

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition for approval of extension of territorial agreement and first amendment to territorial agreement, by Tampa Electric Company and Sumter Electric Cooperative, Inc.

DOCKET NO. 20200116-EU  
ORDER NO. PSC-2020-0260-PAA-EU  
ISSUED: July 24, 2020

The following Commissioners participated in the disposition of this matter:

GARY F. CLARK, Chairman  
ART GRAHAM  
JULIE I. BROWN  
DONALD J. POLMANN  
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING EXTENSION AND FIRST  
AMENDMENT TO TERRITORIAL AGREEMENT

BY THE COMMISSION:

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

BACKGROUND

On April 2, 2020, Tampa Electric Company (TECO) and Sumter Electric Cooperative, Inc. (SECO), collectively the joint petitioners, filed a petition seeking Commission approval of a 15-year extension of the parties' current Commission-approved Territorial Agreement in Lake, Polk, and Sumter counties and approval of the First Amendment to the Territorial Agreement (First Amendment).

In 1994, we approved the joint petitioners' Territorial Agreement by Order No. PSC-1994-1397-FOF-EU (1994 Order).<sup>1</sup> The current Territorial Agreement and map depicting the current service areas of TECO and SECO are provided in Attachment A. The proposed First Amendment to the Territorial Agreement seeks to modify certain limited provisions of the Territorial Agreement to comply with the 1994 Order, remove unnecessary language, and standardize depreciation rates for facility transfers. The Amendment is provided in Attachment B.

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<sup>1</sup> Order No. PSC-1994-1397-FOF-EU, issued November 16, 1994, in Docket No. 19940947-EU, *In re: Joint petition for approval of territorial agreement between Tampa Electric Company and Sumter Electric Cooperative, Inc.*

During the review of this joint petition, Commission staff issued one data request to the joint petitioners on April 21, 2020, for which responses were received on May 4, 2020. We have jurisdiction over this matter pursuant to Section 366.04, Florida Statutes (F.S.).

### DECISION

Pursuant to Section 366.04(2)(d), F.S., and Rule 25-6.0440, F.A.C., we have the jurisdiction to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities. Unless we determine that the agreement will cause a detriment to the public interest, the agreement should be approved.<sup>2</sup>

#### Territorial Agreement Extension

Section 5.1 of the Territorial Agreement states it shall remain in effect for a period of 25 years, with the option to be renewed for periods of 15 years, unless either party gives written notice to terminate the agreement. Further, Section 5.1 and Article IV state that each renewal of the Territorial Agreement requires prerequisite approval of this Commission. The initial 25-year term of the Territorial Agreement ended in December 2019. The joint petitioners desire that the Territorial Agreement extend for 15 years through December 2034, stating that the agreement has worked well for both TECO and SECO and their ability to provide safe and reliable electric service. The parties' agreed upon desire to renew the Territorial agreement for an additional 15 years is provided for in the First Amendment.

The maps and legal descriptions defining the boundaries of the Territorial Agreement remain the same and no customers will be transferred or otherwise affected by the proposed extension of the Territorial Agreement. As such, there are no customers to notify regarding changes in service. Additionally, paragraph 7 of the petition states that there is no reasonable likelihood the extension will decrease electric service reliability.

#### First Amendment to the Territorial Agreement

The joint petitioners have proposed a First Amendment to the Territorial Agreement. The First Amendment consists of four modifications to the Territorial Agreement. Two of the modifications are results of our decision in the 1994 Order. The first modification addresses the language of Section 2.2 of the Territorial Agreement. The current language required the filing of all interim service agreements with this Commission. However, in paragraph 4 of the 1994 Order, we directed the joint petitioners to only file interim service agreements expected to last for more than one year. Interim service could occur in an exceptional circumstance when a new customer due to economic or engineering constraints could not be immediately served by the utility in whose service territory the customer is located.

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<sup>2</sup> *Utilities Commission of the City of New Smyrna Beach v. Florida Public Service Commission*, 469 So. 2d 731 (Fla. 1985).

The second modification resulting from the 1994 Order addresses the filing of annual reports with this Commission. Currently, Section 4.1 of the Territorial Agreement states that the joint petitioners would file annual reports with this Commission on the status of the Territorial Agreement. However, in paragraph 5 of the 1994 Order, we declined to require the filing of annual reports. As such, the joint petitioners removed this requirement in the proposed First Amendment.

The third modification removes Section 2.3 of the Territorial Agreement. Section 2.3 relates solely to SECO and was meant to preserve its 503(c)(12) tax status. Paragraph 9, Subsection b, of the petition states that SECO “does not have a significant concern that its non-profit status would be jeopardized by the circumstances described in Section 2.3.” Furthermore, SECO states that it has not included this language in more recent territorial agreements.

The fourth modification is to Section 2.4 of the Territorial Agreement which addresses depreciation rates to be used in the calculation for any potential facilities or asset transfers. This modification sets TECO’s depreciation rates as the standard to be used by the joint petitioners. Additionally, the modification clarifies that reintegration costs are to be included, where required by sound utility practice. The joint petitioners explained that SECO is required to use a 30-year depreciation schedule, while TECO’s Commission-approved depreciation rates vary depending on the specific assets.<sup>3</sup> Therefore, using TECO’s rates ensures consistency with our orders. The joint petitioners state that establishing a single standard for depreciation rates is a fair and reasonable approach.

After review of the joint petition and the joint petitioners’ responses to Commission staff’s data request, we find that the requested 15-year extension (December 2019 through December 2034) will enable TECO and SECO to avoid unnecessary duplication of facilities and to serve their customers in an efficient manner. The changes made in the First Amendment will bring the Territorial Agreement into compliance with the 1994 Order, remove obsolete language, and provide a fair and reasonable method for any future transfers of facilities.

For the reasons stated above, we find that the proposed extension and First Amendment to the Territorial Agreement are in the public interest and will avoid uneconomic duplication of facilities. Thus, we hereby approve the extension of the Territorial Agreement between TECO and SECO and approve the proposed First Amendment to the Territorial Agreement.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Joint Petition for Approval of Extension of Territorial Agreement and First Amendment to Territorial Agreement by Tampa Electric Company and Sumter Electric Cooperative, Inc. is hereby granted. It is further

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<sup>3</sup> Response No. 1 to staff’s first data request (Document No. 02374-2020).

ORDERED that the provisions of this order, issued as proposed agency action, shall become final and effective upon the issuance of a consummating order unless an appropriate petition, in the form provided by Rule 28-106.201, F.A.C., is received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if a timely protest is filed within 21 days of the issuance of the order, the amendments to the territorial agreement shall remain in effect pending resolution of the protest. If no timely protest is filed, this docket shall be closed upon the issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 24th day of July, 2020.



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

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

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

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

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

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petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 14, 2020.

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

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

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TERRITORIAL AGREEMENT  
BETWEEN  
SUMTER ELECTRIC COOPERATIVE, INC.  
AND  
TAMPA ELECTRIC COMPANY

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AGREEMENT

Section 0.1 THIS AGREEMENT, made and entered into this 16<sup>th</sup> day of May, 1994, by and between SUMTER ELECTRIC COOPERATIVE, INC., a Florida Electric Cooperative (herein called "SECO"), and TAMPA ELECTRIC COMPANY, a private corporation, organized and existing under the laws of the State of Florida (herein called "TEC"). Collectively, SECO and TEC will herein be called the "Parties". Upon approval by the Florida Public Service Commission, this Agreement specifically shall supersede any prior Agreements between the parties defining the boundaries of their respective retail service territories.

WITNESSETE:

Section 0.2 WHEREAS, TEC, by virtue of its Charter, is authorized, empowered and by Florida law is obligated to furnish electricity and power to persons, firms and corporations within its service area and presently furnishes retail electric service to Customers in all of Hillsborough County and in areas of Pinellas, Pasco, and Polk Counties, and elsewhere in the State of Florida; and

Section 0.3 WHEREAS, SECO, by virtue of its Charter, is authorized and empowered and by Florida law is obligated to furnish electricity and power to persons, firms and corporations within its service area and presently furnishes electricity and power in several counties of Florida, including areas of Sumter

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and Lake Counties; and

Section 0.4 WHEREAS, the respective areas in which the parties provide retail service are contiguous where Lake and Sumter Counties join the Polk County line which will result in substantial duplication in the future of generation, transmission and distribution facilities and cause higher costs to the general body of ratepayers; and

Section 0.5 WHEREAS, the Florida Public Service Commission has previously recognized that any such duplication of said facilities results in needless and wasteful expenditures and may create hazardous situations, both being detrimental to the public interest; and

Section 0.6 WHEREAS, the parties hereto, in an effort to minimize costs to the general body of their ratepayers, desire to avoid and eliminate the circumstances giving rise to potential duplications and possible hazards and toward that end have established the Territorial Boundary Line to delineate their respective retail Territorial Service Areas, and

Section 0.7 WHEREAS, the Florida Public Service Commission is empowered by the Legislature of the State of Florida, pursuant to Section 366.04(2)(d), Florida Statutes, to approve and enforce territorial agreements and the Commission

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has recognized on numerous occasions the wisdom of retail territorial agreements between electric utilities and has held that retail territorial agreements, when properly presented to and appropriately supervised by the Commission, in proper circumstances, are advisable and, indeed, in the public interest;

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

ARTICLE I  
DEFINITIONS

Section 1.1 Territorial Boundary Line. As used herein, the term "Territorial Boundary Line" shall mean the boundary line which circumscribes areas on the map and legal description attached hereto as Composite Exhibit "A" and which differentiates and divides the TEC Territorial Area from the SECO Territorial Area in which TEC and SECO provide retail electric service to their respective Customers. None of the territory assigned to TEC shall be served by SECO and none of the territory assigned to SECO shall be served by TEC except as specifically provided herein.

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Section 1.2 TEC Territorial Area. As used herein, the term "TEC" Territorial Area shall mean the geographic area shown on Composite Exhibit "A" and designated "TEC" Territorial Area.

Section 1.3 SECO Territorial Area. As used herein, the term "SECO" Territorial Area shall mean the geographic area shown on Composite Exhibit "A" and designated "SECO" Territorial Area.

Section 1.4 Transmission Lines. As used herein, the term "Transmission Lines" shall mean all transmission lines of either Party having a rating of 69 kV or greater.

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

Section 1.6 New Customers. As used herein, the term "New Customers" shall mean all retail electric consumers applying for service to either TEC or SECO after the effective date of this Agreement.

Section 1.7 Existing Customers. As used herein, the term "Existing Customers" shall mean all retail electric consumers receiving service on or before the effective date of this Agreement from either Party.

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ARTICLE II  
AREA ALLOCATIONS AND NEW CUSTOMERS  
Territorial Questions

Section 2.1 Allocations. The TEC Territorial Area, as herein defined, will be allocated to TEC as its retail service area for the period of time hereinafter specified; and the SECO Territorial Area, as herein defined, will be allocated to SECO as its retail service area for the same period and, except as otherwise specifically provided herein, neither Party shall sell electricity to any retail Customer where such electricity serves the retail Customer's end use facility and such facility is located within the other Party's service area.

Section 2.2 Service to New Customers. TEC and SECO agree that neither supplier will attempt to serve or knowingly serve any applicant whose end use facilities are located within the service territory of the other.

TEC and SECO recognize that in exceptional circumstances, economic constraints on either utility or good engineering practices may on occasion indicate that a Customer's temporary end use and/or small discrete service areas and/or future retail Customers should not be immediately served by the utility in whose service territory they are located. In such instances, upon written request by the utility in whose territory the end use facility is located to the other utility,

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the other utility may agree in writing to provide service to such Customer's temporary end use, small discrete service areas and future retail Customers. Such agreements shall be submitted to the Florida Public Service Commission in accordance with ARTICLE IV, Section 4.1 hereof.

In the event that a prospective applicant requests or applies for service from either supplier to be provided to end use facilities located in the territory reserved to the other supplier, then the supplier receiving such a request or application shall refer the prospective applicant or applicants to the other supplier, with citation to the Commission approved Territorial Agreement, and shall notify the other supplier of the request or application.

If the prospective applicant delivers a written application for service after being referred to the other utility, or continues to demand service under an application made prior to a referral to the other utility, the utility receiving the request shall immediately notify the other utility and both utilities shall notify the applicant of their intent to file a Joint Petition for Declaratory Statement requesting the Commission to enforce the Territorial Agreement as it relates to the facts presented. The utility receiving the applicant's request shall not provide electric service or attempt to provide

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electric service to the applicant unless the Commission authorizes the service in an Order binding both suppliers.

Section 2.3 Preservation of Tax Status. Notwithstanding the provisions of Section 2.2 above, it is understood that SECO must furnish its service mainly to its members in order to preserve its tax status. Therefore, unless the proposed recipient of electric service will join SECO, SECO may decline to provide electric service, when in the judgment of SECO, the income produced thereby would exceed the percentage of gross income which SECO may accept from non-members and maintain its tax status. If SECO refuses to serve a Customer pursuant to this section, TEC shall have the right, but not the obligation to provide electric service to any such Customer, if requested by the Customer or by SECO.

Section 2.4 Purchase of Facilities. In the event of temporary end use Customers, small discrete Customer service areas, or future retail Customers are served by the utility outside the service territory in which such Customers are located in accordance with Section 2.2 hereof, each Party shall sell (at original cost less accumulated book depreciation at the time of the transfer) the distribution facilities used to serve Customers at the time they are transferred in accordance with this Agreement.

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

ARTICLE III  
OPERATION AND MAINTENANCE

Section 3.1 Facilities to Remain. Except as provided herein, all generating plants, transmission lines, substations, distribution lines and related facilities now or hereafter constructed and/or used by either Party in conjunction with their respective electric utility systems, and which are directly or indirectly used and are useful in service to customers in their respective service areas or in fulfilling the requirements of law shall be allowed to remain where situated and shall not be subject to removal or transfer 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. Nothing contained herein shall be construed to apply to the Parties' facilities or locations thereof except as such facilities relate to providing retail service to the Parties' Customers in their respective service territories.

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ARTICLE IV  
PREREQUISITE APPROVAL

Section 4.1 Florida Public Service Commission. The provisions of this Agreement are subject to the regulatory authority of the Florida Public Service Commission, and appropriate approval by that body of the provisions of this Agreement shall be a prerequisite to the validity and applicability hereof and neither Party shall be bound hereunder until that approval has been obtained. Any proposed modifications to this Agreement shall be submitted to the Florida Public Service Commission for approval. The parties shall file an annual report to the Florida Public Service Commission on or before March 31st of each year beginning March 31, 1995, and shall file such other information and reports as required by the Commission from time to time. Such report shall provide the status of this Agreement and any modifications proposed in this Agreement. In addition, the parties agree to jointly petition the Florida Public Service Commission to resolve any disputes concerning the provisions of this Agreement which the parties are unable to resolve.

Section 4.2 Liability in the Event of Disapproval. In the event approval pursuant to Section 4.1 is not obtained, neither Party will have any cause of action against the other

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arising under this document or on account of such non-attainment  
of approval.

ARTICLE V  
DURATION

Section 5.1 This Agreement shall continue and remain in effect for a period of twenty-five (25) years from the date of the Florida Public Service Commission's initial Order approving this Agreement, and shall be automatically renewed for additional fifteen (15) year periods unless either Party gives written notice to the other of its intent not to renew at least two (2) years prior to the expiration of any fifteen (15) year period. Each such renewal of this Agreement shall require prerequisite approval of the Florida Public Service Commission as required by ARTICLE IV hereof.

ARTICLE VI  
CONSTRUCTION OF AGREEMENT

Section 6.1 Intent and Interpretation. It is hereby declared to be the purpose and intent of the Parties that this Agreement shall be interpreted and construed, among other things, to eliminate and avoid the needless and wasteful expenditures and potentially hazardous situations, which would otherwise result. The purpose of this Agreement, among other things, is to further this state's policy of supervising the planning, development, and maintenance of a coordinated electric

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power grid throughout Florida; to avoid uneconomic duplication of generation transmission and distribution facilities; and to encourage the installation and maintenance of facilities necessary to fulfil the utilities' obligation to serve.

ARTICLE VII  
MISCELLANEOUS

Section 7.1 Negotiations. Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only ones agreed upon are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the parties hereto unless the same shall be in writing and hereto attached and signed by both parties hereto and approved by the Florida Public Service Commission in accordance with ARTICLE IV, Section 4.1 hereof.

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

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Section 7.3 Notices. Notices given hereunder shall be deemed to have been given to TEC if mailed by Certified Mail, postage prepaid, to: Vice President Customer Services/Marketing, Tampa Electric Company, P.O. Box 111, Tampa, FL 33601-0111; and to SECO if mailed by Certified Mail, postage prepaid, to: General Manager, Sumter Electric Cooperative, Inc., P.O. Box 301, Sumterville, Florida 33585-0301. Such address to which such notice shall be mailed may be, at any time, changed by designating such new address and giving notice thereof in writing in the manner as herein provided.

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

ATTEST: SUMTER ELECTRIC COOPERATIVE, INC.  
By: [Signature] By: [Signature]  
W. L. "Bud" Hodges Elmer E. Webb  
As Its Secretary-Treasurer As Its President

(CORPORATE SEAL)

ATTEST: TAMPA ELECTRIC COMPANY  
By: [Signature] By: [Signature]  
Name: R. E. Kessel Name: W. T. Snyder, Jr.  
As Its Secretary As Its Vice President-  
Customer Services and Marketing

(CORPORATE SEAL)

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APPROVED AS TO FORM AND  
LEGALITY

APPROVED FOR  
By [Signature]  
Legal Counsel to Tampa  
Electric Company

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

APPROVED: Order No. \_\_\_\_\_ Date \_\_\_\_\_  
Florida Public Service  
Commission

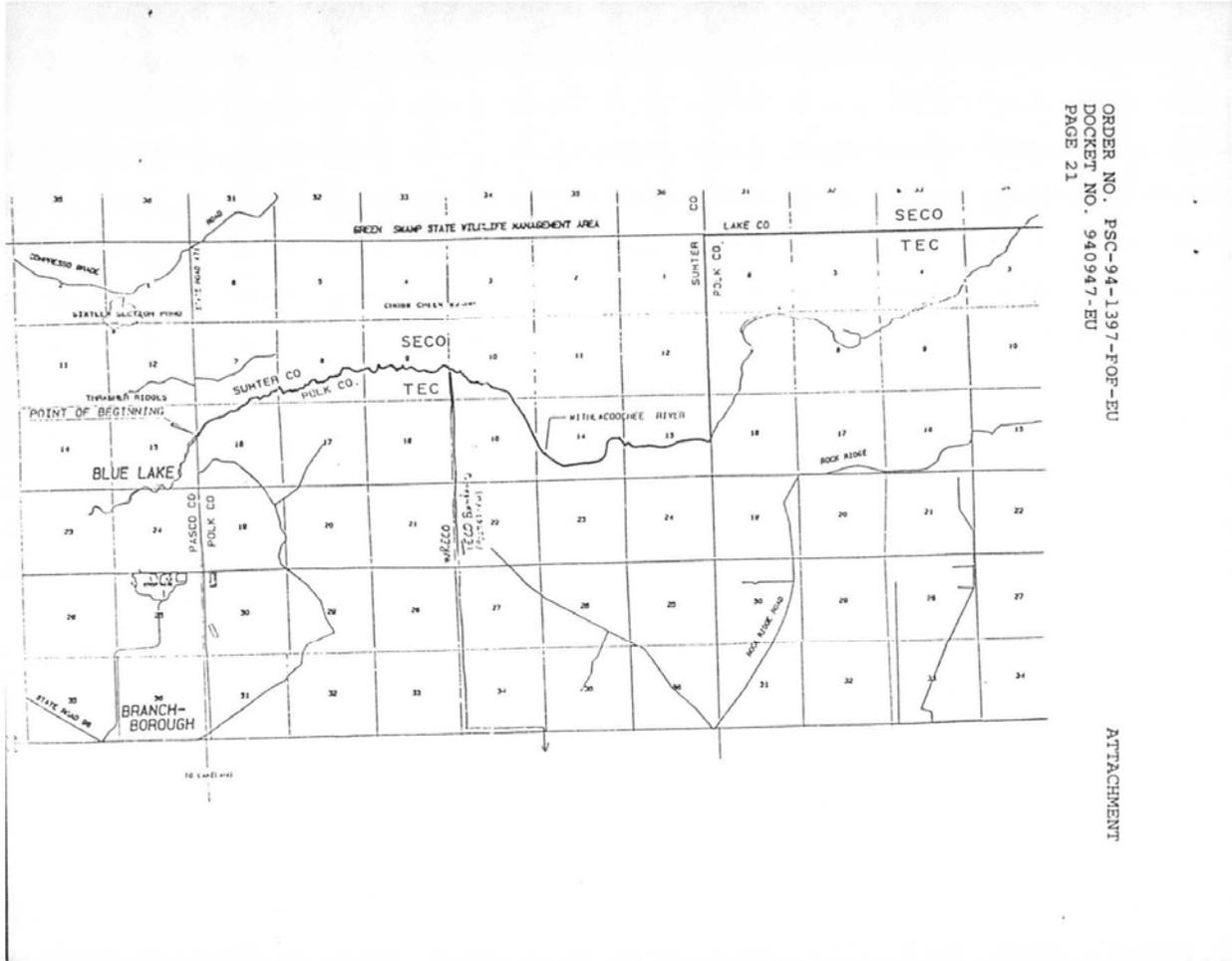
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LEGAL DESCRIPTION OF TERRITORIAL AGREEMENT  
BETWEEN  
SUMTER ELECTRIC COOPERATIVE, INC. AND TAMPA ELECTRIC COMPANY

Commence at the intersection of the West boundary of Section 19, Township 25 South, Range 23 East, and the centerline of the Withlacoochee River, said intersection being the common corner between Polk County, Florida, Sumter County, Florida, and Pasco County, Florida, for the POINT OF BEGINNING of the following described line; thence Easterly on the centerline of the Withlacoochee River to the East boundary of the aforementioned Township 25 South, Range 23 East, said line being the boundary between Polk County, Florida, and Sumter County, Florida; thence Northerly on said Easterly boundary of Township 25 South, Range 23 East, said Easterly boundary being a common boundary between Sumter County, Florida and Polk County, Florida, to the Northwest corner of Township 25 South, Range 24 East, said corner being the common corner between Sumter County, Florida, Polk County, Florida, and Lake County, Florida; thence proceed Easterly on the Northerly boundary of Township 25 South, Range 24 East, to the Northeast corner thereof, said Northeast corner, being also known as the Southwest corner of Section 31, Township 24 South, Range 25 East, Polk County, Florida; thence proceed on the Westerly boundary of said Section 31, Township 24 South, Range 25 East, to the Northwest corner of said Section 31; thence proceed on the Northerly boundary of said Section 31 and the Northerly boundary of Sections 32, 33, and 34, Township 24 South, Range 25 East, the same being the common boundary between Polk County, Florida, and Lake County, Florida, to the Northeast corner of said Section 34, Township 24 South, Range 25 East; thence proceed on the Easterly boundary of said Section 34 to the Southeast corner of said Section 34; thence Easterly on the Northerly boundary of Sections 2 and 1, Township 25 South, Range 25 East and the Northerly boundary of Section 6, Township 25 South, Range 25 East, the same being the common boundary between Polk County, Florida, and Lake County, Florida to the Northeast corner of said Section 6 and the POINT OF TERMINUS.





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**FIRST AMENDMENT  
TO  
TERRITORIAL AGREEMENT  
BETWEEN  
SUMTER ELECTRIC COOPERATIVE, INC.  
AND  
TAMPA ELECTRIC COMPANY**

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**THIS FIRST AMENDMENT TO TERRITORIAL AGREEMENT** ("First Amendment") is entered into to be effective March, 30, 2020, subject to the approval of the Florida Public Service Commission ("Commission"), by and between **SUMTER ELECTRIC COOPERATIVE, INC.**, a Florida rural electric cooperative ("SECO") and **TAMPA ELECTRIC COMPANY**, a Florida corporation ("TECO") (collectively, "Parties") or individually a "Party").

**WHEREAS**, SECO and TECO are parties to a Territorial Agreement dated May 16, 1994 (the "Agreement") which was approved by PSC Order No. PSC-94-1397-FOF-EU, issued November 16, 1994 (the "Order"), and effective December 8, 1994; and

**WHEREAS**, the Agreement provided for an initial twenty-five-year term with succeeding automatic fifteen-year renewal periods upon the approval of the Commission; and

**WHEREAS**, the Parties desire that the Agreement renew but wish to modify certain limited provisions which were not adopted by the Commission in its Order or which otherwise need to be updated and clarified,

**NOW THEREFORE**, the Parties agree as follows:

1. The recitals above are true and correct and are hereby incorporated by reference.
2. The following amendments to the Agreement are hereby adopted:
  - a. Section 2.2 shall be modified to replace the sentence which reads "Such agreements shall be submitted to the Florida Public Service Commission in accordance with ARTICLE VI, Section 4.1, hereof." with the following revised sentence:

Such agreements shall be submitted to the Florida Public Service Commission as may be required from time to time by the Commission's rules and orders.
  - b. Section 2.3 shall be deleted in its entirety and designated as "Reserved."
  - c. Section 2.4 shall be amended to read as follows:

In the event of temporary end use Customers, small discrete Customer service areas, or future retail Customers are served by the utility outside the service territory in which such Customers are located in accordance with Section 2.2 hereof, each Party shall sell (at original cost less accumulated book depreciation utilizing TECO's applicable depreciation rate as the standard for each Party at the time of the transfer) the distribution facilities used to serve Customers at the time they are transferred in accordance with this Agreement together with and the cost to the transferring Party for reintegration of its remaining system to the extent such reintegration costs are reasonably required by sound utility practices.

d. Section 4.1 shall be amended to read as follows:

The provisions of this Agreement are subject to the regulatory authority of the Florida Public Service Commission, and appropriate approval by that body of the provisions of this Agreement shall be a prerequisite to the validity and applicability hereof and neither Party shall be bound hereunder until that approval has been obtained. Any proposed modifications to this Agreement shall be submitted to the Florida Public Service Commission for approval. The parties shall file ~~an annual report to the Florida Public Service Commission on or before March 31<sup>st</sup> of each year beginning March 31, 1995, and shall file such other information and reports as required by the Commission from time to time.~~ In addition, the parties agree to jointly petition the Florida Public Service Commission to resolve any disputes concerning the provisions of this Agreement which the parties are unable to resolve.

3. Upon the approval by Commission, the Agreement shall be renewed as amended herein and otherwise in full force and effect through December 8, 2034.

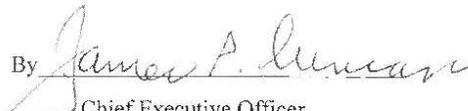
**IN WITNESS WHEREOF**, each Party hereto has executed this First Amendment by their duly authorized representative on the day and year first above written.

[SIGNATURES CONTINUED NEXT PAGES]

**IN WITNESS WHEREOF**, SUMTER ELECTRIC COOPERATIVE, INC. has executed this First Amendment by its duly authorized representative on the day and year first above written.

SUMTER ELECTRIC COOPERATIVE, INC.

ATTEST:

By   
Chief Executive Officer



Secretary

(SEAL)

[TAMPA ELECTRIC COMPANY SIGNATURE FOLLOWS, NEXT PAGE]

IN WITNESS WHEREOF, TAMPA ELECTRIC COMPANY has executed this First Amendment by its duly authorized representative on the day and year first above written.

TAMPA ELECTRIC COMPANY

ATTEST:

*/s/ Gerard R. Chasse*  
By gchasse@tecoenergy.com  
Vice President Electric Delivery

/s/ David E. Schwartz

Vice President Governance, Associate General Counsel  
and Corporate Secretary