassa, effective 12/15/66
Delivery Point No. 10, Hudson, effective 1/14/70
Delivery Point No. 11, Citrus Springs, effective 5/13/70
Delivery Point No. 12-T, Lake Tarpon Well Field, effective 11/12/70
Delivery Point No. 12, Spring Hill, effective 5/18/71

Electric service at each and every delivery point requested by the utility systems as listed under Item 13-B, 2 through 10 above, has been provided as expeditiously as practical by applicant Florida Power Corporation. Every Delivery Point will remain effective until terminated by the customer.

Question No. 14:

Part I:

List (a) agreements to which applicant is a party (reproducing relevant paragraphs) and b) state laws supply citations only), which restrict or preclude coordination by, with, between, or among any electric utilities or systems identified in applicant's response to Items 8 and 9.

Part II:

List (a) agreements to which the applicant is a party (reproducing relevant paragraphs) and (b) state laws (supply citations only) which restrict or preclude substitution of service or establishment of service of full or partial bulk power supply requirements by an electric utility other than applicant to systems identified in Items 8 and 9. Where the contract provision appears in contracts or rate schedules on file with a federal agency, identify each in the same form as in previous responses. Where the contract had not been filed with a federal agency, a copy should be supplied unless it has been supplied pursuant to another item hereto. Where it is not in writing, it should be described.

Answer:

Part I:

As originally written, Article I of applicant's wholesale for resale contract with the nine (9) REA Cooperatives identified in applicant's response to Item 9 reads as follows:

> "The Cooperative agrees not to sell for resale any electric energy purchased under this agreement to any municipality which now has or has had a franchise or wholesale contract with the Company or to a municipality generating its own energy;"

By Amendment dated December 14, 1965, filed with the Federal Power Commission, with copies to each affected REA, applicant agreed that it would modify by way of further contract amendment certain existing clauses which may be considered restrictive to the extent that the customer will not take such action which may violate said clauses without giving the Company adequate notice in writing of such action with an opportunity to consent thereto.

Subsequent to the filing of the above amendment and acceptance of the wholesale contract by the Federal Power Commission, applicant has interpreted Article I as set forth above, to-wit:

> "Electricity supplied by the Company shall not be used in conjunction with any other source of electricity without previous written notice to and consent of the Company."

Pursuant to notice given on December 2, 1970, all of the above wholesale for resale contracts will terminate on December 15, 1971, except for the Peace River Contract, which will terminate on July 1, 1972.

Wholesale for resale contracts with the municipalities of Alachua, Bushnell, Leesburg and Williston contain the following clause:

> "The Company hereby agrees to furnish and to sell to the Municipality, and the Municipality hereby agrees to buy from the Company, all of the Municipality's electric energy requirements which the Municipality may itself consume or which the Municipality may furnish or sell to ultimate consumers, whether for heat, light or power, or any other purpose or use for which the Municipality may desire to use electric energy, except for sales at wholesale for resale by others. The Municipality shall not generate any of its electric energy requirements or purchase the same elsewhere except as and when the Company is unable to furnish it."

Wholesale for resale contracts with the municipalities of Lake Helen, Newberry and Ocala contain the following clause:

> "That the Company hereby binds itself, its legal representatives, successors and assigns, to furnish and to sell to the Municipality and the Municipality hereby binds itself to buy of the Florida Power Corporation, its legal representatives, successors and assigns, all of the electric energy, except as hereinafter provided, whether for heat, light, power or

other purposes or uses, which the Municipality may itself consume or which the Municipality may furnish or sell to other customers and/or for any and all other purposes for which the Municipality may or shall desire to use electric energy, and not to generate such electric energy itself or purchase it elsewhere except as and when the Company is unable to furnish it."

By amendment dated December 14, 1965, filed with the Federal Power Commission, with a copy to each of the affected municipalities, applicant agreed that it would modify, by way of further Contract Amendment, certain existing clauses which may be considered restrictive to the extent that the customer will not take such action which may violate said clauses without giving the Company adequate notice in writing of such action, with an opportunity to consent thereto.

Subsequent to the filing of the above Amendment and acceptance of the wholesale contracts by the Federal Power Commission, applicant specifically notified all of the affected municipalities by letter that applicant would interpret Article I as set forth above, to-wit:

"Electricity supplied by the Company shall not be used in conjunction with any other source of electricity without previous written notice to and consent of the Company."

All of the above contracts are in the process of being noticed for termination.

Part II:

Applicant is not a party to any private agreement which restricts or precludes substitution of service or establishment of service of full or partial bulk power supply requirements by an electric utility to systems identified in Items 8 and 9.

Applicant is subject to Orders issued by the Florida Public Service Commission which do have the effect of restricting or precluding substitution of service or establishment of service of full or partial bulk power supply requirements by an electric utility to systems identified in Items 8 and 9.

The following Orders issued by the Florida Public Service Commission are applicable to this question:

A. City of Ocala
Date of Agreement - July 18, 1963
FPSC Docket No. 7061-EU
Submitted August 14, 1963.

B. Orlando Utilities Commission
Date of Agreement - November 1, 1957
FPSC Docket No. 5256-EU
Submitted November 11, 1957.

C. City of Tallahassee
Date of Agreement - December 23, 1968
FPSC Docket No. 9981-EU
Submitted January 29, 1969.

D. City of Wauchula
Date of Agreement - August 3, 1967
FPSC Docket No. 9169-EU
Submitted January 26, 1968.

E. Florida Power & Light Company
Date of Agreement - October 28, 1958 - Amended September 4, 1962
FPSC Docket No. 7420-EU
Submitted June 2, 1964.

F. Tampa Electric Company
Date of Agreement - February 23, 1960

FPSC Docket No. 6081-EU
Submitted April 28, 1960.

G. City of Kissimmee
Date of Agreement - April 28, 1970
FPSC Docket No. 70209-EU
Submitted May 15, 1970.

H. City of St. Cloud
Date of Agreement - July 31, 1970
FPSC Docket No. 70388-EU
Submitted August 31, 1970.

Copies of these Orders are attached. (See Note 1.)

See the case of City Gas Co. v. Peoples Gas System, Inc., 182 So. 2d, 429 (Fla. 1965) and the case of Storey v. Mayo, 217 So. 2d, 304 (Fla. 1968) for State law applicable to this question.

Note 1

On June 17, 1971, the Board of Directors of applicant approved entering into a Consent Decree which will be entered in the immediate future in United States of America v. Florida Power Corporation and Tampa Electric Company by the U. S. District Court for the Middle District of Florida, Civil No. 68-297-T.

A Petition will be filed with the Florida Public Service Commission seeking modification of that Commission's prior territorial agreement Orders, whereby the provisions of the Consent Decree and territorial allocation Orders as they pertain to bulk power supply will be harmonized.

BEFORE THE FLORIDA PUBLIC UTILITIES COMMISSION

In re: Application of Florida Power Corporation for approval of territorial agreement with City of Ocala.	DOCKET NO. 7061-EU
Proposed territorial agreement between Florida Power and Light Company and Florida Power Corporation.	DOCKET NO. 7420-EU
Territorial agreement between Florida Power and Light Company and City of Jacksonville.	DOCKET NO. 7421-EU
Territorial agreement between Florida Power and Light Company and Clay Electric Coop., Inc.	DOCKET NO. 7422-EU
Territorial agreement between Florida Power and Light Company and Glades Electric Coop., Inc.	DOCKET NO. 7423-EU
Territorial agreement between Florida Power and Light Company and Lee County Electric Coop., Inc.	DOCKET NO. 7424-EU
Petition of Florida Power and Light Company for approval of territorial agreement with Suwannee Valley Electric Cooperative, Inc.	DOCKET NO. 7425-EU
	ORDER NO. 3799

Chairman Edwin L. Mason, Commissioner Jerry W. Carter and Commissioner William T. Mayo each participated in the disposition of this matter.

The Florida Public Utilities Commission, pursuant to due notice, held a public hearing in each of the above dockets as follows:

7061-EU - Meeting Room, Commercial Bank and Trust Co., Ocala, Florida, commencing at 9:00 A.M., on Tuesday, December 17, 1963.

7420-EU - Commission Hearing Room, Tallahassee, Florida, commencing at 10:00 A.M., on Monday, June 8, 1964.

7421-EU - Hearing Room, State Office Building, 215 Market Street, Jacksonville, Florida, commencing at 9:30 A.M., on Thursday, November 12, 1964.

7422-EU - Hearing Room, State Office Building, 215 Market Street, Jacksonville, Florida, commencing at 1:30 P.M., on Tuesday, June 9, 1964.

7423-EU - County Commissioners' Meeting Room, Lee County Courthouse, Ft. Myers, Florida, commencing at 10:00 A.M., on Thursday, May 14, 1964.

7424-EU - County Commissioners' Meeting Room, Lee County Courthouse, Ft. Myers, Florida, commencing at 11:00 A.M., on Thursday, May 14, 1964.

7425-EU - Commission Hearing Room, Tallahassee, Florida, commencing at 11:30 A.M., on Monday, June 8, 1964.

APPEARANCES:

MORRIS E. STURGIS, JR., 221 East Silver Springs Boulevard, Ocala, Florida, for the City of Ocala, in Docket No. 7061-EU.

WILLIAM C. STEEL, 14th Floor, First National Bank Building, Miami, Florida, for the Applicant, Florida Power and Light Company, in Dockets Nos. 7420-EU, 7421-EU, 7422-EU, and 7425-EU.

HARRY A. EVERTZ, 101 - 5th Street, South, St. Petersburg, Florida, for the Applicant, Florida Power Corporation, in Dockets Nos. 7420-EU and 7061-EU.

J. DILLON KENNEDY, 1407 City Hall, Jacksonville, Florida, in Docket No. 7421-EU.

WILLIAM M. MADISON, 1103 City Hall, Jacksonville, Florida, in Docket No. 7421-EU.

HENRY L. GRAY, JR., 211 N. E. 1st Street, Gainesville, Florida, for Clay Electric Cooperative, Inc., Keystone Heights, Florida, in Docket No. 7422-EU.

R. D. HILL, Division Manager of the Eastern Division, for the Florida Power and Light Company, Miami 1, Florida, in Docket No. 7423-EU.

W. B. IRBY, JR., Manager, for Glades Electric Cooperative, Inc., Moorehaven, Florida, in Docket No. 7423-EU.

J. G. SPENCER, JR., Vice-President and Western Division Manager, for Florida Power and Light Company, in Docket No. 7424-EU.

HOMER T. WELCH, JR., General Manager, for Lee County Electric Cooperative, Inc., Fort Myers, Florida, in Docket No. 7424-EU.

WILLIAM RANDEL SLAUGHTER, Live Oak, Florida, for the City of Live Oak, in Docket No. 7425-EU.

LEWIS W. PETTEWAY, General Counsel, for the Commission staff and the public generally, in Docket No. 7421-EU.

JAMES L. GRAHAM, Assistant General Counsel, for the Commission staff and the public generally, in Docket No. 7061-EU.

B. KENNETH GATLIN, Assistant Counsel, for the Commission staff and the public generally, in Dockets Nos. 7420-EU, 7421-EU, 7422-EU, 7423-EU, 7424-EU, and 7425-EU.

There were no protestants.

The entire record herein, including the exhibits and testimony adduced at the public hearings, have all been examined by the full Commission. After due consideration, the Commission now enters its order in this cause.

ORDER

BY THE COMMISSION:

The Commission has jurisdiction over the Florida Power Corporation and Florida Power and Light Company. Although they also offer electrical service, the municipalities and cooperatives involved in these dockets are exempted from Commission jurisdiction by Section 366.11, Florida Statutes. However, in each of the seven dockets with which we are concerned in this order, the applicant is a utility under the jurisdiction of this Commission. That is, for example, in Docket No. 7421-EU, although there is before the Commission an agreement between Florida Power and Light Company and the City of Jacksonville, the applicant in the case is Florida Power and Light Company, which is, as mentioned, regulated by the Commission.

In these seven dockets the utilities (both exempt and non-exempt) have entered into agreements where there has been or is about to be some conflict as to the boundaries of the territory that they seek to serve. The Commission, in considering these applications, which are in effect allocations of service areas, is concerned with the fact that Section 366.03, Florida Statutes, states that the electric utilities under the jurisdiction of the Commission "shall furnish to each person applying therefor reasonably sufficient, adequate and efficient service upon terms as required by the commission. . ." In view of this language, the effect of what the regulated utilities are asking the Commission is to allow them to agree not to serve within certain areas when requested to do so by a person applying for electrical service, if that area is already served by another utility.

Admittedly, there is no statute which says that the Commission should divide the state into service areas as is done in the regulation of telephone, water and sewer utilities. However, it is the public policy of this state that cooperatives and municipalities are entities which may engage in the sale of electricity through the specific authorization of the Legislature of the State of Florida. The cooperatives engage in such activity not only because of authorization from the state, but also as the result of laws passed by the Congress of the United States. The inescapable conclusion is that it must be the public policy that cooperatives and municipalities are qualified to sell electricity in the geographical territories in which they operate.

Since this is the public policy, the Commission, even in view of Section 366.03, Florida Statutes, should not undertake to direct a utility under its jurisdiction (such as Florida Power Corporation or Florida Power and Light Company) to render service in a territory already served or about to be served by a cooperative or a municipality. It is even wiser that the Commission and the utilities involved anticipate these conflicts as to areas of service and make effective some reasonable territorial agreement.

The advantages of having a territorial agreement are manyfold. If there is no agreement, there will be duplications of service as a result of unrestrained competition, which in turn has several undesirable

results. Unrestrained competition leads to attempted preemption of areas by the premature erection of more lines than are needed for immediate service, which lessens the immediate return of the investment and, in effect, must be subsidized by other customers of the utility. It means duplication of facilities in the same public ways which results in neither utility being able to get a full return on its investment, to the detriment of other customers who, in effect, also subsidize such uneconomical operations. It requires more employees to be constantly in the competitive areas and consumes more time and energy in efforts to "outsell" the competing utility. It makes for unsatisfactory customer relations in that the customer, being betwixt competing utilities, is drawn involuntarily into the competitive squabbles and must suffer the resulting service inefficiencies. It prevents the full development of the customer potential in the competitive area since knowledge that a full return is unobtainable tends to divert the activities necessary for such development to more profitable areas, all to the detriment of the customer and accordingly, not in the public interest.

It is the intent of the Commission to approve only the geographical division of the territories involved in these agreements, and not to approve the agreements in any other regard. The exhibits indicating these divisions in each of the dockets are as follows:

(1) 7061-EU - Applicant's Exhibit No. 1 and that portion of Exhibit No. 3, entitled Exhibit II, North Boundary Line A and North Boundary Line B.

(2) 7420-EU - Exhibit No. 1.

(3) 7421-EU - Exhibit No. 1.

(4) 7422-EU - Exhibit No. 3.

(5) 7423-EU - Exhibits Nos. 1-6.

(6) 7424-EU - Exhibit A. attached to the Amended Application.

The Commission is unable to approve the territorial agreement in Docket No. 7425-EU because the agreement is vague and indefinite. Therefore, in consideration thereof, it is

ORDERED by the Florida Public Utilities Commission that the applications in Dockets Nos. 7061-EU, 7420-EU, 7421-EU, 7422-EU, 7423-EU, and 7424-EU, seeking approval of territorial agreements, be and the same are hereby approved. It is further

ORDERED that the application for approval of the territorial agreement in Docket No. 7425-EU be and the same is hereby denied. It is further

ORDERED that neither Florida Power Corporation nor Florida Power and Light Company shall deviate from these territorial agreements without prior authority from the Commission.

By Order of Chairman Edwin L. Mason, Commissioner Jerry W. Carter and Commissioner William T. Mayo, as and constituting the Florida Public Utilities Commission, this 28th day of April, 1965.

Rollins C. Stanley
EXECUTIVE SECRETARY

(S E A L)

Commissioner Mayo dissents in that he would not approve the territorial agreements.

A G R E E M E N T

Section 0.1 THIS AGREEMENT, made and entered into this 18th day of July, 1963, by and between the CITY OF OCALA, a municipal corporation organized and existing under the laws of the State of Florida (herein called the "CITY"), party of the first part, and FLORIDA POWER CORPORATION, a private corporation organized and existing under the laws of the State of Florida (herein called the "COMPANY"), party of the second part;

W I T N E S S E T H:

Section 0.2 WHEREAS, the CITY, by virtue of legislative authority, is authorized and empowered to furnish electricity and power to private individuals and corporations, both within and without its corporate limits, and pursuant to such authority, presently furnishes electricity and power to customers both inside and outside of its corporate limits;

Section 0.3 WHEREAS, the COMPANY, by virtue of its Charter, is authorized and empowered to furnish electricity and power to persons, firms and corporations throughout the State of Florida and presently furnishes electricity and power to customers outside of the City of Ocala, in Marion County;

Section 0.4 WHEREAS, the respective service areas of the parties hereto are contiguous in many places, and in some have come to coincide, with the result that in some instances, in the future, duplication of service facilities of the other party occupying the same area may occur;

Section 0.5 WHEREAS, any such duplication of said service facilities by the parties would result in needless and wasteful expenditures and

EXHIBIT "D"

the creation of hazardous situations, both of which would be detrimental to the economical and safe operation of the parties;

Section 0.6 WHEREAS, the parties hereto desire to avoid and eliminate the circumstances giving rise to the aforesaid duplications and resulting in said uneconomical and unsafe operations and to that end have agreed to an allocation of service areas for the period hereinafter fixed and set forth;

Section 0.7 WHEREAS, in order to accomplish said area allocation the parties have agreed upon a northerly boundary line and a southerly boundary line hereinafter referred to as "Boundary Line A" and "Boundary Line B", respectively, said boundary lines meandering in an easterly and westerly direction and generally bracketing the herein-called "Territorial Area" (the area outside of territorial boundary lines A and B, being called herein the "Extra Territorial Area");

Section 0.8 WHEREAS, because the areas located generally to the east of and generally to the west of the Territorial Area are presently being served electric energy to some extent by rural electric cooperatives, not parties hereto, it is not deemed necessary nor desirable by the parties hereto to locate, fix and establish north-south boundary lines on the eastern and western sides of the Territorial Area;

Section 0.9 WHEREAS, subject to the provisions hereof, the Territorial Area has been allocated to the CITY as its service area and the Extra Territorial Area has been allocated to the COMPANY as its service area;

Section 0.10 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 the boundary lines labeled "Boundary Line A" and "Boundary Line B", as shown on the map attached hereto and marked Exhibit I, and as more particularly described in the description attached hereto and marked Exhibit II, both of which Exhibits are incorporated herein by this reference thereto, and made a part hereof. In the event of any discrepancy between Exhibit I and Exhibit II, the latter shall prevail.

Section 1.2 Territorial Area. - As used herein the term "Territorial Area" shall mean all of the territory and lands in Marion County, Florida, lying (1) southerly of Boundary Line A and (2) northerly of Boundary Line B, and generally bracketed by said meandrous boundary lines.

Section 1.3 Extra Territorial Area. - As used herein the term "Extra Territorial Area" shall mean all of the territory and lands in Marion County, Florida, lying (1) northerly of Boundary Line A as extended east and west and (2) southerly of Boundary Line B as extended east and west.

Section 1.4 Future Extension Areas. - As used herein the term "Future Extension Areas" shall mean all of the territory and lands located generally to the east of and generally to the west of the Territorial Area and lying between Boundary Lines A and B as extended east and west and not

presently being served with electric energy by either of the parties hereto.

Section 1.5 City Area. - As used herein, the term "City Area" shall mean all of the territory and lands lying within and encompassed by the city limits of the City of Ocala as the same now exist.

Section 1.6 Annexed Area. - As used herein, the term "Annexed Area" shall mean any area presently located in the Extra Territorial Area and subsequently annexed by and to the City of Ocala, provided, that the term "Annexed Area" shall only include the annexation of lands in the Extra Territorial Area which are contiguous to the City Area as it now exists or as the City Area may be subsequently expanded by an Annexed Area. Said Annexed Area shall not be deemed to be contiguous to the City Area unless there is a substantial common boundary (the width of a public street or highway may constitute such common boundary). It is expressly understood that the term "Annexed Area" shall not include any area located in the Extra Territorial Area and subsequently annexed by and to the City of Ocala whenever said area is merely contiguous to a previously annexed public highway right-of-way or if said area is merely contiguous to any area so previously annexed and there exists no substantial common boundary with said City Area.

Section 1.7 Merely Contiguous to a Public Highway Right-of-Way. - As used herein, the term "merely contiguous to a public highway right-of-way" shall mean that the sole and only connecting link between the Annexed Area in the Extra Territorial Area and the City Area is a public highway right-of-way extending from said City Area to said Annexed Area.

Section 1.8 Enfranchised Area. - As used herein, the term "Enfranchised Area" shall mean any area in the Extra Territorial Area now or hereafter incorporated, wherein the COMPANY has a franchise to serve and

which is subsequently annexed by and to the City of Ocala

Section 1.9 Distribution Lines. - As used herein, the term "Distribution Lines" shall mean all distribution lines of either party having a capacity up to and including 12 KV.

Section 1.10 Transmission Lines. - As used herein, the term "Transmission Lines" shall mean all transmission lines of either party having a capacity of 22 KV or more.

ARTICLE II
AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1 Allocations. - The Territorial Area, as herein defined, is hereby allocated to the CITY as its service area for the period of time hereinafter specified; and the Extra Territorial Area, as herein defined, is hereby allocated to the COMPANY as its service area for the same period; and, except as otherwise specifically contemplated herein, neither party shall deliver any electric energy at or across the Territorial Boundary for use in any service area of the other.

Section 2.2 New Customers. - The COMPANY shall not hereafter serve, or offer to serve, any New Customer located in the Territorial Area unless, on a temporary basis, the CITY requests it in writing to do so, but it shall be the responsibility of the CITY to provide such service either directly or by so requesting the COMPANY to do so; and the CITY shall not hereafter serve or offer to serve any New Customer located in the Extra Territorial Area unless, on a temporary basis, the COMPANY likewise requests it, in writing to do so. Any such temporary service shall be discontinued when the party in whose service area it is located, shall offer to provide such service.

Section 2.3 Service in Future Extension Areas. - The Future Extension Areas as herein defined, are not specifically allocated to either party as its exclusive service area and either party may, therefore, extend its lines and facilities into the Future Extension Areas as their respective service areas expand, pursuant to normal and customary growth patterns.

ARTICLE III
OPERATION AND MAINTENANCE

Section 3.1 Facilities to Remain. - All Generating Plants, Transmission Lines, Substations, and related facilities now or hereafter constructed and/or used by either party in conjunction with their respective electric utility systems, shall be allowed to remain where situated and shall not be subject to removal hereunder; PROVIDED, HOWEVER, that each party shall operate and maintain said lines and facilities in such a manner as to minimize any interference with the operations of the other party and as not to interfere unreasonably with the exercise of police powers with respect to the use of public ways; AND PROVIDED FURTHER, that this Section shall likewise be applicable to any such COMPANY lines and facilities, including substations, now or hereafter located in any part of the Extra Territorial Area which subsequently may become an Annexed Area, as defined herein, and to any CITY lines and facilities, including Generating Plants and/or Substations, now or hereafter located in any part of the Extra Territorial Area or elsewhere.

Section 3.2 Municipal Facilities to be Served. - Subject to compliance with Section 2.2 supra, nothing herein shall be construed to prevent or in any way inhibit the right and authority of the CITY to serve any municipal facility of the CITY OF OCALA wheresoever it may be located and

for such purpose to construct all necessary lines and facilities; PROVIDED, HOWEVER, that the CITY shall construct, operate and maintain said lines and facilities in such manner as to minimize any interference with the operation of the COMPANY in the Extra Territorial Area.

ARTICLE IV
ANNEXATIONS

Section 4.1 Annexed Areas. - Upon any part of the Extra Territorial Area becoming an Annexed Area as defined herein, and subject to the provisions of the next succeeding Section, the COMPANY shall transfer to the CITY all customers located in said Annexed Area, at such time as the CITY may determine and upon the terms and conditions to be mutually agreed upon by the parties hereto.

Section 4.2 Enfranchised Areas. - The provisions of the foregoing Section shall not apply to customers of the COMPANY located in an Enfranchised Area, as herein defined, until the expiration by the terms of the COMPANY's franchise covering such area.

ARTICLE V
PREREQUISITE APPROVAL

Section 5.1 Florida Railroad and Public Utilities Commission. - The provisions of this Agreement, insofar as the same affect the COMPANY, are subject to the regulatory authority of the Florida Railroad and Public Utilities Commission, and appropriate approval by that body of the provisions of this Agreement shall be a prerequisite to the validity thereof.

ARTICLE VI

DURATION

Section 6.1 This Agreement shall continue and remain in effect for a period of fifteen (15) years from the date hereof. This Agreement may be extended for an additional term of fifteen (15) years by the mutual consent of the parties hereto.

ARTICLE VII

CONSTRUCTION OF AGREEMENT

Section 7.1 It is understood and agreed that the purpose of this Agreement is to set up an administrative working arrangement between the COMPANY and the CITY for a period of fifteen (15) years, which working arrangement is deemed to be to their mutual best interest, but nothing herein contained shall be construed as an abandonment or relinquishment by the CITY of its statutory authority now or hereafter existing for such CITY to serve consumers outside its corporate limits in Marion County, Florida, or of any other authority now existing, with respect to the operation and maintenance of the utilities owned and operated by said CITY.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Intent and Interpretation - It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to eliminate and avoid the needless and wasteful expenditures, and the hazardous situations, which result from unrestrained competition, between two utilities operating in overlapping service areas.

Section 8.2 Negotiations. - Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only ones agreed upon are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the parties hereto unless the same shall be in writing and hereto attached and signed by both parties.

Section 8.3 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 condition 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 8.4 Notices. - Notices given hereunder shall be deemed to have been given to the CITY if mailed by certified mail, postage prepaid to: J. M. Baldwin, City Manager, City of Ocala, P. O. Box 1270, Ocala, Fla., Ocala, Florida; and to the COMPANY if mailed by certified mail, postage prepaid to: President, Florida Power Corporation, 101 Fifth Street South, St. Petersburg, Florida. Such address to which such notice shall be mailed may be, at any time, changed by designating such new address and giving notice thereof in writing in the manner as herein provided.

IN WITNESS WHEREOF, this Agreement has been caused to be executed in duplicate by the CITY in its name by its Mayor, duly authorized thereto by a resolution of the Ocala City Council adopted on the 18th day of June, 1963, and its corporate seal hereto affixed by the Clerk of the City Council, and by the COMPANY in its name by its _____ President, and its corporate seal hereto affixed and attested by its _____ Secretary, on the day and year first above written; and one of said duplicate copies has been delivered to each of the parties hereto.

CITY OF OCALA

ATTEST:

By /s/ H. H. Bitting
Mayor

/s/ William A. Richardson, Jr.
City Clerk

(SEAL)

FLORIDA POWER CORPORATION

ATTEST:

By /s/ W. J. Clapp
President

/s/ G. F. Foley
Secretary

(SEAL)

EXHIBIT II

NORTH BOUNDARY LINE A

Begin at the SW corner of Section 30, T-14-S, R-21-E.

Thence East to the SW corner of the SE 1/4 of Section 29, T-14-S, R-21-E.

Thence South to the SW corner of the NE 1/4 of Section 32, T-14-S, R-21-E.

Thence East to the SE corner of the NE 1/4 of Section 33, T-14-S, R-21-E.

Thence North to the SE corner of the NE 1/4 of Section 28, T-14-S, R-21-E.

Thence East to the SE corner of the NE 1/4 of Section 27, T-14-S, R-21-E.

Thence South to the SW corner of Section 26, T-14-S, R-21-E.

Thence East to the SE corner of SW 1/4 of Section 26, T-14-S, R-21-E.

Thence South to the SW corner of the NW 1/4 of the SE 1/4 of Section 35, T-14-S, R-21-E.

Thence East to the SW corner of the SE 1/4 of the NW 1/4 of the SE 1/4 of Section 36, T-14-S, R-21-E.

Thence North to the SW corner of the NE 1/4 of the NW 1/4 of the SE 1/4 of the Section 36, T-14-S, R-21-E.

Thence East to the SW corner of the SE 1/4 of the NE 1/4 of the NW 1/4 of the SE 1/4 of Section 36, T-14-S, R-21-E.

Thence North to the NW corner of the SE 1/4 of the NE 1/4 of the NW 1/4 of the SE 1/4 of Section 36, T-14-S, R-21-E.

Thence East to the intersection with the centerline of State Road 25.

Thence Northwesterly with the centerline of State Road 25 to the intersection with the half-section line of Section 36, T-14-S, R-21-E.

Thence East to the SW corner of the SE 1/4 of the SW 1/4 of the NW 1/4 of Section 32, T-14-S, R-22-E.

NORTH BOUNDARY LINE A

Thence North to the SW corner of the NW 1/4 of the SE 1/4 of the SW 1/4 of the SW 1/4 of Section 29, T-14-S, R-22-E.

Thence East to the SE corner of the NE 1/4 of the SE 1/4 of the SW 1/4 of the SW 1/4 of Section 29, T-14-S, R-22-E.

Thence North to the SW corner of the SE 1/4 of the NW 1/4 of Section 29, T-14-S, R-22-E.

Thence East to the SW corner of the NE 1/4 of Section 29, T-14-S, R-22-E.

Thence North to the SW corner of the NW 1/4 of the NE 1/4 of Section 29, T-14-S, R-22-E.

Thence East to the SE corner of the NE 1/4 of the NE 1/4 of Section 29, T-14-S, R-22-E.

Thence North to the SW corner of the NW 1/4 of the SW 1/4 of the NW 1/4 of the SW 1/4 of the SW 1/4 of Section 16, T-14-S, R-22-E.

Thence East to the SW corner of the NW 1/4 of the SW 1/4 of the NW 1/4 of the SW 1/4 of the SW 1/4 of Section 15, T-14-S, R-22-E.

Thence South to the SE corner of Section 16, T-14-S, R-22-E.

Thence East to the SE corner of Section 13, T-14-S, R-22-E.

SOUTH BOUNDARY LINE B

Begin at the SW corner of the NW 1/4 of SW 1/4 of Section 20, T-16-S, R-22-E.

Thence run East to the SE corner of the NE 1/4 of SE 1/4 of Section 20, T-16-S, R-22-E.

Thence North to the SE corner of the NE 1/4 of Section 17, T-16-S, R-22-E.

Thence West to SW corner of the SE 1/4 of the SE 1/4 of the SW 1/4 of the NW 1/4 of Section 17, T-16-S, R-22-E.

Thence North to SW corner of the SE 1/4 of the SE 1/4 of the SW 1/4 of the NW 1/4 of Section 8, T-16-S, R-22-E.

Thence East to the SE corner of the NE 1/4 of Section 8, T-16-S, R-22-E.

Thence North to the SW corner of the NW 1/4 of NW 1/4 of the SW 1/4 of the NW 1/4 of Section 4, T-16-S, R-22-E.

Thence East to the SE corner of the NE 1/4 of the NE 1/4 of the SE 1/4 of the NE 1/4 of Section 4, T-16-S, R-22-E.

Thence North along section line to intersection with centerline of SAL RR.

Thence Northerly along SAL RR to the half section line of Section 33, T-15-S, R-22-E.

Thence East to the SW corner of the NW 1/4 of Section 34, T-15-S, R-22-E.

Thence North to the SW corner of the NW 1/4 of the SW 1/4 of Section 27, T-15-S, R-22-E.

Thence East to the SE corner of the NE 1/4 of the SE 1/4 of Section 27, T-15-S, R-22-E.

Thence North along section line to the intersection with the North right-of-way line of the Turner-Ocala 115 KV line.

SOUTH BOUNDARY LINE B

Thence Easterly and Southeasterly along the North right-of-way line of the Turner-Ocala 115 KV line through Section 24, T-15-S, R-22-E and Section 25, T-15-S, R-22-E to the INTERSECTION on the E-W line 330' N of S section line of Section 25, T-15-S, R-22-E.

Thence East to the SW corner of the NW 1/4 of the SW 1/4 of the SW 1/4 of the SW 1/4 of Section 30, T-15-S, R-23-E.

Thence North to the SW corner of the NW 1/4 of the NW 1/4 of Section 30, T-15-S, R-23-E.

Thence East to a point 470 feet East of the SE corner of the NE 1/4 of the NW 1/4 of Section 29, T-15-S, R-23-E.

Thence Southeasterly along fire lane to a point 57' West of the SE corner of the SW 1/4 of the SE 1/4 of Section 29, T-15-S, R-23-E.

Thence East to the SE corner of Section 28, T-15-S, R-23-E.

EXHIBIT I

ACKNOWLEDGMENT

It is HEREBY ACKNOWLEDGED by the City of Ocala, a municipal corporation organized and existing under the laws of the State of Florida and Florida Power Corporation, a private corporation organized and existing under the laws of the State of Florida, that the map shown on the reverse side hereof is the map referred to as Exhibit I in, and made a part thereof by reference, that certain Agreement made and entered into by and between the two corporations on the 18th day of July, 1963, for the purpose of creating and establishing boundary lines between the electrical service areas in Marion County of the City of Ocala and Florida Power Corporation.

IN WITNESS WHEREOF, this Acknowledgment has been executed on this the 18th day of July, 1963, by duly authorized officers of the two corporations.

(SEAL)

CITY OF OCALA

ATTEST:

/s/ William A. Richardson, Jr.
City Clerk

By /s/ H. H. Bitting
Acting Mayor

(SEAL)

FLORIDA POWER CORPORATION

ATTEST:

/s/ G. F. Foley
Secretary

By /s/ W. J. Clapp
President

(SEAL)

(SEAL)

This sheet represents Exhibit I, a map, which was not reproducible in a manner that was suitable for inclusion in this Amendment.

BEFORE THE FLORIDA RAILROAD AND PUBLIC UTILITIES COMMISSION

In Re: Application of Florida Power Corporation for approval of an Administrative Agreement between said company and the Orlando Utilities Commission.	DOCKET NO. 5256-EU ORDER NO. 2595

Chairman Alan S. Boyd, Commissioner Jerry W. Carter, and Commissioner Wilbur C. King each participated in the hearing and disposition of this cause.

APPEARANCES: K. E. Fenderson, General Counsel, and Dick W. Judy, Assistant General Counsel, of Florida Power Corporation, both of St. Petersburg, Florida, appeared for the applicant.

J. Thomas Gurney, General Counsel of Orlando Utilities Commission, Orlando, Florida, for said Commission.

W. O. Murrell, Jr , Orlando, Florida, for WORZ, Inc., Protestant.

Lewis Petteway, General Counsel, P. M. Schuchart, Director Engineering Department, and John Carroll, Accountant in Finance Department, appeared on behalf of the Florida Railroad and Public Utilities Commission's staff and the public generally.

O R D E R

BY THE COMMISSION:

On November 20, 1957, the Florida Power Corporation, a public utility under the laws of the State of Florida, subject to the jurisdiction of this Commission, filed herein its application for approval of an administrative agreement between said company and the Orlando Utilities Commission concerning the service areas, and related matters, to be observed by said parties in future operations.

Florida Power Corporation is a privately owned public utility company engaged in the generation and purchase, and the transmission, distribution and sale, of electric energy wholly within the State of Florida. Under its charter, the company is authorized and empowered to furnish electricity and power to persons, firms, and corporations throughout the State of Florida and presently furnishes electricity and power to customers in more than 250 municipalities and in thirty-two counties in the State including, among others, Orange County, Florida and parts of the City of Orlando located in said County.

The Orlando Utilities Commission is a municipal corporation incorporated by Special Act of the Florida Legislature and authorized and empowered thereby to furnish electricity and power to private individuals and corporations in any part of Orange County, and presently furnishes the same to customers both inside and outside the corporate limits of the City of Orlando.

Pursuant to formal notice this Commission held a public hearing in this matter in Orlando, Florida on Friday, March 7, 1958, at which time the respective parties to said agreement, and interested members of the general public, were given an opportunity to be heard on the merits of the administrative agreement as it might affect the public interest.

A copy of said agreement was presented to this Commission and explained by witnesses familiar with its purpose and provisions. The agreement sets forth the administrative working arrangements whereby the parties thereto expect to eliminate certain uneconomical, wasteful and hazardous utility practices, provided better utility services to their respective customers, and foster harmonious relations between the parties in the performance of their respective duties and obligations as public utilities.

The aforesaid agreement represents a bona fide effort on the part of the parties thereto to effect a mutually satisfactory settlement of the difficulties which have existed between the two utilities in the Orlando area for many years. These difficulties appear to be the natural result of unrestrained competition between two utilities of different philosophies attempting to serve customers in the same territory; one believing emphatically that the distribution of electric power is a job to be handled by private enterprise, and the other believing just as emphatically that a greater public service is rendered when the electrical power requirements of a community are handled by the municipality. The parties in arriving at this agreement have recognized that a continuation of past competitive practices by both utilities will multiply the wasteful and hazardous evils that inevitably come into play where rival utilities attempt to serve the same area. In the absence of a duly constituted forum with lawful authority to prevent such wasteful and hazardous practices, the parties themselves have succeeded in reaching an agreement which should have a salutary effect on future services to be rendered to the customers of the respective utilities in the Orange County area.

This Commission's jurisdiction attaches, and its approval of the agreement is necessary, because Florida Power Corporation, which is subject to regulation by this Commission, under the terms of said agreement will surrender and transfer to the Orlando Utilities Commission some customers presently served by the company and at the same time withdraw from territory it might otherwise be required to serve. This Commission, of course, has no jurisdiction over any phase of the operations of the Orlando Utilities Commission. Compensating transfers of customers, and withdrawals from territories, will likewise be made by the Orlando Utilities Commission in favor of Florida Power Corporation. In addition to the transfers and withdrawals, aforesaid, the agreement provides for monetary compensation for physical plant which may be acquired by one utility from the other.

A somewhat similar agreement was entered into by Santa Fe Telephone Company and Southern Bell Telephone and Telegraph Company involving subscribers and service areas in the Melrose territory. This Commission approved that agreement after finding that it was fair and reasonable and in the best interests of the public in the whole area, generally, as distinguished from the private interests of a few protesting subscribers. The Santa Fe order was entered by this Commission as Order No. 1744-B in Dockets No. 3415-TP and No. 3416-TP on July 25, 1952.

We do not feel that it is necessary to discuss in detail the various specific provisions of the agreement now under consideration. We have already alluded to the general purposes and provisions of the agreement. The details and working

arrangements for their implementation were arrived at by arms-length bargaining and adequately protect the interests of the respective parties and the public's interest in continuity and quality of service.

Several maps, charts, black and white and color slides were presented at the hearing which clearly show an extensive duplication of paralleling facilities and dangerous crossovers in the Orange County area. Such a situation lessens the possible immediate return on the investment of both utilities and must, in effect, be subsidized by the other customers of the respective utilities. The competitive practices which led up to this agreement undoubtedly resulted in both utilities overbuilding, or providing unnecessary and expensive facilities, in the territory they both sought to serve. The installation of competing lines in close proximity has resulted in many costly service failures. Competition between public utilities of the same kind in the same territory is universally considered as uneconomical and inimical to the public interest.

WORZ, Inc., the sole protestant at the hearing, opposes the approval of the agreement. The protestant is a Florida corporation which owns certain property on the Winter Garden Road in Orange County. Its property is located in some of the territory where the two utilities maintain competing facilities. WORZ is not a customer of either utility but obtains its electric power from its own subsidiary, Central Florida Broadcasting Company, which in turn obtains electric power from Orlando Utilities Commission. This protestant is seeking to have Florida Power Corporation serve it with electric power and has a formal complaint on file with this Commission based upon the power corporation's past refusal to furnish such service. WORZ, through its counsel, cross examined the various witnesses at the hearing but did not offer any testimony in opposition to the agreement under consideration. Based upon various statements made at the hearing by counsel for WORZ, Florida Power Corporation refused several years ago to furnish it with electric power and its needs have been met by Orlando Utilities Commission for the past six or seven years. However, WORZ apparently prefers service from Florida Power Corporation even though its costs would be somewhat higher. It would appear that WORZ should have filed its complaint many years ago when the power company first refused to furnish service. The approval of the pending agreement between Florida Power Corporation and Orlando Utilities Commission would probably render the presently pending complaint of WORZ moot.

Based upon the entire record herein the Commission finds that the Administrative Agreement between Florida Power Corporation and Orlando Utilities Commission, under consideration in this proceeding, is fair and reasonable and in the public interest and should be approved.

NOW, THEREFORE, IN CONSIDERATION THEREOF, it is

ORDERED by the Florida Railroad and Public Utilities Commission that the Territorial Agreement made and entered into on the 1st day of November, 1957 by and between Florida Power Corporation and Orlando Utilities Commission, a copy of which is attached to the application herein, be and the same is hereby approved.

By Order of the Commission at Tallahassee, Florida this 28th day of March, 1958.

Bobby C. [illegible]
EXECUTIVE SECRETARY

(S E A L)

TMP

Exhibit B

A G R E E M E N T

Section 0.1 THIS AGREEMENT, made and entered into this 1st day of November, 1957, by and between the ORLANDO UTILITIES COMMISSION, a municipal corporation organized and existing under the laws of the State of Florida (herein called the "COMMISSION"), party of the first part, and the FLORIDA POWER CORPORATION, a private corporation organized and existing under the laws of the State of Florida (herein called the "COMPANY"), party of the second part;

W I T N E S S E T H:

Section 0.2 WHEREAS, the COMMISSION, by virtue of legislative authority, is authorized and empowered to furnish electricity and power to private individuals and corporations in any part of Orange County, Florida, and pursuant to such authority presently furnishes electricity and power to customers both inside and outside of the City of Orlando;

Section 0.3 WHEREAS, the COMPANY, by virtue of its charter, is authorized and empowered to furnish electricity and power to persons, firms and corporations throughout the State of Florida and presently furnishes electricity and power to customers both inside and outside of the City of Orlando, including certain areas recently incorporated into the said City;

Section 0.4 WHEREAS, the respective service areas of the parties hereto are contiguous in many places and in some have come to coincide and overlap with the result that in some instances duplicating service facilities of the parties occupy the same area;

Section 0.5 WHEREAS, further duplication of said service

facilities by the parties would result in needless and wasteful expenditures and in the creation of hazardous situations, both of which would be detrimental to the economical and safe operations of the parties;

Section 0.6 WHEREAS, the parties hereto desire to avoid and eliminate the circumstances giving rise to the aforesaid duplications and resulting in said uneconomical and unsafe operations and, to that end, have agreed to an allocation of service areas for the period hereinafter fixed and set forth;

Section 0.7 WHEREAS, in order to accomplish said area allocation, the parties have agreed upon a boundary line, hereinafter delineated and called the "Territorial Boundary", encompassing an area consisting of 52-60 square miles and comprised of the City of Orlando (12-15 square miles) and certain areas contiguous thereto (40-45 square miles), herein called the "Territorial Area" (the area outside of the Territorial Boundary being herein called the "Extra-Territorial Area");

Section 0.8 WHEREAS, the COMMISSION owns and operates certain service facilities in the Extra-Territorial Area and furnishes electricity and power to approximately 600 customers located therein, and the COMPANY owns and operates certain service facilities within the Territorial Area and furnishes electricity and power to approximately 5,100 customers (approximately 250 of which are within areas recently incorporated into the City of Orlando) located therein; and

Section 0.9 WHEREAS, subject to the provisions hereof, the Territorial Area has been allocated to the COMMISSION as its service area and the Extra-Territorial Area has been allocated to the COMPANY as its service area, and the parties desire to exchange and transfer (with certain exceptions hereinafter set forth), one to the other, the respective service facilities and customers located in the service area

allocated to the other;

Section 0.10 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. - As used herein, the term "Territorial Boundary" shall mean the boundary line shown on the map attached hereto and marked Exhibit A-1 and as more particularly described in the description attached hereto and marked Exhibit A-2, both of which exhibits are incorporated herein by this reference thereto and made a part hereof. In the event of any discrepancy between Exhibit A-1 and Exhibit A-2, the latter shall prevail.

Section 1.2 Territorial Area. - As used herein, the term "Territorial Area" shall mean all of the territory and lands lying within and encompassed by the Territorial Boundary.

Section 1.3 Extra-Territorial Area. - As used herein, the term "Extra-Territorial Area" shall mean all of the territory and lands contiguous or adjacent to but lying outside of the Territorial Boundary.

Section 1.4 City Area. - As used herein, the term "City Area" shall mean all of the territory and lands lying within and encompassed by the city limits of the City of Orlando as the same now exist.

Section 1.5 Annexed Area. - As used herein, the term "Annexed Area" shall mean any area presently located in the Extra-Territorial Area and subsequently annexed by and to the City of Orlando.

Section 1.6 Enfranchised Area. - As used herein, the term "Enfranchised Area" shall mean any area in the Extra-Territorial Area now or hereafter incorporated, wherein the COMPANY has a franchise to serve and which is subsequently annexed by and to the City of Orlando.

Section 1.7 Customers. - As used herein, the term "Customer" shall mean and be confined to Customers of either party hereto subject to transfer or exchange hereunder, and shall include all such Customers whether presently or hereafter connected; and, when qualified by the word Old or New, shall mean Customers connected on or before, and after, respectively, September 18, 1957.

Section 1.8 Service Facilities. - As used herein, the term "Service Facilities" shall mean all poles, lines, meters, transformers, together with appurtenant and related equipment and facilities, used or required solely to furnish electricity and power to the Customers to be transferred and exchanged hereunder, PROVIDED, HOWEVER, that for the purpose of determination of fair value for transfer, the term shall not be construed to mean main primary distribution feeder lines of either party occupying the same public way.

Section 1.9 Distribution Lines. - As used herein, the term "Distribution Lines" shall mean all distribution lines of either party having a capacity up to and including 12 KV.

Section 1.10 Transmission Lines. - As used herein, the term "Transmission Lines" shall mean all transmission lines of either party having a capacity of 22 KV or more.

Section 1.11 Consulting Engineers. - As used herein, the term "Consulting Engineers" shall mean the firm of Black & Veatch, Consulting Engineers, of Kansas City, Missouri, and shall include any consulting engineers substituted for said firm by mutual consent of the

parties hereto.

ARTICLE II

AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1 Allocations. - The Territorial Area, as herein defined, is hereby allocated to the COMMISSION as its service area for the period of time hereinafter specified; and the Extra-Territorial Area, as herein defined, is hereby allocated to the COMPANY as its service area for the same period; and, except as otherwise specifically contemplated herein, neither party shall deliver any electric energy at or across the Territorial Boundary for use in the service area of the other.

Section 2.2 New Customers. - The COMPANY shall not hereafter serve or offer to serve any New Customer located in the Territorial Area unless, on a temporary basis, the COMMISSION requests it in writing to do so, but it shall be the responsibility of the COMMISSION to provide such service either directly or by so requesting the COMPANY to do so; and the COMMISSION shall not hereafter serve or offer to serve any New Customer located in the Extra-Territorial Area unless, on a temporary basis, the COMPANY likewise requests it, in writing, to do so. Any such temporary service shall be discontinued when the party in whose service area it is located, shall offer to provide such service.

ARTICLE III

TRANSFER AND EXCHANGE OF CUSTOMERS AND SERVICE FACILITIES

Section 3.1 Transfer and Exchange. - Except and to the extent of its present agreement to provide electric service to The Martin Company near Orlando, Florida, the COMMISSION shall transfer to the

COMPANY, on an exchange basis, all Customers now or hereafter served by it in the Extra-Territorial Area; and the COMPANY shall transfer to the COMMISSION, partially on an exchange basis (which shall include all COMPANY Customers located in the City Area) but primarily by direct transfer, all Customers now or hereafter served by it in the Territorial Area; and all such transfers shall be made on a basis conformable to sound and economical engineering and operating practices.

Section 3.2 Consideration. - All Customers subject to exchange or transfer hereunder, together with the Service Facilities related thereto, shall be exchanged or transferred, as herein provided, on the basis of the fair value thereof as determined by the firm of Consulting Engineers, as defined herein; and, simultaneously with such transfer, the COMMISSION shall pay cash to the COMPANY in the amount of such fair value for all Customers and Service Facilities transferred to the COMMISSION on a direct transfer basis, except those transferred on an exchange basis.

Section 3.3 Time. - The exchange and transfer of Customers hereunder shall be effectuated on a gradual basis extending over a period of five or more years commencing January 1, 1958, as follows: all of the COMMISSION Customers in the Extra-Territorial Area will be transferred on an exchange basis to the COMPANY during the calendar year 1958, and the balance of the COMPANY Customers in the Territorial Area, not transferred on such exchange, shall be transferred to the COMMISSION thereafter annually at a rate not to exceed in any one year one-fourth of the original number of COMPANY Customers involved herein; PROVIDED, HOWEVER, that in the event there shall be transferred to the COMMISSION in any one year less than one-fourth of such original number of COMPANY Customers, such deficiency may be made up in the following

year or years so as to render such provision cumulative and permit all of such Customers to be transferred at the option of the COMMISSION within the period of five or more years commencing January 1, 1958. This provision shall not, however, be construed to mean that the COMMISSION shall be limited to any period of time, except to the period of this Agreement, to effect the transfer of such Customers as it shall elect to transfer in the manner as provided herein, or that the COMMISSION shall be required to pay for such Customers except out of funds available for such purpose.

Section 3.4 Procedure on Exchange. - It is the desire and intent of the parties hereto to accomplish all transfers involving an exchange of Customers and Service Facilities on January 1, 1958 or as soon thereafter as practicable. Accordingly, within 30 days after the execution of this Agreement, each party shall furnish the Consulting Engineers such information as the latter may require with respect to the Customers and Service Facilities which each party has available for transfer on such exchange basis. Thereafter, as soon as practicable, the Consulting Engineers will advise the parties as to which Customers and Service Facilities shall be exchanged to the end that the same shall be an equivalent exchange (i.e., neither party will be required to make any cash payments) on a fair value basis.

Section 3.5 Procedure on Transfer. - On or before July 1 of each year, commencing July 1, 1958 and until all Customers have been transferred, (a) the COMMISSION will advise the COMPANY and the Consulting Engineers as to which and how many Customers it desires to acquire as of January 1 of the calendar year following, (b) the COMPANY will furnish such information as the Consulting Engineers may require with respect to said Customers and related Service Facilities, and (c) the

COMMISSION will advise the Consulting Engineers as to the amount of money which the COMMISSION will have available to pay for the transfer of Customers in the next calendar year; and thereafter, on or before October 1, the Consulting Engineers will notify both parties as to the Customers to be transferred as of January 1 of the following calendar year and the consideration to be paid by the COMMISSION therefor. The Consulting Engineers shall have access to the books of the COMPANY and/or the COMMISSION for the purpose of obtaining information which they may consider necessary or expedient in determining the amount to be paid for the transfer of Customers and Service Facilities as provided hereinabove.

ARTICLE IV

OPERATION AND MAINTENANCE

Section 4.1 Retention of Customers. - Each of the parties hereto shall retain and continue to serve their respective Customers until the transfer or exchange thereof as herein provided.

Section 4.2 Operation and Maintenance. - Each party shall continue to operate and maintain their respective Service Facilities in good operating condition, and in accordance with standard operating practices, until the same are transferred or exchanged as herein provided.

Section 4.3 Joint Use. - The parties hereto realize that it may be necessary, under certain circumstances and in order to carry out this Agreement, to make arrangements for the joint use of Service Facilities, in which event such arrangements shall be made by separate instruments incorporating standard engineering practices and providing proper clearances with respect thereto; but it is the desire and intent

of the parties, in carrying out this Agreement, to avoid any such joint use wherever possible and to hold the same to a minimum.

Section 4.4 Facilities to be Removed. - All Distribution Lines and related facilities now or hereafter constructed and/or used by either party to serve any consumers other than Customers, as defined herein, whether or not in conjunction with service to Customers, shall be removed from any particular area by the respective parties as soon as reasonably practicable, but within one year (or such longer time as the continuity of adequate and economic service may require in any particular instance), after the Customers in such area have been transferred to the other party hereunder; PROVIDED, HOWEVER, that any such lines or facilities of the COMMISSION located in the Extra-Territorial Area and now or hereafter constructed and/or used by it solely to serve municipal facilities of the City of Orlando shall not be subject to removal hereunder; AND PROVIDED FURTHER, that any such lines and facilities of either party shall be constructed, operated and maintained in such manner as to minimize any interference with the operations of the other party and as not to interfere unreasonably with the exercise of police powers with respect to the use of public ways.

Section 4.5 Facilities to Remain. - All Transmission Lines and related facilities now or hereafter constructed and/or used by either party to serve any consumers other than Customers, as defined herein, whether or not in conjunction with service to Customers, shall be allowed to remain where situated and shall not be subject to removal hereunder; PROVIDED, HOWEVER, that each party shall operate and maintain said lines and facilities in such manner as to minimize any interference with the operations of the other party and as not to interfere

unreasonably with the exercise of police powers with respect to the use of public ways; AND PROVIDED FURTHER, that this Section shall likewise be applicable to any such COMPANY lines and facilities, including substations, now or hereafter located in any part of the Extra-Territorial Area which subsequently may become an Annexed Area, as defined herein, and to any COMMISSION lines and facilities, including generating plants and/or substations, now or hereafter located in any part of the Extra-Territorial Area or elsewhere.

Section 4.6 Municipal Facilities to be Served. - Nothing herein shall be construed to prevent or in any way inhibit the right and authority of the COMMISSION to serve any municipal facility of the CITY OF ORLANDO wheresoever it may be located and for such purpose to construct all necessary lines and facilities; PROVIDED, HOWEVER, that the COMMISSION shall construct, operate and maintain said lines and facilities in such manner as to minimize any interference with the operations of the COMPANY in the Extra-Territorial Area.

ARTICLE V

ANNEXATIONS

Section 5.1 Annexed Areas. - Upon any part of the Extra-Territorial Area becoming an Annexed Area as defined herein, and subject to the provisions of the next succeeding Section, the COMPANY shall transfer to the COMMISSION all Customers located in said Annexed Area, at such time as the COMMISSION may determine and upon the same terms and conditions (except as to time) as are applicable to other transfers hereunder.

Section 5.2 Enfranchised Areas. - The provisions of the foregoing Section shall not apply to Customers of the COMPANY located in an Enfranchised Area, as herein defined, until the expiration by its terms

of the COMPANY'S franchise covering such area.

ARTICLE VI

SERVICE TO MARTIN COMPANY

Section 6.1 In the event The Martin Company, at its present location near Orlando, Florida, hereafter increases its electrical requirements at any time beyond the capacity provided for in the present service agreement between it and the COMMISSION, the COMPANY shall have the right each time to bid for the privilege of serving such additional requirements and, if successful, shall have the right to furnish, and to continue to furnish, such additional requirements.

ARTICLE VII

PREREQUISITE APPROVALS

Section 7.1 Florida Railroad and Public Utilities Commission. - The provisions of this Agreement, insofar as the same affect the COMPANY, are subject to the regulatory authority of the Florida Railroad and Public Utilities Commission, and appropriate approval by that body of the provisions of this Agreement shall be a prerequisite to the validity thereof; PROVIDED, HOWEVER, that this Agreement shall be binding upon the COMPANY from the date hereof until, and unless, such Commission otherwise orders. The COMPANY agrees to promptly submit this Agreement to the Florida Railroad and Public Utilities Commission and to request its approval thereon and if the same be not approved, or if it be disapproved on or before April 1, 1958, each of the parties hereto shall be released from the effect hereof and any and all obligations thereunder, except for the payment to the Consulting Engineers of any obligations incurred to them in connection

with the services performed as provided herein.

Section 7.2 City Council of Orlando. - The approval or consent of the City Council of the City of Orlando shall be required with respect to the provisions of Sections 4.4, 4.5, 5.2 and 9.1 hereof, insofar as the same affect the COMPANY, and such approval or consent shall be evidenced by appropriate certified resolutions of said City Council delivered to the COMPANY. The COMPANY agrees to promptly submit an application for such approval to the City Council of the City of Orlando and to request its approval thereon and if the same be not approved, or if it be disapproved on or before April 1, 1958, each of the parties hereto shall be released from the effect hereof and any and all obligations thereunder, except for the payment to the Consulting Engineers of any obligations incurred to them in connection with the services performed as provided herein.

ARTICLE VIII

CONSULTING ENGINEERS

Section 8.1 Compensation. - The compensation to be paid to the Consulting Engineers for services rendered in connection with this Agreement shall be such fees and expenses as are usually applicable to services of a similar nature, as determined by the Consulting Engineers in accordance with its usual practice, and shall be paid by the parties hereto on a pro rata basis, each party paying 50% of the cost of such services, on the basis of bills rendered by the Consulting Engineers therefor.

Section 8.2 Appointment of Successor. - In the event of the discontinuance of the firm of Black & Veatch, or its failure or unwillingness to perform as provided in this Agreement, or its disassociation with the COMMISSION as Consulting Engineers for such party, then either party shall have the option to request the appointment of a successor engineer or firm of engineers in lieu thereof and such successor engineer or firm of engineers shall be designated. If such option is exercised the firm of Black & Veatch shall not continue thereafter to serve as Consulting Engineers and if the COMPANY and the COMMISSION are unable to agree upon such successor for a period of 60 days, or more, after notice given by one to the other, either the COMPANY or the COMMISSION may apply to the Circuit Court of Orange County, Florida, and shall be entitled as a right under this Agreement to petition such Court for the selection of an impartial and eminently qualified firm to serve as successor Consulting Engineer, and such Court is authorized by the parties hereto, upon application therefor, to hear and determine such application and make such designation.

ARTICLE IX

DURATION

Section 9.1 This Agreement shall continue and remain in effect for a period of 15 years from the date hereof.

ARTICLE X

CONSTRUCTION OF AGREEMENT

Section 10.1 It is understood and agreed that the purpose of this Agreement is to set up an administrative working arrangement between the COMPANY and the COMMISSION for a period of 15 years, which

working arrangement is deemed to be to their mutual best interest, but nothing herein contained shall be construed as an abandonment or relinquishment by the COMMISSION of the statutory authority now existing for such COMMISSION to serve consumers anywhere in Orange County, Florida, or of any other authority now existing, with respect to the operation and maintenance of the utilities owned by said City and operated by the COMMISSION. This Agreement shall not be construed as forming any basis of any understanding for the modification or alteration of the powers of the COMMISSION as they now exist.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Indemnification. - Each party hereto does hereby indemnify and hold harmless, and will defend, the other against all claims, demands, or expense for loss, damage, death or injury to persons or property of a tortious character, in any manner connected with or growing out of the ownership, operation or maintenance by such party of the Service Facilities, as defined herein, and arising after the effective date of the transfer thereof.

Section 11.2 Intent and Interpretation. - It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to eliminate and avoid the needless and wasteful expenditures, and the hazardous situations, which result from unrestrained competition, between two utilities operating in overlapping service areas.

Section 11.3 Negotiations. - Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only ones agreed upon are those set forth

herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the parties hereto unless the same shall be in writing and hereto attached and signed by both parties.

Section 11.4 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 condition 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 11.5 Notices. - Notices given hereunder shall be deemed to have been given to the COMMISSION if mailed by certified mail, postage prepaid to: President, Orlando Utilities Commission, Box 3193, Orlando, Florida; and to the COMPANY if mailed by certified mail, postage prepaid to: President, Florida Power Corporation, 101 Fifth Street South, St. Petersburg, Florida. 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 12.1 IN WITNESS WHEREOF, this Agreement has been caused to be executed in duplicate by the COMMISSION in its name by its President, duly authorized thereto by a resolution of the Orlando Utilities Commission adopted on the _____ day of _____, 1957, and its corporate seal hereto affixed by the Secretary of the

COMMISSION, and by the COMPANY in its name by its Vice President, and its corporate seal hereto affixed and attested by its Secretary, on the day and year first above written; and one of said duplicate copies has been delivered to each of the parties hereto.

ORLANDO UTILITIES COMMISSION

ATTEST: By /s/ R. T. Overstreet
President

/s/ C. H. Stanton
Secretary (S E A L)

FLORIDA POWER CORPORATION

ATTEST: By /s/ W. J. Clapp
-Vice-President

/s/ G. F. Foley
Secretary (S E A L)

Beginning at a point 180' west of the NE corner of Sec. 15, T 22S, R 30E, thence south and parallel to the east line of Sec. 15 and 22, T 22S, R 30E, to the center line of SR #50 thence northeastwardly along the center line of SR 50 to the east line of Sec. 22, T 22S, R 30E, thence south along the east line of Sec. 22, 27 and 34, T 22S, R 30E and Sec. 3, T 23S, R 30E to the SE corner of Sec. 3, T 23S, R 30E.

Run thence west for a distance of 4 miles, more or less, along the south line of Sections 3, 4, 5 and 6 all lying in Township 23 South, Range 30 East, to the SW corner of said Sec. 6 being the intersection of the Pinelock Avenue and Fernereek Drive.

Thence south one mile, more or less, along the east line of Sec. 12, T 23S, R 29E to the intersection of Fern Creek Avenue and Catlin Avenue, being the SE corner of Sec. 12, T 23S, R 29E.

Run thence West for a distance of 2½ miles, more or less, along the south line of Sec. 12, 11, and 10, T 23S, R 29E to a point 250 feet east of the centerline of SR 500 and 600, thence southwestly and parallel to the center line of SR 500 and 600 for a distance of 2 miles, more or less, to the south line of Sec. 22, T 23S, R 29E, thence west for a distance of 2 3/4 miles, more or less, along the south line of Sec. 22, 21, and 20, T 23S, R 29E to the SW corner of said Sec. 20.

Run thence north along the west line of Sections 20, 17, 8 and 5, T 23S, R 29E, and along the west line of Sec. 32 and 29, T 22S, R 29E, for a distance of 5 3/4 miles, more or less, to the SW corner of the $NW\frac{1}{4}$ of the $NW\frac{1}{4}$ of said Sec. 29. This point being the intersection of Jefferson St. (Mission Rd) and West Amelia Avenue.

Run thence west along the south line of the $N\frac{1}{2}$ of the $N\frac{1}{2}$ of Sec. 30, T 22S, R 29E, and Sec. 25, T 22S, R 28E to a point 180' east of the SW corner of the $NW\frac{1}{4}$ of the $NW\frac{1}{4}$ of Sec. 25, T 22S, R 28E. Thence north and parallel to the west line of Sec. 25, 24, and 13, T 22S, R 28E to a point 180' east of the SW corner of the $NW\frac{1}{4}$ of the $NW\frac{1}{4}$ of Sec. 13, T 22S, R 28E; said point being on the center line of Silver Star Road.

Thence east along the center line of Silver Star Road, said center line being the south line of the $N\frac{1}{2}$ of the $N\frac{1}{2}$ of Sections 13, T 22S, R 28E and 18 and 17, T 22S, R 29E, to the NE corner of the South $\frac{1}{2}$ of the $NW\frac{1}{4}$ of Sec. 17, T 22S, R 29E.

Thence run south along the north-south center line of Sec. 17, T 22S, R 29E for a distance of 3/4 miles, more or less, to the SW corner of the $SE\frac{1}{4}$ of said Sec. 17.

Run thence east for a distance of 2 miles, more or less, along the north line of Sections 20, 21 and 22, T 22S, R 29E, to the intersection of said line with the center line of the Seaboard Air Line Railroad. Said intersection being near the NE corner of $NW\frac{1}{4}$ of said Sec. 22.

Run thence northwesterly along the center line of said Seaboard Air Line Railroad for a distance of 1-7/8 miles, more or less, to the intersection of said center line with the south line of the N½ of N½ of Sec. 9, T 22S, R 29E.

Run thence east for a distance of 1.2 miles, more or less, along the south line of the N½ of the N½ of Sec. 9 and 10, T 22S, R 29E to the center line of Edgewater Drive (Old Apopka Road), thence northwesterly along the center line of Edgewater Drive to the intersection of Edgewater Drive and Sherrington Road, thence Northeasterly along the center line of Sherrington Road to the intersection of Sherrington Road and Shorecrest Road, thence northwesterly along the center line of Shorecrest Road to the intersection of Shorecrest Road and Fairbanks Avenue, thence eastwardly along the center line of Fairbanks Avenue to the east line of the NW¼ of the NW¼ of Sec. 11, T 22S, R 29E, thence south to the SE corner of the NW¼ of the NW¼, thence east to the NE corner of the SE¼ of the NW¼, all in Sec. 11, T 22S, R 29E.

Thence run south for a distance of ¼ mile, more or less, along the north-south center line of said Sec. 11 to the center of said Sec. 11, T 22S, R 29E.

Run thence east ½ mile, more or less, along the east-west center line of said Sec. 11 to the SW corner of NW¼ of Sec. 12, T 22S, R 29E. Said point being the intersection of Minnesota Avenue and Formosa Street.

Thence run south for a distance of ½ mile, more or less, along the west line of Sec. 12 (Formosa Street) to the SW corner of said Sec. 12, T 22S, R 29E. Said corner being the intersection of Formosa Street and Par Avenue.

Run thence east along the north line of Sec. 13, T 22S, R 29E, and Sec. 18, T 22S, R 30E for a distance of 1¼ miles, more or less, to the northeast corner of the northwest ¼ of the northwest ¼ of said Sec. 18.

Thence south ¼ mile, more or less, to the southeast corner of the northwest ¼ of the northwest ¼ of Sec. 18, T 22S, R 30E. Said point being in Lake Sue.

Thence east ¼ mile, more or less, to the northeast corner of the southeast ¼ of the NW¼ of said Sec. 18. Said point being in Lake Sue.

Run thence south ¼ mile, more or less, to the center of Sec. 18, T 22S, R 30E. Said point being in Lake Sue.

Run thence East 1/8 mile, more or less, along the east-west center line of said Sec. 18 to a point 437.7 feet west of the NE corner of the NW¼ of the SE¼ of said Sec. 18, T 22S, R 30E.

Thence run southwesterly along the Winter Park, Florida, city limits as set forth in Ordinance 570 to a point where said line intersects with the north line of BEEMAN PARK as recorded in Plat Book L, page 91, Public Records of Orange County, Florida.

Run thence southeasterly 150 feet, more or less, to the northwest corner of Lot 33 of said BEEMAN PARK.

Run thence southwesterly along the west line of said Lot 33 to the southwest corner of said Lot 33.

Run thence easterly along the south line of Lots 33, 32, 31, 30 and 29 of said BEEMAN PARK to the southeast corner of said Lot 29.

Run thence northwesterly along the east of said Lot 29 to the northeast corner of said Lot 29 of BEEMAN PARK.

Run thence easterly to a point on the center line of the East Winter Park Road which is South 0° 09' East 930.7 feet from the intersection of said East Winter Park Road and the east-west center line of said Sec. 18, T 22S, R 30E.

Run thence north along the center line of the East Winter Park Road to a point which is 329.4 feet south of the east-west center line of said Sec. 18.

Run thence east for a distance of 662 feet to a point which is 329.5 feet south of the NE corner of SE$\frac{1}{4}$ of said Sec. 18 and on the east line of said Sec. 18.

Run thence north for a distance of 329.5 feet to the NE corner of the SE$\frac{1}{4}$ of said Sec. 18, T 22S, R 30E.

Thence run east $\frac{1}{4}$ mile, more or less, along the east-west center line of Sec. 17, T 22S, R 30E to the SE corner of the SW$\frac{1}{4}$ of NW$\frac{1}{4}$ of said Sec. 17.

Run thence north $\frac{1}{4}$ mile, more or less, to the NE corner of the SW$\frac{1}{4}$ of the NW$\frac{1}{4}$ of said Sec. 17.

Run thence east 3/4 mile, more or less, along the south line of the north $\frac{1}{2}$ of the north $\frac{1}{2}$ of said Sec. 17 to the SE corner of the NE$\frac{1}{4}$ of the NE$\frac{1}{4}$ of said Sec. 17.

Thence north $\frac{1}{4}$ mile, more or less, to the NE corner of Sec. 17, T 22S, R 30E.

Thence run east along the north line of Sec. 16 and 15, T 22S, R 30E to a point 180' west of the NE corner of Sec. 15, said point being the point of beginning.

This sheet represents Exhibit A-1, a map, which was not reproducible in a manner that was suitable for inclusion in this Amendment.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Florida Power Corporation for approval of a territorial agreement and establishment of boundaries between that company and the City of Tallahassee relative to respective electric systems and service areas.	DOCKET NO. 9981-EU ORDER NO. 4700

The following Commissioners participated in the disposition of this matter:

WILLIAM T. MAYO, Chairman
JERRY W. CARTER
JESS YARBOROUGH

Pursuant to due notice, the Florida Public Service Commission held a public hearing in the Commission Hearing Room, Whitfield Building, 700 South Adams Street, Tallahassee, Florida, commencing at 9:30 a.m., on Thursday, April 3, 1969.

APPEARANCES: B. Kenneth Gatlin of the firm of Parker, Foster & Madigan, P. O. Box 669, Tallahassee, Florida; and Harry A. Evertz, III, P. O. Box 14042, St. Petersburg, Florida, for the Petitioner.

Roy T. Rhodes, P. O. Box 1140, Tallahassee, Florida, for the City of Tallahassee.

Prentice P. Pruitt, Chief Staff Counsel & Director of Legal Department, Florida Public Service Commission, for the Commission Staff and the public generally.

The entire record herein, including the exhibits and testimony adduced at the public hearing, have all been examined by the full Commission. After due consideration, the Commission now enters its Order in this cause.

O R D E R

BY THE COMMISSION:

By application in this docket, Florida Power Corporation seeks approval of a territorial agreement between it and the City of Tallahassee involving territory in Leon and Wakulla Counties, Florida. The Petitioner, with its principal offices in St. Petersburg, Florida, is an electric utility subject to the jurisdiction of this Commission pursuant to Chapter 366, Florida Statutes. It furnishes electricity and power to customers in Leon, Wakulla and 30 other counties in the State of Florida. The City of Tallahassee is an incorporated city with its corporate limits located in Leon County, Florida. It furnishes electricity and power to customers located in Leon and Wakulla Counties, Florida, pursuant to the provisions of Chapter 172, Florida Statutes and charter act of the City of Tallahassee. The City of Tallahassee is exempted from regulation under Section 366.11, Florida Statutes.

Involved in the application is a transfer of about 200 customers from the City of Tallahassee to Florida Power Corporation. No customers of Florida Power Corporation will be transferred to the City of Tallahassee. In order to minimize the anxieties of the customers to be transferred by the City to the Company, to promote harmonious customer relations, and to expedite the efficient transfer of said customers, Florida Power Corporation is directed to communicate to all of the customers to be transferred to it the purpose of the transfer and whether or not the customer can expect any material change in his rates or quality of service. This communication should be completed on or before July 1, 1969, after which date the transfer of customers should be accomplished as expeditiously as is reasonably possible.

Testimony adduced before the Commission indicated that there are presently duplicate electrical facilities maintained by the Company and by the municipality in certain areas in Wakulla County where the facilities of the two utility systems are contiguous or

coincide and overlap. In view of the anticipated growth of the areas embraced in the proposed territorial agreement, further duplication of service is to be anticipated unless separate service areas are agreed to by the two utility systems. Further, the overlapping of these services naturally creates wasteful expenditures on the part of each of the utility systems in installing and maintaining duplicate transmission and distribution lines. The elimination of duplicate lines would enhance the appearance of the involved areas. Duplicate lines result in an unnecessary hazard to the safety of employees of the utility systems and to the general public, since the lines of one utility necessarily cross the lines of the other at certain points. Further, the witnesses for the two utility systems agreed that by eliminating the necessity for duplicate service in the affected areas, each utility would be enabled to develop and plan its respective future growth in a more orderly manner in order to adequately provide for the service needs of the rapidly growing areas of Leon and Wakulla Counties. In short, the parties to the proposed territorial agreement concur that it will result in the provision of high quality electric service to all of the customers on both systems.

Although the Commission has no jurisdiction over the municipality, it does have the power and authority to examine a territorial agreement to which a regulated public utility is a party. See City Gas Company v. Peoples Gas System, Inc., 182 So.2d 429 (Fla. 1965) and Storey v. Mayo, 217 So.2d 304 (Fla. 1968). This Commission has recognized the wisdom of territorial agreements between competing utilities on many occasions. We have adhered to the general opinion that territorial agreements, when properly presented to the Commission in the proper circumstances, are advisable and indeed in the public interest. As stated in our Order No. 2946 in Docket No. 6081-EU:

> "It is our opinion that territorial agreements which will minimize, and perhaps even eliminate, unnecessary and uneconomical duplication of plant and facilities which invariably accompany expansions into areas already served by a competing utility, are definitely in the public interest and should be encouraged and approved by an agency such as this, which is charged with the duty of regulating utilities in the public interest. Duplication of public utility facilities is an economic waste and results in higher rates which the public must pay for essential services. Reasonable and realistic regulation, in such cases, is better than, and takes the place of competition. A public utility is entitled under the law to earn a reasonable return on its investment. If two similar utilities enter the same territory and compete for the limited business of the area, each will have fewer customers, but there will inevitably be excess facilities which must earn a reasonable return. The rates in such a situation will be higher than the service is worth, or customers in more remote areas will bear some of the unjustified expense necessary to support such economic waste. In the absence of a specific statute limiting the service areas of various public utilities, territorial agreements such as we are concerned with here, constitute no unreasonable restriction on the Commission's powers, but actually assist the Commission in the performance of its primary function of procuring for the public essential utility services at reasonable costs."

Section 2.5 of the territorial agreement, which was received into evidence as Petitioner's Exhibit No. 2, provides that the City shall have the first option of serving new industrial or wholesale customers located in Leon County north and east of "Industrial and Wholesale Line A" and west of "Industrial and Wholesale Line B", as said lines are established and located by the territorial agreement. In the testimony presented at the public hearing, one of the Company's witnesses stated on direct examination that Florida Power Corporation "may" (Transcript - Page 51) serve any new industrial customer the City does not exercise its

option to serve. Witnesses for both the Company and the City have unqualifiedly stated that no future industrial customer would be left without electric service in the event the City did not choose to serve in the designated areas of Leon County; however, the Commission deems it to be in the public interest to limit and condition Florida Power Corporation's withdrawal of its statutory duty to furnish electric service in industrial and wholesale areas A and B, as delineated in the territorial agreement. If the City of Tallahassee does not, within a reasonable time, exercise its option to serve a new industrial customer in industrial and wholesale areas A and B, as delineated by the territorial agreement, the Commission retains jurisdiction over Florida Power Corporation to require it to serve any such new industrial customer desiring electric service from the private utility, provided such industrial customer is otherwise entitled to receive electric service pursuant to applicable rules and regulations of the Commission and the private utility.

The proposed territorial agreement represents the culmination of some two years of negotiations between Florida Power Corporation and the City of Tallahassee. Testimony before the Commission indicated that the majority of customers being transferred from the City of Tallahassee to Florida Power Corporation would pay less for their electrical service than prior to the transfer. The private utility testified that it could offer service to its new customers which would be equally as good, or better, than the service which these customers received before the transfer. It appeared to the Commission that the types of service offered by each system were quite similar. The Commission concludes that the customers who are affected by the proposed transfer will be in no way adversely affected by approval of the territorial agreement.

Because of the elimination of the unnecessary and uneconomical duplication of facilities which presently exist, and which can be expected to increase in the future, the long-range benefits to these customers and all members of the public should be substantial. This Commission expects that the approval of this agreement will enable each of the utility systems to better serve its customers.

This Commission has stated on numerous occasions that the duplication of public utilities' facilities by competing utility operations is an unjustifiable economic waste and is contrary to the established public policy of this State. It has been the policy of this Commission to eliminate and avoid such wasteful competition and duplication of utility facilities, and we have encouraged public utilities under this Commission's jurisdiction to constantly voluntarily strive to eliminate duplicating facilities and unrestrained competition in the same area in the interest of the public which must bear the burdens of such competition in the price they must pay for such utility services.

In summary, this Commission finds that the evidence presented shows a clear justification and need for the territorial agreement for which approval is sought. The approval of this agreement should better enable these utilities to provide the best possible utility services to the general public at a very reasonable price. Therefore, in consideration thereof, it is

ORDERED by the Florida Public Service Commission that the application of Florida Power Corporation for approval of a territorial agreement and establishment of boundaries between that Company and the City of Tallahassee be and the same is hereby granted and that the said territorial agreement be and the same is hereby approved; provided, however, that the Commission shall retain the jurisdiction to require Florida Power Corporation to serve any new industrial customer requesting and qualifying for its service in industrial and wholesale areas A and B, as delineated in the territorial agreement, in the event the City of Tallahassee does not, within a reasonable time, exercise its option to serve any such industrial customer.

By Order of Chairman WILLIAM T. MAYO, Commissioner JERRY W. CARTER, and Commissioner JESS YARBOROUGH, as and constituting the Florida Public Service Commission, this 24th day of June, 1969.

H. C. Harrsway
ADMINISTRATIVE SECRETARY

(S E A L)

A G R E E M E N T

Section 0.1 THIS AGREEMENT, made and entered into this 23rd day of December, 1968, by and between the CITY OF TALLAHASSEE, a municipal corporation organized and existing under the laws of the State of Florida (herein called the "CITY"), party of the first part, and FLORIDA POWER CORPORATION, a private corporation organized and existing under the laws of the State of Florida (herein called the "COMPANY"), party of the second part:

W I T N E S S E T H:

Section 0.2 WHEREAS, the CITY, by virtue of legislative authority, is authorized and empowered to furnish electricity and power to private individuals and corporations, both within and without its corporate limits, and pursuant to such authority, presently furnishes electricity and power to customers both inside and outside of its corporate limits;

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

Section 0.4 WHEREAS, the respective service areas of the parties hereto are contiguous in many places, and in some have come to coincide, with the result that in some instances, in the future, duplication of service facilities of the other party occupying the same area may occur;

Section 0.5 WHEREAS, any such duplication of said service facilities by the parties would result in needless and wasteful expenditures and the creation of hazardous situations, both of which would be detrimental to the economical and safe operation of the parties;

Section 0.6 WHEREAS, the parties hereto desire to avoid and eliminate the circumstances giving rise to the aforesaid duplications and resulting in said uneconomical and unsafe operations and to that end have agreed to an allocation of service areas for the period hereinafter fixed and set forth;

Section 0.7 WHEREAS, in order to accomplish said area allocation the parties have agreed upon a territorial boundary line hereinafter referred to as "Boundary Line", said boundary line running along the north, east, south, and west boundary lines of Leon County and encompassing the whole of Leon County except Sections 33, 34, 35, and 36, Township 2 North, Range 3 East, situated in Leon County, Florida, said boundary line encompassing the whole of the herein called "Territorial Area" (the area outside of the territorial boundary, being called herein the "Extra Territorial Area");

Section 0.8 WHEREAS, subject to the provisions hereof, the Territorial Area has been allocated to the CITY as its service area and the Extra Territorial Area has been allocated to the COMPANY as its service area;

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 Line. - As used herein, the term "Territorial Boundary Line" shall mean the boundary line labeled "Boundary Line", as shown on the map attached hereto and marked Exhibit I, and as more particularly

described in the description attached hereto and marked Exhibit II, both of which Exhibits are incorporated herein by this reference thereto, and made a part hereof. In the event of any discrepancy between Exhibit I and Exhibit II, the latter shall prevail.

Section 1.2 Territorial Area. - As used herein the term "Territorial Area" shall mean all of the territory and lands in Leon County, Florida, encompassed by the Boundary Line referred to in Section 1.1.

Section 1.3 Extra Territorial Area. - As used herein the term "Extra Territorial Area" shall mean all of the territory and lands lying outside the "Territorial Area" as established by the Boundary Line referred to in Section 1.1.

Section 1.4 Distribution Lines. - As used herein, the term "Distribution Lines" shall mean all distribution lines of either party having a capacity up to and including 12 KV.

Section 1.5 Transmission Lines. - As used herein, the term "Transmission Lines" shall mean all transmission lines of either party having a capacity of 22 KV or more.

ARTICLE II
AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1 Allocations. - The Territorial Area, as herein defined, is hereby allocated to the CITY as its service area for the period of time hereinafter specified; and the Extra Territorial Area, as herein defined, is hereby allocated to the COMPANY as its service area for the same period; and, except as otherwise specifically contemplated herein, neither party shall deliver any electric energy at or across the Territorial Boundary for use in any service area of the other.

Section 2.2 New Customers. - The COMPANY shall not hereafter serve, or offer to serve, any New Customer located in the Territorial Area unless, on

a temporary basis, the CITY requests it in writing to do so, but it shall be the responsibility of the CITY to provide such service either directly or by so requesting the COMPANY to do so; and the CITY shall not hereafter serve or offer to serve any New Customer located in the Extra Territorial Area unless, on a temporary basis, the COMPANY likewise requests it, in writing, to do so. Any such temporary service shall be discontinued when the party in whose service area it is located, shall offer to provide such service.

Section 2.3 Company Property and Lake Talquin Area. - The COMPANY shall have the right to serve customers located on Company-owned property and on the Floyd Reynolds property which is situated contiguous to the COMPANY'S Jackson Bluff property. The CITY further agrees that the COMPANY shall have the right to continue to serve the customers now being served by it in the Lake Talquin area (including those along State Road #20 in the vicinity) and that the COMPANY may dispose of any or all of the said Lake Talquin area customers by any method or means of its choice.

Section 2.4 REA Cooperatives. - The CITY further agrees that the COMPANY shall have the right to supply electric service in the "Territorial Area" to Rural Electric Cooperatives.

Section 2.5 Industrial and Wholesale Customers. - The CITY shall have the first option of serving new industrial customers or wholesale customers in the territorial area subsequent to the effective date of this agreement. The CITY shall be deemed to have exercised its right not to serve such new industrial or wholesale customers only when the CITY so advises the COMPANY in writing of its intent not to serve. These industrial and wholesale customers will be located north or east of the line labeled "Industrial and Wholesale Line A" or west of the line labeled "Industrial and Wholesale Line B", both lines as shown on the map attached hereto and marked Exhibit I, and as more particularly described in the description attached hereto and marked Exhibit II. In the event of any discrepancy

between Exhibit I and Exhibit II, the latter shall prevail.

ARTICLE III
OPERATION AND MAINTENANCE

Section 3.1 Facilities to Remain. - All Generating Plants, Transmission Lines, Substations, and related facilities now or hereafter constructed and/or used by either party in conjunction with their respective electric utility systems, shall be allowed to remain where situated and shall not be subject to removal hereunder; PROVIDED, HOWEVER, that each party shall operate and maintain said lines and facilities in such a manner as to minimize any interference with the operations of the other party and so as not to interfere unreasonably with the exercise of police powers with respect to the use of public ways; AND PROVIDED FURTHER, that this Section shall likewise be applicable to any such COMPANY lines and facilities, including generating plants and/or substations, now or hereafter located in any part of the Territorial Area and to any CITY lines and facilities, including Generating Plants and/or Substations, now or hereafter located in any part of the Extra Territorial Area or elsewhere.

Section 3.2 Municipal Facilities to be Served. - Subject to compliance with Section 2.2 supra, nothing herein shall be construed to prevent or in any way inhibit the right and authority of the CITY to serve any municipal facility of the City of Tallahassee, located in Wakulla County, when said facility is used exclusively in connection with the operation of the CITY'S electric generating plant, and for such purpose to construct all necessary lines and facilities; PROVIDED, HOWEVER, that the CITY shall construct, operate and maintain said lines and facilities in such manner as to minimize an interference with the operation of the COMPANY in the Extra Territorial Area.

Section 3.3 Company Facilities to be Served. - Subject to compliance with Section 2.2 supra, nothing herein shall be construed to prevent or in any way inhibit the right of the COMPANY to furnish electric service to any facility of the COMPANY, located in the Territorial Area, when said facility is used exclusively in connection with the operation of the COMPANY'S electric system and for such purpose to construct all necessary lines and facilities; PROVIDED, HOWEVER, that the COMPANY shall construct, operate, and maintain said lines and facilities in such manner as to minimize any interference with the operation of the CITY in the Territorial Area.

Section 3.4 City's Distribution Lines and Customers in Wakulla County. - The CITY agrees to sell, and the COMPANY agrees to purchase, all distribution lines of the CITY (including the customer services supplied therefrom) in Wakulla County, Florida, for a sum of money equal to 2.75 times the gross revenue received by the CITY from said distribution lines and customer services for the past twelve (12) months. The CITY will continue to serve these customers until the COMPANY exercises its option to purchase.

ARTICLE IV
PREREQUISITE APPROVAL

Section 4.1 Florida Public Service Commission. - The provisions of this Agreement, insofar as the same affect the COMPANY, 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 thereof.

ARTICLE V
DURATION

Section 5.1 This Agreement shall continue and remain in effect for a period of fifteen (15) years from the date hereof. This Agreement may be extended for an additional term of fifteen (15) years by the mutual consent of the parties hereto.

ARTICLE VI
CONSTRUCTION OF AGREEMENT

Section 6.1 It is understood and agreed that the purpose of this Agreement is to set up an administrative working arrangement between the COMPANY and the CITY for a period of fifteen (15) years, which working arrangement is deemed to be to their mutual best interest, but nothing herein contained shall be construed as an abandonment or relinquishment by the CITY of its statutory authority now or hereafter existing for such CITY to serve consumers outside its corporate limits or of any other authority now existing, with respect to the operation and maintenance of the utilities owned and operated by said CITY.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Intent and Interpretation. - It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to eliminate and avoid the needless and wasteful expenditures, and the hazardous situations, which result from unrestrained competition, between two utilities operating in overlapping areas.

Section 7.2 Negotiations. - Whatever terms or conditions may have

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

Section 7.3 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 condition 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 7.4 Notices. - Notices given hereunder shall be deemed to have been given to the CITY if mailed by certified mail, postage prepaid, to: CITY MANAGER, CITY HALL _____, Tallahassee, Florida; and to the COMPANY if mailed by certified mail, postage prepaid, to: President, Florida Power Corporation, 101 Fifth Street South, St. Petersburg, Florida. Such address to which such notice shall be mailed may be, at any time, changed by designating such new address and giving notice thereof in writing in the manner as herein provided.

IN WITNESS WHEREOF, this Agreement has been caused to be executed in duplicate by the CITY in its name by its Mayor, duly authorized thereto by a resolution of the Tallahassee City Commission adopted on the 23rd day of December, 1968, and its corporate seal hereto affixed by the City Auditor and Clerk, and by the COMPANY in its name by its Executive Vice President,

and its corporate seal hereto affixed and attested by its _____ Secretary, on the day, month, and year first above written; and one of said duplicate copies has been delivered to each of the parties hereto.

CITY OF TALLAHASSEE

Signed, sealed and delivered
in the presence of:

Linda C. Burt

Melinda C. Wood

By _____
Mayor

Attest:

_____
City Auditor and Clerk

(SEAL)

Approved as to Form and Correctness:

_____
City Attorney
City of Tallahassee

FLORIDA POWER CORPORATION

Signed, sealed and delivered
in the presence of:

_____

_____

By _____
EXECUTIVE VICE President

Attest:

_____
Secretary

(SEAL)

FLORIDA POWER CORP.
LEGAL DEPT.
APPROVED
Date 11/6/68
By

This sheet represents Exhibit I, a map, which was not reproducible in a manner that was suitable for inclusion in this Amendment.

EXHIBIT II

BOUNDARY LINE

Beginning at: the SE corner of Section 25, T2S, R2E, where the county lines of Leon, Jefferson, and Wakulla Counties, Florida, meet; thence west along the south lines of Sections 25, 26, 27, 28, 29, and 30, T2S, R2E (south boundary of Leon County); thence west along the south lines of Sections 25, 26, and 27, T2S, R1E, and thence west along the south line of Section 28, T2S, R1E (south boundary of Leon County) to the west boundary of the SAL railroad right-of-way; thence northwesterly along said SAL railroad right-of-way and the west boundary of Leon County to the south boundary line of Section 17, T2S, R1E; thence west along the south lines of Sections 17 and 18, T2S, R1E, thence west along the south lines of Sections 13, 14, 15, 16, 17, and 18, T2S, R1W; thence west along the south lines of Sections 13, 14, 15, 16, 17, and 18, T2S, R2W; thence west along the south lines of Sections 13, 14, 15, 16, 17, and 18, T2S, R3W; thence west along the south lines of Sections 13, 14, 15, 16, 17, and 18, T2S, R4W; thence west along the south line of Sections 13 and 14, T2S, R5W, to intersection with the Ochlockonee River at a point where the county lines of Leon, Wakulla, and Liberty Counties meet; thence meandering in a northeasterly direction following the center line of the Ochlockonee River separating the western part of Leon

County and the eastern part of Liberty County to the southwestern end of Lake Talquin where the county lines of Leon, Liberty, and Gadsden Counties meet at the NE corner of Section 20, T1S, R4W; thence meandering northeasterly along the line between Gadsden and Leon Counties to the NE corner of fractional Section 29, T1N, R2W, thence meandering in a northeasterly direction along the center line of the Ochlockonee River (which serves as the east boundary of Gadsden County and the west boundary of Leon County, Florida)to the point where the Ochlockonee River crosses fractional land lots 259 and 260, T3N, R1W (intersection of the boundaries of Leon County, Florida, Gadsden County, Florida, and Grady County, Georgia; Florida-Georgia State Boundaries); thence running easterly along the Florida-Georgia State Line separating Leon County, Florida, and Grady County, Georgia, to a point along the east edge of Section 72, T3N, R2E, where the counties of Leon County, Florida, and Grady and Thomas Counties of Georgia meet; thence easterly along the Florida-Georgia State line to a point in fractional land lot 138, T3N, R3E, where the county of Thomas, Georgia, and Leon and Jefferson Counties, Florida, meet; thence south thru fractional land lots 138 and 139, T3N, R3E, to the Watson line; thence south of the Watson line along the east line of Section 15, T3N, R3E; thence south along the east line of Sections 22, 27, 34, T3N, R3E to the south boundary line of T3N, R3E; thence south thru Lake Miccosukee to its intersection with the north boundary of Section 36, T2N, R3E; thence westerly along the north line of Sections 36, 35, 34, and 33, T2N, R3E, to the NW corner of Section 33, T2N, R3E; thence south along the west line of Section 33, T2N, R3E, to the SW corner of Section 33, T2N, R3E (where Jefferson County and Leon County meet); thence south along the east line of Sections 5, 8, 17, and 20, T1N, R3E, to the southeast corner of Section 20, T1N, R3E; thence southwesterly

diagonally thru Sections 29 and 31, T1N, R3E, to the SW corner of Section 31, T1N, R3E, and the Tallahassee Base line; thence south from the Tallhassee Base line along the east line of Sections 1, 12, 13, 24, 25, and 36, T1S, R2E; thence south along the east line of Sections 1, 12, 13, 24, and 25, T2S, R2E to the SE corner of Section 25, T2S, R2E, and the point of beginning.

EXHIBIT II

Industrial and Wholesale Line "A"

Beginning at: the NW corner of Section 19, T2N, R1W, north of the Tallahassee Commercial Airport where Gadsden County and Leon County, Florida, meet; thence east along the north line of Sections 19, 20, 21, 22, 23, and 24, T2N, R1W; thence east along the north line of Sections 19, 20, 21, and 22, T2N, R1E, to the NE corner of Section 22, T2N, R1E; thence south along the east line of Section 22, T2N, R1E, to the SE corner of Section 22, T2N, R1E; thence east along the north line of Sections 26 and 25, T2N, R1E to the NE corner of Section 25, T2N, R1E; thence south along the east line of Section 25, T2N, R1E, to the SE corner of Section 25, T2N, R1E; thence east along the north line of Sections 31, 32, 33, 34, 35, and 36, T2N, R2E; thence east along the north line of Sections 31 and 32, T2N, R3E, to the NE corner of Section 32, T2N, R3E.

EXHIBIT II

Industrial and Wholesale Line "B"

Beginning at: the NW corner of Section 28, T1N, R2W, where Gadsden County and Leon County, Florida meet; thence running south along the west line of Sections 28 and 33, T1N, R2W, to the Tallahassee Base line; thence south from the Tallahassee Base line along the west line of Sections 4, 9, 16, 21, 28, and 33, T1S, R2W; thence south along the west line of Sections 4, 9, and 16 to the SW corner of Section 16, T2S, R2W, where Leon County and Wakulla County, Florida, meet.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Florida Power Corporation for approval of a territorial agreement and establishment of boundaries between that company and the City of Wauchula with respect to electrical service areas.	DOCKET NO. 9169-EU ORDER NO. 4665

The following Commissioners participated in the disposition of this matter:

WILLIAM T. MAYO, Chairman
JERRY W. CARTER
JESS YARBOROUGH

Pursuant to due notice, the Florida Public Service Commission, acting through its duly appointed Special Hearing Examiner, Prentice P. Pruitt, held a public hearing in the Court Room of the Hardee County Courthouse, Wauchula, Florida, commencing at 9:30 A.M., on Tuesday, March 25, 1969.

APPEARANCES: Harry A. Evertz, III and Frank H. Bass, Jr., 101 Fifth Street South, St. Petersburg, Florida, for the Applicant.

John W. Burton, City Attorney, First Federal Building, Wauchula, Florida, for the City of Wauchula.

The entire record herein, including the exhibits and testimony adduced at the public hearing, have all been examined by the Full Commission. After due consideration, the Commission now enters its Order in this cause.

O R D E R

BY THE COMMISSION:

By application in this docket, Florida Power Corporation seeks approval of a territorial agreement between it and the City of Wauchula, involving territory in Hardee County, Florida. The Applicant, with its principal offices in St. Petersburg, Florida, is an electric utility subject to the jurisdiction of this Commission pursuant to Chapter 366, Florida Statutes. It furnishes electricity and power to customers in 32 counties in Central and Northern Florida, including Hardee County. The City of Wauchula is an incorporated city with corporate limits located in Hardee County, Florida, and furnishes electricity and power to customers located in Hardee County, Florida, pursuant to the provisions of Chapter 172, Florida Statutes. The City of Wauchula is exempted from regulation under Section 366.11, Florida Statutes. There are no transfers of customers or facilities involved in the application for approval of this territorial agreement. Testimony adduced before the Special Hearing Examiner indicated that there are presently duplicate electrical facilities maintained by the company and by the municipality in certain areas in Hardee County where the facilities of the two utility systems are contiguous or coincide. In view of the anticipated growth of the areas embraced in the proposed territorial agreement, further duplication of service is to be anticipated unless separate service areas are agreed to by the two utility systems. Further, the overlapping of these services naturally creates wasteful expenditures on the part of each of the utility systems in installing and maintaining duplicate transmission and distribution lines. The elimination of duplicate lines would enhance the appearance of the involved areas. Duplicate lines result in an unnecessary hazard to the safety of employees of the utility systems and to the general public, since the lines of one utility necessarily cross the lines of the other at certain points. Further, the witnesses for the two utility systems agreed that by eliminating the necessity for

duplicate service in the affected areas, each utility would be enabled to develop and plan its respective future growth in a more orderly manner in order to adequately provide for the service needs of the rapidly growing area of Hardee County. In short, the parties to the proposed territorial agreement concur that it will result in the provision of high quality electric service to all of the customers on both systems.

It should be noted at the outset that this agreement is not self-executing and will not be operative unless approved by this Commission. There has been no transfer of any of the facilities owned by either utility nor have any customers been transferred.

Although the Commission has no jurisdiction over the municipality, it does have the power and authority to examine a territorial agreement to which a regulated public utility is a party. See City Gas Company v. Peoples Gas System, Inc., 182 So. 2d 429 (Fla. 1965) and Storey v. Mayo, 217 So. 2d 304 (Fla. 1968). This Commission has recognized the wisdom of territorial agreements between competing utilities on several occasions. We have adhered to the general opinion that territorial agreements, when properly presented to the Commission in the proper circumstances, are advisable and indeed in the public interest. As stated in our Order No. 2948 in Docket No. 6081-EU:

> "It is our opinion that territorial agreements which will minimize, and perhaps even eliminate, unnecessary and uneconomical duplication of plant and facilities which invariably accompany expansions into areas already served by a competing utility, are definitely in the public interest and should be encouraged and approved by an agency such as this, which is charged with the duty of regulating utilities in the public interest. Duplication of public utility facilities is an economic waste and results in higher rates which the public must pay for essential services. Reasonable and realistic regulation, in such cases, is better than, and takes the place of competition. A public utility is entitled under the law to earn a reasonable return on its investment. If two similar utilities enter the same territory and compete for the limited business of the area, each will have fewer customers, but there will inevitably be excess facilities which must earn a reasonable return. The rates in such a situation will be higher than the service is worth, or customers in more remote areas will bear some of the unjustified expense necessary to support such economic waste. In the absence of a specific statute limiting the service areas of various public utilities, territorial agreements such as we are concerned with here, constitute no unreasonable restriction on the Commission's powers, but actually assist the Commission in the performance of its primary function of procuring for the public essential utility services at reasonable costs."

The proposed territorial agreement represents the culmination of over one year of negotiations between Florida Power Corporation and the City of Wauchula. Because of the elimination of the unnecessary and uneconomical duplication of facilities which presently exist, and which can be expected to increase in the future, the long-range benefits to the customers of both utilities and all members of the public should be substantial. This Commission expects that the approval of this agreement will enable each of the utility systems to better serve its customers.

In summary, this Commission finds that the evidence presented shows a clear justification and need for the territorial agreement for which approval is sought. The approval of this agreement should better enable these utilities to provide the best possible utility services to the general public at a very

reasonable price. Therefore, in consideration thereof, it is

ORDERED by the Florida Public Service Commission that the recommendations of the Special Hearing Examiner are ratified and confirmed and the application of Florida Power Corporation for approval of a territorial agreement and establishment of boundaries between that company and the City of Wauchula be and the same is hereby granted and that the said territorial agreement be and the same is hereby approved.

By Order of Chairman WILLIAM T. MAYO, Commissioner JERRY W. CARTER and Commissioner JESS YARBOROUGH, as and constituting the Florida Public Service Commission, this 21st day of May, 1969.

H. C. Harraway

ADMINISTRATIVE SECRETARY

(S E A L)

A G R E E M E N T

Section 0.1 THIS AGREEMENT, made and entered into this 3rd. day of August, 1967, by and between the CITY OF WAUCHULA, a municipal corporation organized and existing under the laws of the State of Florida (herein called the "CITY"), party of the first part, and FLORIDA POWER CORPORATION, a private corporation organized and existing under the laws of the State of Florida (herein called the "COMPANY"), party of the second part;

W I T N E S S E T H:

Section 0.2 WHEREAS, the CITY, by virtue of legislative authority, is authorized and empowered to furnish electricity and power to private individuals and corporations, both within and without its corporate limits, and pursuant to such authority, presently furnishes electricity and power to customers both inside and outside of its corporate limits;

Section 0.3 WHEREAS, the COMPANY, by virtue of its Charter, is authorized and empowered to furnish electricity and power to persons, firms and corporations throughout the State of Florida and presently furnishes electricity and power to customers outside of the City of Wauchula, in Hardee County;

Section 0.4 WHEREAS, the respective service areas of the parties hereto are contiguous in many places, and in some have come to coincide, with the result that in some instances duplication of service facilities of the other party occupying the same area may occur in the future;

Section 0.5 WHEREAS, any such duplication of said service facilities by the parties would result in needless and wasteful expenditures and the creation of hazardous situations, both of which would be detrimental to the economical and safe operations of the parties;

Section 0.6 WHEREAS, the parties hereto desire to avoid and eliminate the circumstances giving rise to the aforesaid duplications and resulting in said uneconomical and unsafe operations and to that end have agreed to an allocation of service areas;

Section 0.7 WHEREAS, in order to accomplish said service area allocation the parties have agreed upon a boundary hereinafter referred to as "Boundary Line", said boundary line meandering in an easterly, then southerly, and lastly a westerly direction and partially encompassing (except on the west) the herein-called "Territorial Area" (the area outside of the territorial boundary, being called herein the "Extra Territorial Area");

Section 0.8 WHEREAS, because the area located generally to the west of the Territorial Area is presently being served electric energy to some extent by the CITY and by a rural electric cooperative, not a party hereto, it is not deemed necessary nor desirable by the parties hereto to locate, fix and establish a north-south boundary line on the western side of the Territorial Area;

Section 0.9 WHEREAS, subject to the provisions hereof, the Territorial Area has been allocated to the CITY as its service area and the Extra Territorial Area has been allocated to the COMPANY as its service area;

Section 0.10 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 Boundary Line. - As used herein, the term "Boundary

Line" shall mean that line labeled "Boundary Line", as shown on the map attached hereto and marked Exhibit I, and as more particularly described in the description set forth in said Exhibit I, which Exhibit is incorporated herein by this reference thereto, and made a part hereof. In the event of any discrepancy between the map and the description, the latter shall prevail.

Section 1.2 Territorial Area. - As used herein the term "Territorial Area" shall mean all of the territory and lands in Hardee County, Florida, partially encompassed (except on the west) by the Boundary Line referred to in Section 1.1.

Section 1.3 Extra Territorial Area. - As used herein the term "Extra Territorial Area" shall mean all of the territory and lands in Hardee County, Florida, lying to the north, east and south of the Boundary Line referred to in Section 1.1.

Section 1.4 Future Extension Area. - As used herein the term "Future Extension Area" shall mean all of the territory and lands in Hardee County, Florida, located generally to the west of the Territorial Area and lying between the northern and southern segments of the Boundary Line as extended to the west and not presently being served with electric energy by either of the parties hereto.

Section 1.5 City Area. - As used herein the term "City Area" shall mean all of the territory and lands lying within and encompassed by the city limits of the City of Wauchula as the same now exist.

Section 1.6 Annexed Area. - As used herein the term "Annexed Area" shall mean any area presently located in the Extra Territorial Area and subsequently annexed by and to the City of Wauchula, provided, that the term "Annexed Area" shall only include the annexation of lands in the Extra Territorial Area

which are contiguous to the City Area as it now exists or as the City Area may be subsequently expanded by an Annexed Area. Said Annexed Area shall not be deemed to be contiguous to the City Area unless there is a substantial common boundary (the width of a public street or highway may constitute such common boundary). It is expressly understood that the term "Annexed Area" shall not include any area located in the Extra Territorial Area and subsequently annexed by and to the City of Wauchula whenever said area is merely contiguous to a previously annexed public highway right-of-way or if said area is merely contiguous to any area so previously annexed and there exists no substantial common boundary with said City Area.

Section 1.7 Merely Contiguous to a Public Highway Right-of-Way. - As used herein, the term "merely contiguous to a public highway right-of-way" shall mean that the sole and only connecting link between the Annexed Area in the Extra Territorial Area and the City Area is a public highway right-of-way extending from said City Area to said Annexed Area.

Section 1.8 Enfranchised Area. - As used herein, the term "Enfranchised Area" shall mean any area in the Extra Territorial Area now or hereafter incorporated, wherein the COMPANY has a franchise to serve and which is subsequently annexed by and to the City of Wauchula.

Section 1.9 Distribution Lines. - As used herein, the term "Distribution Lines" shall mean all distribution lines of either party having a capacity up to and including 12 KV.

Section 1.10 Transmission Lines. - As used herein, the term "Transmission Lines" shall mean all transmission lines of either party having a capacity of 22 KV or more.

ARTICLE II
AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1 Allocations. - The Territorial Area, as herein defined, is hereby allocated to the CITY as its service area for the period of time hereinafter specified; and the Extra Territorial Area, as herein defined, is hereby allocated to the COMPANY as its service area for the same period; and, except as otherwise specifically contemplated herein, neither party shall deliver any electric energy at or across the Boundary for use in any service area of the other.

Section 2.2 New Customers. - The COMPANY shall not hereafter serve, or offer to serve, any New Customer located in the Territorial Area unless, on a temporary basis, the CITY requests it in writing to do so, but it shall be the responsibility of the CITY to provide such service either directly or by so requesting the COMPANY to do so; and the CITY shall not hereafter serve, or offer t serve, any New Customer located in the Extra Territorial Area unless, on a temporary basis, the COMPANY likewise requests it in writing to do so. Any such temporary service shall be discontinued when the party in whose service area it is located, shall offer to provide such service.

Section 2.3 Service in Future Extension Area. - The Future Extension Area as herein defined, is not specifically allocated to either party as its exclusive service area and either party may, therefore, extend its lines and facilities into the Future Extension Area as their respective service areas expand, pursuant to normal and customary growth patterns.

ARTICLE III
OPERATION AND MAINTENANCE

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

and/or used by either party in conjunction with their respective electric utility systems, shall be allowed to remain where situated and shall not be subject to removal hereunder; PROVIDED, HOWEVER, that each party shall operate and maintain said lines and facilities in such a manner as to minimize any interference with the operations of the other party and so as not to interfere unreasonably with the exercise of police powers with respect to the use of public ways; AND PROVIDED FURTHER, that this Section shall likewise be applicable to any such COMPANY lines and facilities, including substations, now or hereafter located in any part of the Extra Territorial Area which subsequently may become an Annexed Area, as defined herein, and to any CITY lines and facilities, including Generating Plants and/or Substations, now or hereafter located in any part of the Extra Territorial Area or elsewhere.

Section 3.2 Municipal Facilities to be Served. - Subject to compliance with Section 2.2 supra, nothing herein shall be construed to prevent or in any way inhibit the right and authority of the CITY to serve any municipal facility of the City of Wauchula wheresoever it may be located and for such purpose to construct all necessary lines and facilities; PROVIDED, HOWEVER, that the CITY shall construct, operate and maintain said lines and facilities in such manner as to minimize any interference with the operations of the COMPANY in the Extra Territorial Area.

ARTICLE IV
ANNEXATIONS

Section 4.1 Annexed Areas. - Upon any part of the Extra Territorial Area becoming an Annexed Area as defined herein, and subject to the provisions of the next succeeding Section, the COMPANY shall transfer to the CITY all customers located in said Annexed Area, at such time as the CITY may determine and upon the terms and conditions to be mutually agreed upon by the parties hereto.

Section 4.2 Enfranchised Areas. - The provisions of the foregoing Section shall not apply to customers of the COMPANY located in an Enfranchised Area, as herein defined, until the expiration by the terms of the COMPANY's franchise covering such area.

ARTICLE V
PREREQUISITE APPROVAL

Section 5.1 Florida Public Service Commission. - The provisions of this Agreement, insofar as the same affect the COMPANY, 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 hereof.

ARTICLE VI
DURATION

Section 6.1 The initial term of this Agreement shall be fifteen (15) years from the date hereof and may be extended for additional terms of fifteen (15) years by the mutual consent of the parties; provided, however, should the "Contract for Interconnection and Electric Service" between the parties, entered into this same date, be terminated or cancelled in accordance with the terms thereof, then this Agreement shall automatically terminate.

ARTICLE VII
CONSTRUCTION OF AGREEMENT

Section 7.1 It is understood and agreed that the purpose of this Agreement is to set up an administrative working arrangement between the COMPANY and the CITY for a period of fifteen (15) years, which working arrangement is deemed to be to their mutual best interest, but nothing herein contained shall be construed as an abandonment or relinquishment by the CITY of its statutory authority now or hereafter existing for such CITY to serve consumers outside its corporate limits in Hardee County, Florida, or of any other authority now existing, with respect to the operation and maintenance of the utilities owned and operated by said CITY.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Intent and Interpretation. - It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to eliminate and avoid the needless and wasteful expenditures, and the hazardous situations, which result from unrestrained competition, between two utilities operating in overlapping service areas.

Section 8.2 Negotiations. - Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only ones agreed upon are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the parties hereto unless the same shall be in writing and hereto attached and signed by both parties.

Section 8.3 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 condition hereof; and all of the provisions, representations, covenants and conditions herein contained shall inure to the sole benefit of and shall be binding upon the parties hereto and their respective representatives, successors and assigns.

Section 8.4 Notices. - Notices given hereunder shall be deemed to have been given to the CITY if mailed by certified mail, postage prepaid, to: Dep Postmaster Box 218 _____, Wauchula, Florida; and to the COMPANY if mailed by certified mail, postage prepaid, to: President, Florida Power Corporation, 101 Fifth Street South, St. Petersburg, Florida. Such address to which such notice

shall be mailed may be, at any time, changed by designating such new address and giving notice thereof in writing in the manner as herein provided.

IN WITNESS WHEREOF, this Agreement is hereby executed in the name of the CITY by the Chairman of the City Council and the Mayor pursuant to a resolution of the Wauchula City Council adopted on the 3rd. day of August, 1967, and its corporate seal hereto affixed by the Clerk of the City Council, and by the COMPANY in its name by its _____ President, and its corporate seal hereto affixed and attested by its _____ Secretary, on the day and year first above written.

ATTEST:

_____
Secretary

(SEAL)

FLORIDA POWER CORPORATION

By _____
President

ATTEST:

_____
City Clerk

(SEAL)

CITY OF WAUCHULA, FLORIDA

By _____
Chairman of the City Council

By _____
Mayor

Approved as to Form:

By _____
City Attorney

This sheet represents Exhibit 1, a drawing, which was not reproducible in a manner that was suitable for inclusion in this Amendment.

BEFORE THE FLORIDA PUBLIC UTILITIES COMMISSION

In re: Application of Florida Power Corporation for approval of territorial agreement with City of Ocala.	DOCKET NO. 7061-EU
Proposed territorial agreement between Florida Power and Light Company and Florida Power Corporation.	DOCKET NO. 7420-EU
Territorial agreement between Florida Power and Light Company and City of Jacksonville.	DOCKET NO. 7421-EU
Territorial agreement between Florida Power and Light Company and Clay Electric Coop., Inc.	DOCKET NO. 7422-EU
Territorial agreement between Florida Power and Light Company and Glades Electric Coop., Inc.	DOCKET NO. 7423-EU
Territorial agreement between Florida Power and Light Company and Lee County Electric Coop., Inc.	DOCKET NO. 7424-EU
Petition of Florida Power and Light Company for approval of territorial agreement with Suwannee Valley Electric Cooperative, Inc.	DOCKET NO. 7425-EU
	ORDER NO. 3799

Chairman Edwin L. Mason, Commissioner Jerry W. Carter and Commissioner William T. Mayo each participated in the disposition of this matter.

The Florida Public Utilities Commission, pursuant to due notice, held a public hearing in each of the above dockets as follows:

7061-EU - Meeting Room, Commercial Bank and Trust Co., Ocala, Florida, commencing at 9:00 A.M., on Tuesday, December 17, 1963.

7420-EU - Commission Hearing Room, Tallahassee, Florida, commencing at 10:00 A.M., on Monday, June 8, 1964.

7421-EU - Hearing Room, State Office Building, 215 Market Street, Jacksonville, Florida, commencing at 9:30 A.M., on Thursday, November 12, 1964.

7422-EU - Hearing Room, State Office Building, 215 Market Street, Jacksonville, Florida, commencing at 1:30 P.M., on Tuesday, June 9, 1964.

7423-EU - County Commissioners' Meeting Room, Lee County Courthouse, Ft. Myers, Florida, commencing at 10:00 A.M., on Thursday, May 14, 1964.

7424-EU - County Commissioners' Meeting Room, Lee County Courthouse, Ft. Myers, Florida, commencing at 11:00 A.M., on Thursday, May 14, 1964.

7425-EU - Commission Hearing Room, Tallahassee, Florida, commencing at 11:30 A.M., on Monday, June 8, 1964.

APPEARANCES:

MORRIS E. STURGIS, JR., 221 East Silver Springs Boulevard, Ocala, Florida, for the City of Ocala, in Docket No. 7061-EU.

WILLIAM C. STEEL, 14th Floor, First National Bank Building, Miami, Florida, for the Applicant, Florida Power and Light Company, in Dockets Nos. 7420-EU, 7421-EU, 7422-EU, and 7425-EU.

HARRY A. EVERTZ, 101 - 5th Street, South, St. Petersburg, Florida, for the Applicant, Florida Power Corporation, in Dockets Nos. 7420-EU and 7061-EU.

J. DILLON KENNEDY, 1407 City Hall, Jacksonville, Florida, in Docket No. 7421-EU.

WILLIAM M. MADISON, 1103 City Hall, Jacksonville, Florida, in Docket No. 7421-EU.

HENRY L. GRAY, JR., 211 N. E. 1st Street, Gainesville, Florida, for Clay Electric Cooperative, Inc., Keystone Heights, Florida, in Docket No. 7422-EU.

R. D. HILL, Division Manager of the Eastern Division, for the Florida Power and Light Company, Miami 1, Florida, in Docket No. 7423-EU.

W. B. IRBY, JR., Manager, for Glades Electric Cooperative, Inc., Moorehaven, Florida, in Docket No. 7423-EU.

J. G. SPENCER, JR., Vice-President and Western Division Manager, for Florida Power and Light Company, in Docket No. 7424-EU.

HOMER T. WELCH, JR., General Manager, for Lee County Electric Cooperative, Inc., Fort Myers, Florida, in Docket No. 7424-EU.

WILLIAM RANDEL SLAUGHTER, Live Oak, Florida, for the City of Live Oak, in Docket No. 7425-EU.

LEWIS W. PETTEWAY, General Counsel, for the Commission staff and the public generally, in Docket No. 7421-EU.

JAMES L. GRAHAM, Assistant General Counsel, for the Commission staff and the public generally, in Docket No. 7061-EU.

B. KENNETH GATLIN, Assistant Counsel, for the Commission staff and the public generally, in Dockets Nos. 7420-EU, 7421-EU, 7422-EU, 7423-EU, 7424-EU, and 7425-EU.

There were no protestants.

The entire record herein, including the exhibits and testimony adduced at the public hearings, have all been examined by the full Commission. After due consideration, the Commission now enters its order in this cause.

ORDER

BY THE COMMISSION:

The Commission has jurisdiction over the Florida Power Corporation and Florida Power and Light Company. Although they also offer electrical service, the municipalities and cooperatives involved in these dockets are exempted from Commission jurisdiction by Section 366.11, Florida Statutes. However, in each of the seven dockets with which we are concerned in this order, the applicant is a utility under the jurisdiction of this Commission. That is, for example, in Docket No. 7421-EU, although there is before the Commission an agreement between Florida Power and Light Company and the City of Jacksonville, the applicant in the case is Florida Power and Light Company, which is, as mentioned, regulated by the Commission.

In these seven dockets the utilities (both exempt and non-exempt) have entered into agreements where there has been or is about to be some conflict as to the boundaries of the territory that they seek to serve. The Commission, in considering these applications, which are in effect allocations of service areas, is concerned with the fact that Section 366.03, Florida Statutes, states that the electric utilities under the jurisdiction of the Commission "shall furnish to each person applying therefor reasonably sufficient, adequate and efficient service upon terms as required by the commission. . ." In view of this language, the effect of what the regulated utilities are asking the Commission is to allow them to agree not to serve within certain areas when requested to do so by a person applying for electrical service, if that area is already served by another utility.

Admittedly, there is no statute which says that the Commission should divide the state into service areas as is done in the regulation of telephone, water and sewer utilities. However, it is the public policy of this state that cooperatives and municipalities are entities which may engage in the sale of electricity through the specific authorization of the Legislature of the State of Florida. The cooperatives engage in such activity not only because of authorization from the state but also as the result of laws passed by the Congress of the United States. The inescapable conclusion is that it must be the public policy that cooperatives and municipalities are qualified to sell electricity in the geographical territories in which they operate.

Since this is the public policy, the Commission, even in spite of Section 366.03, Florida Statutes, should not undertake to direct a utility under its jurisdiction (such as Florida Power Corporation or Florida Power and Light Company) to render service in a territory already served or about to be served by a cooperative or a municipality. It is even wiser that the Commission and the utilities involved anticipate these conflicts as to areas of service and make effective some reasonable territorial agreement.

The advantages of having a territorial agreement are manyfold. If there is no agreement, there will be duplications of service as a result of unrestrained competition, which in turn has several undesirable

results. Unrestrained competition leads to attempted preemption of areas by the premature erection of more lines than are needed for immediate service, which lessens the immediate return of the investment and, in effect, must be subsidized by other customers of the utility. It means duplication of facilities in the same public ways which results in neither utility being able to get a full return on its investment, to the detriment of other customers who, in effect, also subsidize such uneconomical operations. It requires more employees to be constantly in the competitive areas and consumes more time and energy in efforts to "outsell" the competing utility. It makes for unsatisfactory customer relations in that the customer, being betwixt competing utilities, is drawn involuntarily into the competitive squabbles and must suffer the resulting service inefficiencies. It prevents the full development of the customer potential in the competitive area since knowledge that a full return is unobtainable tends to divert the activities necessary for such development to more profitable areas, all to the detriment of the customer, and accordingly, not in the public interest.

It is the intent of the Commission to approve only the geographical division of the territories involved in these agreements, and not to approve the agreements in any other regard. The exhibits indicating these divisions in each of the dockets are as follows:

(1) 7061-EU - Applicant's Exhibit No. 1 and that portion of Exhibit No. 3, entitled Exhibit II, North Boundary Line A and North Boundary Line B.

(2) 7420-EU - Exhibit No. 1.

(3) 7421-EU - Exhibit No. 1.

(4) 7422-EU - Exhibit No. 3.

(5) 7423-EU - Exhibits Nos. 1-6.

(6) 7424-EU - Exhibit A. attached to the Amended Application.

The Commission is unable to approve the territorial agreement in Docket No. 7425-EU because the agreement is vague and indefinite. Therefore, in consideration thereof, it is

ORDERED by the Florida Public Utilities Commission that the applications in Dockets Nos. 7061-EU, 7420-EU, 7421-EU, 7422-EU, 7423-EU, and 7424-EU, seeking approval of territorial agreements, be and the same are hereby approved. It is further

ORDERED that the application for approval of the territorial agreement in Docket No. 7425-EU be and the same is hereby denied. It is further

ORDERED that neither Florida Power Corporation nor Florida Power and Light Company shall deviate from these territorial agreements without prior authority from the Commission.

By Order of Chairman Edwin L. Mason, Commissioner Jerry W. Carter and Commissioner William T. Mayo, as and constituting the Florida Public Utilities Commission, this 26th day of April, 1965.

Hollis C. Rawls
EXECUTIVE SECRETARY

(S E A L)

Commissioner Mayo dissents in that he would not approve the territorial agreements.

FLORIDA POWER CORPORATION
ST. PETERSBURG FLORIDA

October 28, 1958

Mr. R. H. Fite, President
Florida Power & Light Company
Miami 30, Florida

Dear Mr. Fite:

This letter of agreement sets forth the conditions under which the Florida Power and Light Company and the Florida Power Corporation agree to acknowledge and respect boundaries between their respective service areas as shown on the following maps attached hereto:

1. General Highway and Transportation Map of Volusia County, prepared by the Florida State Road Department, dated 1936 and revised May 1958.

2. General Highway Map of Seminole County, prepared by the Florida State Road Department, dated February 1951 and revised March 1958.

3. Map of Seminole County, prepared by Fred H. Williams, Civil Engineer, dated 1948 and revised 1953.

Shown on the above maps in red pencil lines are the service area boundaries between the territory served by our respective companies. The agreements are as follows:

1. Neither Company will serve or offer to serve a customer outside its service area as shown on the attached maps.
2. In the event a customer applies for service to the Company not serving the area the customer will be promptly referred to the Company serving the area in which the customer is located.
3. If the Company in whose service area the prospective customer is located does not wish to serve the customer, the two Companies shall mutually determine, at the general office level, as to who shall serve the customers.

EXHIBIT B

4. In the case of incorporated municipalities served by either Company under a franchise, where the City limits are extended and such extension shall result in the City limits being extended into the service area of the other Company, the Company serving the City under the franchise shall be entitled to serve the area within the newly established city limits and the other Company shall vacate the newly enfranchised area. In such event, the vacating Company shall promptly sell, and the other Company shall promptly buy, the electric facilities in the newly enfranchised area at the depreciated value of the facilities.

5. Nothing in this agreement is intended to affect the power plants, transmission lines or substations of one company which are now located or may in the future be located in the service area of the other Company; and any problems between the respective parties involving this agreement shall be settled at the general office level.

If the preceding clearly sets forth your understanding, please indicate your acceptance and agreement by signing two copies of this letter in the space provided below and returning one signed copy to the writer, whereupon this letter of agreement shall be binding between us.

Very truly yours,

FLORIDA POWER CORPORATION

By: _____
W. J. Clapp, President

Accepted and agreed to

November 26, 1958.

FLORIDA POWER & LIGHT COMPANY

By: _____
R. H. Fite, President

FLORIDA POWER CORPORATION
ST. PETERSBURG FLORIDA

H. K. McKEAN
SENIOR VICE PRESIDENT

September 4, 1962

Mr. R. H. Fite, President
Florida Power and Light Company
Miami, Florida

Dear Mr. Fite:

In a letter of Agreement dated October 28, 1958, the Florida Power and Light Company and the Florida Power Corporation agreed to a territorial boundary defining the respective service areas of the two companies in Volusia and Seminole Counties.

It now appears to be desirable to extend this territorial boundary agreement to include Orange County and a portion of Osceola County.

Therefor the letter of Agreement dated October 28, 1958, is amended to include maps number four, number five and number six, as follows:

#4. General Highway Map, Orange County, Florida, prepared by the Florida State Road Department dated August, 1950 and reprinted October 1959.

#5. General Highway and Transportation Map, Osceola County, Florida, prepared by the Florida State Road Department dated 1936 and reprinted October 1959. (This map shows the northern part of Osceola County) Sheet 1 of 2 sheets.

6. General Highway and Transportation Map, Osceola County, Florida, prepared by the Florida State Road Department, dated 1936 and reprinted August 1959. (This map shows the southern part of Osceola County) Sheet 2 of 2.

In all other respects the letter of Agreement dated October 28, 1958, remains in full force and effect.

If the preceeding clearly sets forth your understanding, please indicate your acceptance and agreement by signing two copies of this letter in the space

In envelope front of file

provided below and returning one signed copy to the writer, whereupon this letter of Agreement shall be binding between us.

Very truly yours,

FLORIDA POWER CORPORATION

By: H. K. McKean
H. K. McKean, Senior Vice President

Accounted and Agreed to

September 17, 1962

FLORIDA POWER AND LIGHT COMPANY

By: Robert V. Dean
R. H. Fite, President

This sheet represents six(6) maps which were not reproducible in a manner that was suitable for inclusion in this Amendment.

BEFORE THE FLORIDA RAILROAD AND PUBLIC UTILITIES COMMISSION

In Re: Territorial Agreement Between Florida Power Corporation and Tampa Electric Company.

DOCKET NO. 6001-EU

ORDER NO. 2943

Chairman Jerry W. Carter, Commissioner Wilbur C. King, and Commissioner Edwin L. Mason, each participated in the disposition of this matter.

ORDER APPROVING AGREEMENT

BY THE COMMISSION:

Florida Power Corporation and Tampa Electric Company have filed with this Commission a copy of a Territorial Agreement entered into between the two companies as of February 25, 1950. In transmitting the copy of said agreement, the companies advised the Commission that it was being furnished "as a matter of information, and for whatever value it may be to the Florida Railroad and Public Utilities Commission."

Each of the parties to said Territorial Agreement is a public utility under the laws of the State of Florida subject to the jurisdiction of this Commission. While the parties to this agreement appear to have the opinion that this Commission's approval is not required for such an agreement, we entertain a contrary view. The Commission's jurisdiction extends to the rates, service, and the issuance and sale of certain securities of such public utilities. In the exercise of this jurisdiction, the Commission is specifically authorized to require repairs, improvements, additions and extensions to the plant and equipment of any public utility reasonably necessary to promote the convenience and welfare of the public and secure adequate service or facilities for those reasonably entitled thereto. Obviously, any agreement between two electric utilities which has for its purpose the establishing of service areas between the two utilities will, in effect, limit to some extent the Commission's power to require additions and extensions to plant and equipment reasonably necessary to secure adequate service to those reasonably entitled thereto. In our opinion, such a limitation can have no validity without the approval of this Commission.

It is our opinion that territorial agreements which will minimize, and perhaps even eliminate, unnecessary and uneconomical duplication of plant and facilities which invariably accompany expansions into areas already served by a competing utility, are definitely in the public interest and should be encouraged and approved by an agency such as this, which is charged with the duty of regulating public utilities in the public interest. Duplication of public utility facilities is an economic waste and results in higher rates which the public must pay for essential services. Reasonable and realistic regulation, in such cases, is better than, and takes the place of competition. A public utility is entitled under the law to earn a reasonable return on its investment. If two similar utilities enter the same territory and compete for the limited business of the area, each will have fewer customers, but there inevitably will be excess facilities which must earn a reasonable return. The rates in such a situation will be higher than the service is worth, or customers in more remote areas will bear some of the unjustified expense necessary to support such economic waste. In the absence of a specific statute limiting the service areas of various public utilities, territorial agreements such as we are concerned with here, constitute no unreasonable restriction on the Commission's powers, but actually assist the Commission in the performance of its primary function of procuring for the public essential utility services at reasonable costs.

Based upon our study of the Territorial Agreement under Consideration and the circumstances surrounding the execution of

said agreement, it is our opinion that said agreement is in the public interest and should be approved by this Commission.

NOW, THEREFORE, IN CONSIDERATION THEREOF, it is

ORDERED by the Florida Railroad and Public Utilities Commission that the Territorial Agreement between Florida Power Corporation and Tampa Electric Company as of February 23, 1960, be and the same is hereby approved.

By Order of Chairman Jerry W. Carter, Commissioner Wilbur C. King, and Commissioner Edwin L. Mason, as and constituting the Florida Railroad and Public Utilities Commission, this 5th day of July, 1960.

Bolling C. Stanley
EXECUTIVE SECRETARY

(S E A L)
LWP

FLORIDA POWER CORPORATION
ST. PETERSBURG, FLORIDA

February 23, 1960

Mr. W. C. McInnes, President
Tampa Electric Company
Tampa, Florida

Dear Mr. McInnes:

This letter of agreement sets forth the conditions under which the Tampa Electric Company and the Florida Power Corporation agree to acknowledge and respect boundaries between their respective service areas as shown on the following maps attached hereto:

1. General Highway Map of Pinellas County, Florida, prepared by the Florida State Road Department, dated 1949, and revised March 1958.

2. General Highway and Transportation Map of Pasco County, Florida, prepared by the Florida State Road Department, dated 1956 and reprinted July 1958.

3. General Highway and Transportation Map of Polk County, Florida, prepared by the Florida State Road Department, dated 1956 and revised January 1958.

Shown on the above maps, in black pencil lines, are the service area boundaries between the territory served by our respective companies. Attached hereto, and made a part hereof, and identified as Exhibit A, is a description of the boundary line between the territory served by our respective companies. The agreements are as follows:

1. Neither Company will serve, or offer to serve, a customer outside its service area as shown on the attached maps.

2. In the event a customer applies for service to the Company not serving the area, the customer will be promptly referred to the Company serving the area in which the customer is located.

3. If the Company in whose service area the prospective customer is located, does not wish to serve the customer, the two companies shall mutually determine, at the General Office level, as to whom shall serve the customer.

4. In the case of incorporated municipalities served by either Company under a franchise, where the City Limits are extended and such extension shall result in the City Limits being extended into the service area of the other Company, the Company serving the City under the franchise shall be entitled to serve the area within the newly established City Limits, and the other Company shall vacate the newly enfranchised area. In such event, the vacating Company shall promptly sell, and the other Company shall promptly buy the electric facilities in the newly enfranchised area at the depreciated value of the facilities.

5. Nothing in this agreement is intended to affect the power plants, transmission lines or substations of one Company which are now located, or may in the future be located in the service area of the other Company; and any problems between the respective parties involving this agreement shall be settled at the General Office level.

6. This letter of agreement, when effective, shall supersede and cancel any previous agreements between our respective Companies as may be in existence, and pertaining to service area agreements.

7. It is recognized that the Tampa Electric Company serves Dade City and areas adjacent to Dade City in Pasco County in the service area of the Florida Power Corporation, as shown on the map of Pasco County, Florida. It is recognized that at this time there is no conflict between our respective Companies in Dade City or adjacent areas. Neither is it anticipated that such a conflict will arise in the future. It is anticipated that the existence of a third electric utility in this area will act as a buffer strip and prevent any conflict. However, in the event any conflict in service area in the Dade City area does arise in the future between our respective Companies, it is agreed that

such conflicts will be settled promptly and amiably between the two companies at the General Office level.

8. In order to conform to this boundary between the service areas of our respective Companies, it will be necessary to effect transfers of certain electric facilities. Exhibit B, attached hereto and made a part hereof, sets forth the electric facilities to be sold by each Company to the other and the agreed prices to be paid for such electric facilities. It is agreed that as promptly as feasible, upon this letter of agreement becoming effective, that the electric facilities set forth on Exhibit B attached hereto shall be sold by each Company to the other at the prices shown.

If the preceding clearly sets forth your understanding, please indicate your acceptance and agreement by signing two copies of this letter in the space provided below and returning one signed copy to the writer, whereupon this letter of agreement shall be binding between our respective Companies.

Very truly yours,

FLORIDA POWER CORPORATION

By: W. S. Clapp, President

Accepted and agreed to

February 29, 1960

TAMPA ELECTRIC COMPANY

By: W. C. McInnes, President

WJC:bg
Attachments

EXHIBIT

Territorial Boundary Between Tampa Electric Company and Florida Power Corporation, as Indicated on the Attached Prints of Maps of Pinellas, Pasco, and Polk Counties

Pinellas County

Starting at the east shore of Possum Branch Bayou, extend along the centerline of the Seaboard Railroad to the city limits of Oldsmar, thence north to the north city limits of Oldsmar, thence east along the north city limits of Oldsmar to the east Pinellas County line, thence north along this east Pinellas County line to the Pasco County line.

Pasco County

Extend east along the south county line of Pasco County from the southwest corner of Section 31, Township 26-S, Range 17-E, to the west line of Section 34, Township 26-S, Range 17-E, thence north along the west line of this section to the northwest corner of this section, thence east along the north line of Sections 34 and 35, Township 26-S, Range 17-E, to the northeast corner of Section 35, thence south along the east line of Section 35 to the north line of the south 1/2 of the south 1/2 of Section 36, Township 26-S, Range 17-E, thence east along the north line of the south 1/2 of the south 1/2 of Section 36 to the east line of Section 36, thence south along the east line of Section 36 to the south county line of Pasco County, thence east along the south county line of Pasco County to the southwest corner of Section 35, Township 26-S, Range 19-E, thence north along the west line of Section 35 to the northwest corner of this section, thence east from the northwest corner of this section to a point where the Hillsborough River intersects the north line of Section 35, Township 26-S, Range 21-E, thence northeast along the Hillsborough River to the Pasco-Polk county line.

Polk County

Territorial boundary is to extend south from the Lake-Polk county line from the northwest corner of Section 5, Township 29-S, Range 26-E, to the southwest corner of Section 8, Township 26-S, Range 26-E, thence east to the northwest corner of Section 13, Township 26-S, Range 26-E, thence south to the southwest corner of Section 24, Township 26-S, Range 26-E, thence west to the west line of the east 1/2 of the east 1/2 of Section 26, Township 27-S, Range 26-E, thence south along the west line of the east 1/2 of the east 1/2 of Section 26, thence east along the south line of Section 26 to the northeast corner of Section 35, thence south along the east line of Section 35 to the southeast corner of Section 35, thence east along the south line of

EXHIBIT A - Page 2

Section 36, all in Township 27-S, Range 26-E, to the 1/2 section line of Section 1, Township 28-S, Range 26-E, thence south along the 1/2 section line of this section, thence west along the south line of this section to the northwest corner of Section 12, Township 28-S, Range 26-E.

Thence south to the southwest corner of Section 25, Township 28-S, Range 26-E, thence east along the south line of Section 29, Township 28-S, Range 26-E, to the 1/2 section line of Section 31, Township 28-S, Range 27-E, thence north along the 1/2 section line of this section to the south line of this section, thence east to the southwest corner of Section 32, township 28-S, Range 27-E, thence south along the west line of Section 5, Township 29-S, Range 27-E, thence east along the south line of Section 5 to the 1/2 section line of Section 8, Township 29-S, Range 27-E, thence south to the north line of Section 29, Township 29-S, Range 27-E, thence west along the north line of Sections 29 and 30, Township 29-S, Range 27-E, and Section 25, Township 29-S, Range 26-E, to the northwest corner of Section 25, thence south along the west line of Section 25 to the east-west centerline of Section 26, thence west along the centerline of Sections 26, 27, 28, 29, and 30, Township 29-S, Range 26-E, and Sections 25, 26, and 27, Township 29-S, Range 25-E, thence south along the west line of Section 27, Township 29-S, Range 25-E, to the southwest corner of Section 27, thence west along the north line of this section to the southwest corner of this Section 21, thence north along the west line of Section 33, Township 29-S, Range 25-E, to the north city limits of Bartow. Thence northerly and southerly along the city limits of Bartow to the northwest corner of Section 12, Township 30-S, Range 25-E, thence west along the north line of Sections 12, 11, and 10 to the north-south centerline of Section 10, Township 30-S, Range 25-E, thence south to the northwest corner of the southwest 1/4 of Section 34, Township 30-S, Range 25-E, thence west along the south line of Polk County to the west line of Polk County.

EXHIBIT B

Tampa Electric Company To Sell To Florida Power Corporation:

Pinellas County

A single phase distribution line west of the Oldsmar City Limits and north of the Seaboard Railroad, at a purchase price of $1200.

A single phase distribution line extending west into Pinellas County from Hillsborough County on State Road No. 582, at a purchase price of $300.

Pasco County

A single phase distribution line extending north of the territorial boundary along State Road 41, then serves the State Prison Farm and a railroad signal south of Zephyrhills. This line consists of 20 poles and allied devices. Purchase price is $2400.

Single phase distribution lines extending north of the territorial boundary in the Dunham area serving approximately four customers. Purchase prices of each of these lines will be determined at such a time as Florida Power Corporation is ready to provide service.

Polk County

A single phase distribution line extending east from the territorial boundary on State Road No. 540 for a distance of approximately 2600 feet. This line consists of nine poles and serves one customer. The purchase price is $1200.

Florida Power Corporation To Sell To Tampa Electric Company:

Polk County

A single phase distribution line extending west from the territorial boundary on State Road 600, and a single phase distribution line north along the west shore of Lowery Lake. Seven customers are served from this line. Purchase price is $1094.

A single phase distribution line extending north of the territorial boundary on State Road No. 653 in Section 24, Township 29-S, Range 26-E. No customers are served from this line. Purchase price is $1093.

This sheet represents three(3) maps which were not reproducible in a manner that was suitable for inclusion in this Amendment.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Florida Power Corporation for approval of territorial agreement with City of Kissimmee relative to respective electric systems and service areas.	)	DOCKET NO. 70209-EU ORDER NO. 4915

The following Commissioners participated in the disposition of this matter:

WILLIAM T. MAYO, Chairman
JERRY W. CARTER
JESS YARBOROUGH

ORDER APPROVING TERRITORIAL AGREEMENT

BY THE COMMISSION:

By application in this docket, Florida Power Corporation seeks approval of a territorial agreement between it and the City of Kissimmee involving certain areas of Osceola County, Florida. The Applicant, with its principal offices in St. Petersburg, Florida, is an electric utility subject to the jurisdiction of this Commission pursuant to Chapter 366 Florida Statutes. It furnishes electricity and power to customers in 32 counties in Central and Northern Florida, including Osceola County. The City of Kissimmee is an incorporated city with its corporate limits located in Osceola County, Florida. It furnishes electricity and power to customers located in Osceola County, Florida, pursuant to provisions of Chapter 172, Florida Statutes. The City of Kissimmee is exempt from regulations under Section 366.11, Florida Statutes.

There are no transfers of customers or facilities involved in the application for approval of this territorial agreement. There is, however, an exception that the city will continue to serve five customers in the company's service area and the company will continue to serve one large customer in the city's service area. The term of the territorial agreement is for a period of 20 years. The Florida Power Corporation alleges in this application that there are presently duplicate electrical facilities maintained by the company and by the municipality in certain areas in Osceola County where the facilities of the two utility systems are contiguous or coincide. In view of the anticipated growth of the areas embraced in the proposed territorial agreement, further duplication of service is to be anticipated unless separate service areas are agreed to by the two utility systems. Further, the overlapping of these services naturally creates wasteful expenditures on the part of each of the utility systems in installing and maintaining duplicate transmission and distribution lines. The elimination of duplicate lines would enhance the appearance of the involved areas. Duplicate lines result in an unnecessary hazard to the safety of employees of the utility systems and to the general public, since the lines of one utility necessarily cross the lines of the other at certain points.

The Company further alleges that the two utility systems agreed that by eliminating the necessity of duplicate service in the affected area, each utility would be enabled to develop and plan its respective future growth in a more orderly manner in order to adequately provide for the service needs of the rapidly growing area of Osceola County. In short, the parties to the proposed territorial agreement concur that it will result in the provisions of high quality electric service to all of the customers of both systems.

It should be noted at the outset that this agreement is not self-executing and will not be operative unless approved by this Commission. There has been no transfer of any facilities owned by either utility nor have any customers been transferred.

Although the Commission has no jurisdiction over the municipality it does have the power and authority to examine the territorial agreement to which a regulated public utility is a party. See City Gas Co.

v. People's Gas System, Inc., 182 So. 2d 429 (Fla. 1965) and Storey v. Mayo, 217 So. 2d 304 (Fla. 1968). This Commission has recognized the wisdom of territorial agreements between competing utilities on several occasions. We have adhered to the general opinion that territorial agreements, when properly presented to the Commission in the proper circumstances, are advisable and indeed in the public interest, as stated in our Order No. 2948 in Docket No. 6081-EU:

> "It is our opinion that territorial agreements which will minimize, and perhaps even eliminate, unnecessary and uneconomical duplication of plant and facilities which invariably accompany expansions into areas already served by a competing utility, are definitely in the public interest and should be encouraged and approved by an agency such as this, which is charged with the duty of regulating utilities in the public interest. Duplication of public utility facilities is an economic waste and results in higher rates which the public must pay for essential service. Reasonable and realistic regulation, in such cases, is better than, and takes the place of competition. A public utility is entitled under the law to earn a reasonable return on its investment. If two similar utilities enter the same territory and compete for the limited business of the area, each will have fewer customers, but there will inevitably be excess facilities which must earn a reasonable return. The rates in such a situation will be higher than the service is worth, or customers in more remote areas will bear some of the unjustified expense necessary to support such economic waste. In the absence of a specific statute limiting the service areas of various public utilities, territorial agreements such as we are concerned with here, constitute no unreasonable restriction on the Commission's powers but actually assist the Commission in the performance of its primary function of procuring for the public essential utility services at reasonable costs."

Because the elimination of unnecessary and uneconomical duplication of facilities which presently exist and which can be expected to increase in the future, the long-range benefits to the customers of both utilities and all members of the public should be substantial. This Commission expects that the approval of this agreement will enable each of the utility systems to better serve its customers.

In summary, this Commission finds that there is a clear justification and need for the territorial agreement for which approval is sought. The approval of this agreement should better enable these utilities to provide the best possible utility service for the general public at a very reasonable price. Therefore, in consideration thereof it is

ORDERED by the Florida Public Service Commission that the application of Florida Power Corporation for approval of a territorial agreement with the City of Kissimmee relative to their respective electrical systems and service areas be, and the same is, hereby granted and that the said territorial agreement be, and the same is, hereby approved.

By Order of Chairman WILLIAM T. MAYO, Commissioner JERRY W. CARTER and Commissioner JESS YARBOROUGH, as and constituting the Florida Public Service Commission, this 13th day of July, 1970.

ADMINISTRATIVE SECRETARY

(S E A L)

TERRITORIAL AGREEMENT

Section 0.1 THIS AGREEMENT, made and entered into as of this 28 day of April, 1970, by and between the CITY OF KISSIMMEE, a municipal corporation organized and existing under the laws of the State of Florida (herein called the "CITY"), party of the first part, and FLORIDA POWER CORPORATION, a private corporation organized and existing under the laws of the State of Florida (herein called the "COMPANY"), party of the second part;

W I T N E S S E T H :

Section 0.2 WHEREAS, the CITY owns and operates a municipal electric system and furnishes electricity and power to customers both inside and outside the corporate limits of the CITY;

Section 0.3 WHEREAS, the COMPANY is a private electric utility company which, by virtue of its charter, is authorized and empowered to furnish electricity and power to customers throughout the State of Florida and presently furnishes electricity and power to customers in areas adjacent to the service areas of the CITY outside its corporate limits;

Section 0.4 WHEREAS, the respective service areas of the parties are presently contiguous in many places and may soon, due to the rapid growth and development of said areas, begin to coincide and overlap to such an extent that there would be a duplication of service facilities, resulting in needless and wasteful expenditures and in the creation of

hazardous situations, all of which would be detrimental to the economical and safe operations of the parties;

Section 0.5 WHEREAS, the parties hereto desire to avoid the evils which might result from such overlapping of service areas and, to that end, have agreed upon an allocation of service areas for a period of years hereinafter fixed; and

Section 0.6 WHEREAS, in order to accomplish said service area allocation, the parties have agreed upon a boundary line, hereinafter delineated and called the "Territorial Boundary", partially encompassing an area surrounding the corporate limits of the CITY and lying to the west and north of Lake Tohopekaliga and of East Tohopekaliga Lake, which area comprises the service area allocated to the CITY;

Section 0.7 NOW, THEREFORE, in fulfillment of the purposes and desires aforesaid and in consideration of the mutual covenants and agreements herein contained, 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. - As used herein, the term "Territorial Boundary" shall mean the boundary line shown on the map attached hereto and marked Exhibit A-1 and as more particularly described in the description attached hereto and marked Exhibit A-2, both of which exhibits are incorporated herein by this reference thereto and made a part hereof. In the event of any discrepancy between Exhibit A-1 and

Exhibit A-2, the latter shall prevail.

Section 1.2 City Territory. - As used herein, the term "City Territory" shall mean and include all of the territory and lands lying between said Territorial Boundary and the north and west shores of East Tohopekaliga Lake and the east, north and west shores of Lake Tohopekaliga.

Section 1.3 Company Territory. - As used herein, the term "Company Territory" shall mean and include all of the territory and lands not comprised within the area designated as the City Territory but lying beyond and contiguous or adjacent to the Territorial Boundary and the shores of Lake Tohopekaliga and East Tohopekaliga Lake.

Section 1.4 Annexed Territory. - As used herein, the term "Annexed Territory" shall mean any area presently located in the Company Territory and subsequently annexed by and to the CITY.

Section 1.5 Enfranchised Territory. - As used herein, the term "Enfranchised Territory" shall mean any area in the Company Territory, now or hereafter incorporated, wherein the COMPANY shall have a franchise to serve and which is subsequently annexed by and to the CITY.

ARTICLE II

AREA ALLOCATIONS AND RESPONSIBILITY FOR SERVICE

Section 2.1 Allocations. - The City Territory, as herein defined, is hereby allocated to the CITY as its service area for the period of time hereinafter specified; and the Company Territory, as herein defined, is hereby allocated to the COMPANY as its service area for the same period;

and, except as otherwise specifically contemplated herein, neither party shall deliver any electric energy at or across the Boundary for use in any service area of the other.

Section 2.2 Exceptions to Area Allocations. - The CITY may continue to serve the five (5) customer locations in the Company Territory in Section 33, Township 24 South, Range 30 East, Orange County, Florida, which customer locations are on the north side of State Road No. 530, and which are more particularly described in the description attached hereto and marked Exhibit B and incorporated herein by this reference thereto and made a part hereof; and the COMPANY may continue to serve the present and future electrical requirements of Tupperware Home Parties, Inc., its successors and assigns, at its present location and expansions thereof within the City Territory, but limited to extensions of existing service within the North 3/4 of Section 3, Township 25 South, Range 29 East, Osceola County, Florida.

Section 2.3 Responsibility for Service. - It shall be the responsibility of the CITY to provide or arrange for service to any customer located within the City Territory and requesting the same; and it shall be the responsibility of the COMPANY to provide or arrange for service to any customer located in the Company Territory requesting the same; provided, however, that neither party shall hereafter serve or offer to serve any customer located in the service area herein allocated to the other except as in Section 2.2 above provided.

ARTICLE III
OPERATION AND MAINTENANCE

Section 3.1 Facilities to Remain. - All Generating Plants, Transmission Lines, Substations, and related facilities now or hereafter constructed and/or used by either party in conjunction with ir respective electric utility systems, shall be allowed to remain where situated and shall not be subject to removal hereunder; PROVIDED, HOWEVER, that each party shall operate and maintain said lines and facilities in such a manner as to minimize any interference with the operations of the other party and so as not to interfere unreasonably with the exercise of police powers with respect to the use of public ways; AND PROVIDED FURTHER, that this Section shall likewise be applicable to any such COMPANY lines and facilities, including substations, now or hereafter located in any part of the Company Territory which subsequently may become an Annexed Area, as defined herein, and to any CITY lines and facilities, including Generating Plants and/or Substations, now or hereafter located in any part of the Company Territory or elsewhere.

Section 3.2 Municipal Facilities to be Served. - Subject to compliance with Section 2.2 supra, nothing herein shall be construed to prevent or in any way inhibit the right and authority of the CITY to serve any municipal facility of the City of Kissimmee wheresoever it may be located and for such purpose to construct all necessary lines and facilities; PROVIDED, HOWEVER, that the CITY shall construct, operate and maintain said lines and facilities in such manner as to minimize any interference with the operations of the COMPANY in the Company Territory.

ARTICLE IV

ANNEXATIONS

Section 4.1 Annexed Areas - Upon any part of the Company Territory becoming an Annexed Territory, as herein defined, the COMPANY shall, subject to the provisions of Section 4.2 below, sell and transfer to the CITY all customers served by the COMPANY and located in said Annexed Area, including the facilities used to provide such service, at such time and upon such terms and conditions as may be determined by negotiation between the parties.

Section 4.2 Enfranchised Areas. - The provisions of Section 4.1 above shall not apply to customers served by the COMPANY in an Enfranchised Territory, as herein defined, until the expiration of the COMPANY'S franchise covering such area.

ARTICLE V

PREREQUISITE APPROVAL

Section 5.1 Florida Public Service Commission. - The provisions of this Agreement, insofar as the same affect the Company, 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 thereof.

ARTICLE VI

DURATION OF AGREEMENT

Section 6.1 Term. - This Agreement shall continue and remain in

effect for a period of twenty (20) years from the date hereof.

ARTICLE VII

CONSTRUCTION OF AGREEMENT

Section 7.1 Intent and Interpretation. - It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to eliminate and avoid the needless and wasteful expenditures, and the hazardous situations, which may result from competition between two utilities operating in overlapping service areas.

ARTICLE VIII

MISCELLANEOUS

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

Section 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 Actions. - It is the intent of the parties hereto that in the event of a violation of this Agreement, all actions at law and in equity shall be available.

Section 9.1 IN WITNESS WHEREOF, this Agreement has been caused to be executed in duplicate by the CITY in its name by its Mayor-Commissioner and by its City Manager, duly authorized thereto by a resolution of the City Commission of the CITY adopted on the 28 day of April, 19 70 (certified copy of which is attached hereto as Exhibit C), and its corporate seal hereto affixed and attested by the City Clerk of the CITY, and by the COMPANY in its name by one of its Vice Presidents, and its corporate seal hereto affixed and attested by its Secretary, as of the day and year first above written; and one of said duplicate copies has been delivered to each of the parties hereto.

ATTEST:

City Clerk

(S E A L)

CITY OF KISSIMMEE

By J. C. Clowers
Mayor-Commissioner

By
City Manager

FLORIDA POWER CORP. LEGAL DEPT. APPROVED Date By

ATTEST:

Asst. Secretary

(S E A L)

FLORIDA POWER CORPORATION

By
Executive Vice President

Exhibit A-1


To Winter Garden
COUNTY
To Orlando
To Orlando
KISSIMMEE
EAST
TOHOPEKALIGA
LAKE
ST. CLOUD
KISSIMMEE PARK
LAKE
TOHOPEKALIGA
SOUTH PORT
LAKE
CENTER
Territorial Boundary
COUNTY
POLK
LAKE
CYPRESS

Exhibit A-2

Beginning at the Osceola-Orange County line at the Northwest corner of Section 2, Township 25 South, Range 28 East, run South along the West line of Sections 2, 11, 14 and 23, Township 25 South, Range 28 East, to the Southwest corner of said Section 23; thence East along the South boundary of Section 23, Township 25 South, Range 28 East, to the Southeast corner of said Section 23; thence South along the West boundary of Sections 25 and 36, Township 25 South, Range 28 East, to the Southwest corner of said Section 36; thence East along the South boundary of Section 36, Township 25 South, Range 28 East, to the Southeast corner of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 36; thence South along the West line of the East $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of Section 1, Township 26 South, Range 28 East, to the Southwest corner of the East $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of said Section 1; thence East along the South boundary of the North $\frac{1}{2}$ of Section 1, Township 26 South, Range 28 East, to the center of State Road No. 535; thence South on the centerline of State Road No. 535 to the South line of Section 1, Township 26 South, Range 28 East; thence East along the South line of Section 1, Township 26 South, Range 28 East, to the Southeast corner of said Section 1; thence South along the West line of Sections 7, 18, 19 and 30, Township 26 South, Range 29 East, until said section lines intersect the centerline of the county road which is an extension of State Road No. 535; thence East along the centerline of said county road to the centerline of State Road No. 531; thence South along the centerline of State Road No. 531 through Sections 29, 30, 31 and 32, Township 26 South, Range 29 East and Sections 5 and 6, Township 27 South, Range 29 East, to the South line of Sections 5 and 6, Township 27 South, Range 29 East; thence East along the South boundary of Sections 5, 4, 3 and 2, Township 27 South, Range 29 East, to Lake Tohopekaliga.

Begin again at the Osceola-Orange County line at the Northwest corner of Section 2, Township 25 South, Range 28 East; thence East along the county line fourteen (14) miles to the Northeast corner of Section 1, Township 25 South, Range 30 East; thence South along the East line of Sections 1 and 12, Township 25 South, Range 30 East, to East Tohopekaliga Lake.

Beginning anew at the entrance of the St. Cloud Canal on the Southwest shore of East Tohopekaliga Lake in Section 34, Township 25 South, Range 30 East and run South and West along the Canal to a point where it enters Lake Tohopekaliga in Section 8, Township 26 South, Range 30 East.

Exhibit B

In accordance with the provisions of Section 2.2 of Article II of the attached Agreement, the five customer locations excepted from the Area Allocations contained therein are more specifically described as follows:

A group of five (5) residential services only, located on the north side of State Road No. 530 in Section 33, Township 24 South, Range 30 East, Orange County, Florida.

Exhibit C

CITY OF KISSIMMEE CITY COMMISSION

RESOLUTION RE: CITY OF KISSIMMEE -
FLORIDA POWER CORPORATION TERRITORIAL AGREEMENT

WHEREAS, the City of Kissimmee and the Florida Power Corporation propose to enter into a Territorial Agreement establishing a territorial boundary line which will allocate to the City of Kissimmee an area for electric utility service and, likewise, allocate to the Florida Power Corporation an area for electric utility service;

WHEREAS, a copy of the Territorial Agreement is attached hereto and filed with the Clerk of the City of Kissimmee; and

WHEREAS, the City of Kissimmee City Commission has carefully studied and appraised said Territorial Agreement and finds said Territorial Agreement is a proper, reasonable and essential instrument to avoid needless and wasteful expenditures and hazardous situations which might result from overlapping of service areas and that the same is in the public interest and for the welfare of the citizens of the City of Kissimmee;

NOW, THEREFORE, BE IT RESOLVED, That, to fulfill the purpose and intent of the Territorial Agreement, in accordance with the provisions of said Agreement, the City of Kissimmee City Commission hereby authorizes the Mayor-Commissioner and the City Manager to execute the Territorial Agreement in the name of the City of Kissimmee; and

BE IT FURTHER RESOLVED, That a copy of this resolution be attached to said Territorial Agreement and delivered to Florida Power Corporation.

I HEREBY CERTIFY that the above is a true and correct copy of a resolution passed by the City of Kissimmee City Commission the 28 day of April, 1970; witness my hand and the corporate seal of the City of Kissimmee this 28 day of April, 1970.

(S E A L)

Clerk

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Florida Power Corporation for approval of a territorial agreement with the City of St. Cloud, Florida.	)	DOCKET NO. 70388-EU
	)	ORDER NO. 5121

The following Commissioners participated in the disposition of this matter:

JESS YARBOROUGH, Chairman
WILLIAM T. MAYO
WILLIAM H. BEVIS

Pursuant to notice, the Florida Public Service Commission, by its duly designated Hearing Examiner, David B. Erwin, held a public hearing on the above matter in St. Cloud, Florida, on February 10, 1971.

APPEARANCES: Harry A. Evertz, P. O. Box 14042, St. Petersburg, Florida, for the applicant.

M. Robert Christ, 700 South Adams Street, Tallahassee, Florida, for the Florida Public Service Commission Staff and the public generally.

The Examiner's Report and Recommended Order was duly served on all the parties. Exceptions to the Recommended Order were filed with the Commission. Oral Argument was heard on said exceptions on April 26, 1971. The entire record herein, including the application, the testimony adduced at the public hearing, the exceptions to the Recommended Order and oral argument heard thereon, has been examined by the full Commission. After due consideration, the Commission now enters its order in this cause.

O R D E R

BY THE COMMISSION:

Florida Power Corporation, the applicant herein, seeks Commission approval of a territorial agreement with the City of St. Cloud entered into on July 31, 1970. The agreement is designed to eliminate destructive competition between the applicant and the city in the furnishing of electric power outside the St. Cloud city limits by establishing a boundary beyond which neither utility may extend or maintain its facilities, except under certain stated conditions (Ex. 2).

In furtherance of the service area allocation contemplated by the agreement, the city has already sold certain facilities and transferred to the applicant 97 city customers in the 'Holopaw' area on the applicant's side of the proposed boundary (TR 17, 21 and Ex. 3, 4, 5). It is now contemplated that the applicant will sell certain facilities and transfer to the city 38 of the applicant's customers in the 'St. Cloud Manor' area on the city's side of the proposed boundary (TR 23 and Ex. 3, 4).

Although the Commission has no jurisdiction over the municipality, it does have the power and authority to examine a territorial agreement to which a regulated public utility is a party. See City Gas Company v. Peoples Gas System, Inc., 182 So. 2d 429 (Fla. 1965) and Storey v. Mayo, 217 So. 2d 304 (Fla. 1968). This Commission has recognized the wisdom of territorial agreements between competing utilities on several occasions. We have adhered to the general opinion that territorial agreements, when properly presented to the Commission in the proper circumstances, are advisable and indeed in the public interest. As stated in our Order No. 2948 in Docket No. 6081-EU:

> "It is our opinion that territorial agreements which will minimize, and perhaps even eliminate, unnecessary and uneconomical duplication of plant and facilities which invariably accompany expansions into areas already

served by a competing utility, are definitely in the public interest and should be encouraged and approved by an agency such as this, which is charged with the duty of regulating utilities in the public interest. Duplication of public utility facilities is an economic waste and results in higher rates which the public must pay for essential services. Reasonable and realistic regulation, in such cases, is better than, and takes the place of competition. A public utility is entitled under the law to earn a reasonable return on its investment. If two similar utilities enter the same territory and compete for the limited business of the area, each will have fewer customers, but there will inevitably be excess facilities which must earn a reasonable return. The rates in such a situation will be higher than the service is worth, or customers in more remote areas will bear some of the unjustified expense necessary to support such economic waste. In the absence of a specific statute limiting the service areas of various public utilities, territorial agreements such as we are concerned with here, constitute no unreasonable restriction on the Commission's powers, but actually assist the Commission in the performance of its primary function of procuring for the public essential utility services at reasonable costs."

The original record of the hearing in this matter contains little evidence as to the actual existence of a destructive competitive situation in the St. Cloud Manor area. This deficiency has been removed by the Commission allowing the applicant permission to file a late filed Exhibit (Exhibit No. 14) which does demonstrate that at the time the application was filed such an actual situation did exist between the applicant and the city.

From the foregoing, the Commission concludes that the applicant has proven that destructive competition does exist and warrants approval of the territorial agreement between Florida Power Corporation and the City of St. Cloud.

In summary, this Commission finds that the evidence presented shows a clear justification and need for the territorial agreement for which approval is sought. The approval of this agreement should better enable these utilities to provide the best possible utility services to the general public at a very reasonable price. It is therefore,

ORDERED by the Florida Public Service Commission that the application of Florida Power Corporation for approval of a territorial agreement with the City of St. Cloud relative to respective electric systems and service areas be and the same is hereby approved.

By Order of Chairman JESS YARBOROUGH, Commissioner WILLIAM T. MAYO and Commissioner WILLIAM H. BEVIS, as and constituting the Florida Public Service Commission, this 7th day of May, 1971.

William B. DeMilly

ASSISTANT ADMINISTRATIVE SECRETARY

(S E A L)

A G R E E M E N T

Section 0.1 THIS AGREEMENT, made and entered into this 31st day of July, 1970, by and between the CITY OF ST. CLOUD, a municipal corporation organized and existing under the laws of the State of Florida (herein called the "CITY"), party of the first part, and FLORIDA POWER CORPORATION, a private corporation organized and existing under the laws of the State of Florida (herein called the "COMPANY"), party of the second part;

W I T N E S S E T H :

Section 0.2 WHEREAS, the CITY, by virtue of legislative authority, is authorized and empowered to furnish electricity and power to private individuals and corporations, both within and without its corporate limits, and pursuant to such authority, presently furnishes electricity and power to customers both inside and outside of its corporate limits;

Section 0.3 WHEREAS, the COMPANY, by virtue of its Charter, is authorized and empowered to furnish electricity and power to persons, firms and corporations throughout the State of Florida and presently furnishes electricity and power to customers outside of the City of St. Cloud, in Osceola County;

Section 0.4 WHEREAS, the respective service areas of the parties hereto are contiguous in many places, and in some have come to coincide, with the result that in some instances duplication of service facilities of the other party occupying the same area has occurred in several instances and will continue to occur in the future;

Section 0.5 WHEREAS, any such duplication of said service facilities

by the parties would result in needless and wasteful expenditures and the creation of hazardous situations, both of which would be detrimental to the economical and safe operations of the parties;

Section 0.6 WHEREAS, the parties hereto desire to avoid and eliminate the circumstances giving rise to the aforesaid duplications and resulting in said uneconomical and unsafe operations and to that end have agreed to an allocation of service areas;

Section 0.7 WHEREAS, in order to accomplish said service area allocation the parties have agreed upon a boundary hereinafter referred to as "Boundary Line", said boundary line meandering in a southerly, then easterly, then northerly, and lastly a westerly direction and encompassing the herein-called "City Service Area" (the area outside of the Boundary Line, being called herein the "Company Service Area");

Section 0.8 WHEREAS, subject to the provisions hereof, the City Service Area has been allocated to the CITY as its service area and the Company Service Area has been allocated to the COMPANY as its service area;

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 Boundary Line. - As used herein, the term "Boundary

Line" shall mean that line labeled "Boundary Line", as shown on the map attached hereto and marked Exhibit 1, and as more particularly described in the metes and bounds description set forth in said Exhibit 1, which Exhibit is incorporated herein by this reference thereto, and made a part hereof. In the event of any discrepancy between the map and the metes and bounds description, the latter shall prevail.

Section 1.2 City Service Area. - As used herein the term "City Service Area" shall mean all of the territory and lands in Osceola and Orange Counties, Florida, encompassed by the Boundary Line referred to in Section 1.1, including the lands excepted in the metes and bounds description of Exhibit 1.

Section 1.3 Company Service Area. - As used herein the term "Company Service Area" shall mean all of the territory and lands in Osceola and Orange Counties, Florida, lying to the north, east, south and west of the Boundary Line referred to in Section 1.1, except as excepted in the metes and bounds description of Exhibit 1.

Section 1.4 City Area. - As used herein the term "City Area" shall mean all of the territory and lands lying within and encompassed by the city limits of the City of St. Cloud as the same now exist.

Section 1.5 Annexed Area. - As used herein the term "Annexed Area" shall mean any area presently located in the Company Service Area and subsequently annexed by and to the City of St. Cloud, provided, that the term "Annexed Area" shall only include the annexation of lands in the Company Service Area which are contiguous to the City Area as it now exists or as the City Area may be subsequently expanded by an Annexed Area. Said Annexed Area shall not be deemed to be contiguous to the City Area unless there is a substantial common boundary (the width of a public street or highway may constitute such common boundary). It is expressly understood that the term "Annexed Area" shall not

include any area located in the Company Service Area and subsequently annexed by and to the City of St. Cloud whenever said area is merely contiguous to a previously annexed public highway right-of-way or if said area is merely contiguous to any area so previously annexed and there exists no substantial common boundary with said City Area.

Section 1.6 Merely Contiguous to a Public Highway Right-of-Way. - As used herein, the term "merely contiguous to a public highway right-of-way" shall mean that the sole and only connecting link between the Annexed Area in the Company Service Area and the City Area is a public highway right-of-way extending from said City Area to said Annexed Area.

Section 1.7 Enfranchised Area. - As used herein, the term "Enfranchised Area" shall mean any area in the Company Service Area now or hereafter incorporated, wherein the COMPANY has a franchise to serve and which is subsequently annexed by and to the City of St. Cloud.

Section 1.8 Distribution Lines. - As used herein, the term "Distribution Lines" shall mean all distribution lines of either party having a capacity up to and including 12 KV.

Section 1.9 Transmission Lines. - As used herein, the term "Transmission Lines" shall mean all transmission lines of either party having a capacity of 22 KV or more.

ARTICLE II
AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1 Allocations. - The City Service Area, as herein defined, is hereby allocated to the CITY as its service area for the period of

time hereinafter specified; and the Company Service Area, as herein defined, is hereby allocated to the COMPANY as its service area for the same period; and, except as otherwise specifically contemplated herein, neither party shall deliver any electric energy at or across the Boundary for use in any service area of the other.

Section 2.2 Responsibility for Service. - It shall be the responsibility of the CITY to provide or arrange for service to any customer located within the City Service Area and requesting the same; and it shall be the responsibility of the COMPANY to provide or arrange for service to any customer located in the Company Service Area requesting the same; provided, however, that neither party shall hereafter serve or offer to serve any customer located in the service area herein allocated to the other party.

ARTICLE III
OPERATION AND MAINTENANCE

Section 3.1 Facilities to Remain. - All Generating Plants, Transmission Lines, Substations, and related facilities now or hereafter constructed and/or used by either party in conjunction with their respective electric utility systems, shall be allowed to remain where situated and shall not be subject to removal hereunder; PROVIDED, HOWEVER, that each party shall operate and maintain said lines and facilities in such a manner as to minimize any interference with the operations of the other party and so as not to interfere unreasonably with the exercise of police powers with respect to the use of public ways; AND PROVIDED FURTHER, that this Section shall likewise be applicable to any such

COMPANY lines and facilities, including substations, now or hereafter located in any part of the Company Service Area which subsequently may become an Annexed Area, as defined herein, and to any CITY lines and facilities, including Generating Plants and/or Substations, now or hereafter located in any part of the Company Service Area or elsewhere.

Section 3.2 Municipal Facilities to be Served. - Subject to compliance with Section 2.2 supra, nothing herein shall be construed to prevent or in any way inhibit the right and authority of the CITY to serve any municipal facility of the City of St. Cloud wheresoever it may be located and for such purpose to construct all necessary lines and facilities; PROVIDED, HOWEVER, that the CITY shall construct, operate and maintain said lines and facilities in such manner as to minimize any interference with the operations of the COMPANY in the Company Service Area.

ARTICLE IV
ANNEXATIONS

Section 4.1 Annexed Areas. - Upon any part of the Company Service Area becoming an Annexed Area as defined herein, and subject to the provisions of the next succeeding Section, the COMPANY shall transfer to the CITY all customers located in said Annexed Area, at such time as the CITY may determine and upon the terms and conditions to be mutually agreed upon by the parties hereto.

Section 4.2 Enfranchised Areas. - The provisions of the foregoing Section shall not apply to customers of the COMPANY located in an Enfranchised Area, as herein defined, until the expiration by the terms of the COMPANY'S franchise covering such area.

ARTICLE V
PREREQUISITE APPROVAL

Section 5.1 Florida Public Service Commission. - The provisions of this Agreement, insofar as the same affect the COMPANY, 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 hereof.

ARTICLE VI
DURATION

Section 6.1 The initial term of this Agreement shall be thirty (30) years from the date hereof.

ARTICLE VII
CONSTRUCTION OF AGREEMENT

Section 7.1 It is understood and agreed that the purpose of this Agreement is to set up an administrative working arrangement between the COMPANY and the CITY for a period of thirty (30) years, which working arrangement is deemed to be to their mutual best interest, but nothing herein contained shall be construed as an abandonment or relinquishment by the CITY of its statutory authority now or hereafter existing for such CITY to serve consumers outside its corporate limits or of any other authority now existing, with respect to the operation and maintenance of the utilities owned and operated by said CITY.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Intent and Interpretation. - It is hereby declared to

be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to eliminate and avoid the needless and wasteful expenditures, and the hazardous situations, which result from unrestrained competition, between two utilities operating in overlapping service areas.

Section 8.2 Negotiations. - Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only ones agreed upon are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the parties hereto unless the same shall be in writing and hereto attached and signed by both parties.

Section 8.3 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 upon tha parties hereto and their respective representatives, successors and assigns.

Section 8.4 Notices. - Notices given hereunder shall be deemed to have been given to the CITY if mailed by certified mail, postage prepaid, to: City Manager, City Hall, 1300 Ninth Street, St. Cloud, Florida; and to the COMPANY if mailed by certified mail, postage prepaid, to: President, Florida Power Corporation, P. O. Box 14042, St. Petersburg, Florida. Such address to which such notice shall be mailed may be, at any time, changed by designating such new address and giving notice thereof

in writing in the manner as herein provided.

IN WITNESS WHEREOF, this Agreement is hereby executed in the name of the CITY by its Mayor-Councilman and by its City Manager, duly authorized thereto by a resolution of the St. Cloud City Council adopted on the 4th day of August, 1970, and its corporate seal hereto affixed by its City Manager, and by the COMPANY in its name by one of its Vice Presidents, duly authorized thereto by a resolution of its Board of Directors adopted on July 16, 1970, and its corporate seal hereto affixed and attested by its Assistant Secretary, on the day and year first above written.

ATTEST:

Secretary

FLORIDA POWER CORPORATION

By
Executive Vice President

(SEAL)

ATTEST:

City Manager

CITY OF ST. CLOUD, FLORIDA

By
Mayor-Councilman

(SEAL)

Approved as to Form:

By
City Attorney

FLORIDA POWER CORP.
LEGAL DEPT.
APPROVED
Date
By

This sheet represents Exhibit I, a map, which was not reproducible in a manner that was suitable for inclusion in this Amendment.

Question No. 15:

State, at point of delivery, average future costs of power purchased from applicant to adjacent systems identified in applicant's response to Item 9 in terms of dollars/month/kw for capacity, mills/kwh for energy and mills/kwh for both power and energy at purchaser's present load factor (a) at present load, (b) at 50 percent increase over present load, (c) at 100 percent increase over present load, and (d) at 200 percent increase over present load. (All costs should be determined under present rate schedules.) Where sales are made under contracts or rate schedules on file with a federal agency and not included in the response to Item 9, identify each in the same form as in previous responses. Where the contract has not been filed with a federal agency, a copy should be supplied.

Answer:

A. The following tabulation lists average rate per kwh for Wholesale Municipal Delivery Points served by applicant at present rates on file with Federal Power Commission (FPC rate schedules identifed in Item 8). This tabulation shows average rate per kwh at present load level and load factor (May, 1971) and at 50% increase, 100% increase and 200% increase over present load level at present load factor.

AVERAGE RATE - MILLS PER KWH

Delivery Point	(a) Present	(b) 50% Incr.	(c) 100% Incr.	(d) 200% Incr.
Bartow	8.64	8.60	8.57	8.55
Ocala	8.98	8.96	8.96	8.95
Quincy #2	10.97	10.97	10.97	10.97
Leesburg 14 St.	9.78	9.72	9.69	9.65
Leesburg East	9.33	9.26	9.23	9.19
Mt. Dora	10.61	10.45	10.37	10.29
Alachua	9.90	9.89	9.73	9.56
Bushnell	11.14	11.14	11.14	11.14
Ft. Meade	10.63	10.39	10.27	10.14
Lake Helen	11.17	11.17	11.17	11.17
Newberry	10.61	10.61	10.61	10.61
Williston	11.22	11.22	11.22	11.13
Chattahoochee	10.51	10.51	10.51	10.51
Quincy #1	10.49	10.41	10.24	10.08

Note: The rate applicable to these delivery points are two-part rate schedules with a load factor provision added to the energy rate. Even though monthly KW and KWH are used in the billing process, the charges produced by the two parts of the rate are interdependent and cannot stand alone.

B. The applicant has two filed rate schedules applicable to Electric Cooperative Delivery Points (FPC rate schedules identified in Item 8) - one schedule for transmission voltage delivery and one for distribution voltage delivery. These schedules are Wright Demand Rates (Hours-Use) and as such produce identical average rates per KWH for any size load as long as monthly load factor remains constant.

In the month of May, 1971 the composite load factor of Cooperative Delivery Points was 56%. At this load factor, the following average rates would result:

Transmission Delivery	9.53 mills/KWH
Distribution Delivery	10.53 mills/KWH

Question No. 16:

State whether applicant has prepared, caused to be prepared, or received engineering studies for generation and transmission expansion programs which include loads of each system in Item 9. (Non-affiliated electric utility systems with peak loads smaller than FPC's which serve either at wholesale or retail.)

Answer:

Applicant Florida Power Corporation has never prepared, or caused to be prepared, engineering studies for generation and transmission expansion programs which include loads of each system in Item 9. Applicant has always included the loads of all of its wholesale and retail customers in planning the expansion of its own generation and transmission system. Where load forecasts were not available from the customer upon request, applicant has developed a forecast based on historic demand billings. Florida Power Corporation has, from time to time, received copies of engineering studies prepared by and for some systems listed in Item 9.

In response to Federal Power Commission Order 383-2, and in conjunction with sound management practice for system reliability and stability, Florida Power Corporation has participated in joint engineering studies with adjacent utility systems which are members of the Florida Subregion and Southern Company Subregion of the Southeastern Electric Reliability Council. Such studies have always been based on the individual participating system's independent input for generation and transmission expansion, and load forecasts.

Question No. 17:

List adjacent systems to which applicant has offered to sponsor or to conduct system surveys in contemplation of an offer by applicant to purchase, merge or consolidate with said adjacent system, subsequent to January 1, 1960.

Answer:

Informal inquiries have been made to the municipalities of Lake Helen and Williston concerning sale of their electric systems. Neither system indicated any desire to sell and the inquiries were not pursued by applicant any further.

Question No. 18:

List applicant's offers or proposals to purchase, merge or consolidate with electric utilities, subsequent to January 1, 1960.

Answer:

At the initial invitation of the individual municipal governments, applicant has conducted system surveys and made purchase proposals to the following cities or towns since 1960:

1. Sebring
2. Bushnell
3. Fort Meade

Each of these purchase offers were rejected by the municipal governments and pursued no further by applicant.

Question No. 19:

List all acquisitions of or mergers or consolidations with electric utilities by applicant, subsequent to January 1, 1960, including:

a. The name and principal place of business of the system prior to the acquisition, merger, or consolidation;

b. The date the acquisition merger or consolidation was consummated;

c. Gross annual revenue and most recent peak load, dependable capacity and the largest thermal generating unit of the system, prior to the date of consummation.

Answer:

No acquisitions, mergers or consolidations by applicant have taken place subsequent to January 1, 1960.