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FILED JUN 17, 2016
DOCUMENT NO. 03815-16
FPSC - COMMISSION CLERK

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June 15, 2016

E-File

Ms. Carlotta S. Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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

Dear Ms. Stauffer:

Enclosed for filing please find an original Joint Petition for Approval of Territorial Agreement with attached Territorial Agreement as Exhibit "1".

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

Very truly yours,

/s/ Lewis W. Stone

LWS:cak
Enclosures

xc: Lonnie Groot, Esquire
Mr. James P. Duncan
Mr. Ben Brickhouse

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval)	
of Territorial Agreement.)	DOCKET NO: _____
City of Mount Dora, a Florida)	
municipality and Sumter Electric)	
Cooperative, Inc., a Florida)	
Cooperative,)	Submitted for Filing:
_____)	

**JOINT PETITION FOR
APPROVAL OF TERRITORIAL AGREEMENT**

Sumter Electric Cooperative, Inc. ("SECO") and City of Mount Dora, Florida ("Mount Dora") (collectively, "the Joint Petitioners"), pursuant to Section 366.04(2)(d), Fla. Stat. and Rule 25.-6.0440, F.A.C., jointly petition the Florida Public Service Commission ("the Commission") for approval of a territorial agreement in Lake County, Florida. In support hereof, the Joint Petitioners represent as follows:

1. **Parties.** The Joint Petitioners are a rural electric cooperative (SECO) and a Florida municipal corporation (Mount Dora) organized and existing under the laws of Florida and are subject to regulatory jurisdiction of the Commission regarding territorial agreements pursuant to Section 366.04(2)(d), Fla. Stat. SECO's principal offices are located in Sumterville, Florida. Mount Dora's principal offices are located in Mount Dora, Florida.

2. **Notices.** All pleadings, notices, and other communications in this matter should be served on the undersigned attorneys for SECO and Mount Dora.

3. **Current Agreement.** SECO and Mount Dora are parties to a currently effective territorial agreement delineating their respective service territories in Lake County (the "Current Agreement"), dated November 27, 1995, and approved by the Commission in Order No. PSC-96-0886-FOF-EU, issued July 9, 1996 (and effective July 31, 1996) in Docket No. 960396-EU. By its terms, the Current Agreement shall expire at the end of twenty (20) years from the date of the PSC's order approving the Current Agreement.

4. **New Agreement.** SECO and Mount Dora have executed a territorial agreement (the "New Agreement") dated March 1, 2016, to replace the Current Agreement. The purpose of the New Agreement is to identify the geographical areas to be served by each electric utility party to the agreement, the terms and conditions pertaining to implementation of the agreement, and any other terms and conditions pertinent to the agreement. A copy of the New Agreement and associated maps delineating the respective Territorial Areas of SECO and Mount Dora, have been provided as Exhibit "1". For further clarity and to comply with 25-6.0440, F.A.C., additional maps are attached hereto as Composite Exhibit "2".

5. **Map and Description of Area.** The area is depicted on the maps attached to the New Agreement provided as Composite Exhibit "A" and further clarified as Composite Exhibit "2". The boundary is described in the description provided as Exhibit "3". The boundaries established in the territorial agreement are further depicted on the

official Florida DOT General Highway County map attached hereto as part of Composite Exhibit "2".

6. **Customers to be Transferred.** There are no transfers of customers or electric service facilities necessary or contemplated in connection with the adoption or approval of the New Agreement. There are no Extra-Territorial Customers under the Current Agreement or contemplated under the New Agreement.

7. **Notice and Explanation to Affected Customers.** There will be no customers transferred as a result of the New Agreement. Therefore, no customers were contacted to explain changes in service or rates.

8. **Response from Customers.** There are no affected customers, so no responses were received from affected customers.

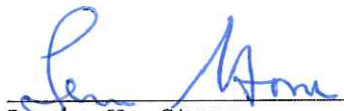
9. **DOT General Highway County Map.** A General Highway County map for Lake County depicting boundary lines established by the territorial agreement is attached hereto as part of Composite Exhibit "2".

10. **Standards for Approval.** The Commission has long recognized that properly constructed territorial agreements between adjacent utilities are in the public interest. Because no facilities or customers are being transferred, there is no purchase price to be considered. Because it maintains the status quo for another extended contract term it is unlikely that the New Agreement, in and of itself, could cause a decrease in reliability of electrical service to the existing or future ratepayers of SECO or Mount Dora. Rather, the New Agreement will serve to prevent uneconomic duplication of facilities. The Joint Petitioners believe and therefore represent that the New Agreement is in the public interest and should be approved.

WHEREFORE, SECO and Mount Dora respectfully request that the Commission grant this Joint Petition and approve the New Agreement contained as Exhibit "1" referenced herein.

DATED this 9th day of June, 2016.

SUMTER ELECTRIC COOPERATIVE, INC.



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Florida Bar No. 281174
Kevin M. Stone
Florida Bar No. 28516
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CITY OF MOUNT DORA



Lonnie N. Groot
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City of Mount Dora
1001 Heathrow Park Lane
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Lake Mary, FL 32746
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6/9/16

TERRITORIAL AGREEMENT

SUMTER ELECTRIC COOPERATIVE, INC., an electric cooperative organized and existing under the laws of the State of Florida ("**SECO**"), and **CITY OF MOUNT DORA**, a Municipal Government organized and existing under the laws of the State of Florida ("**MOUNT DORA**") (collectively, the "**Parties**") enter into this Territorial Agreement (the "Agreement") on this 1st day of March, 2016.

WITNESSETH:

Article I. RECITALS

Section 1.1 **WHEREAS**, **SECO**, by virtue of Florida Statutes Chapter 425 and the Charter issued to it thereunder, and **MOUNT DORA**, by virtue of the laws of Florida, are each authorized, empowered and obligated by their corporate charter and laws of the State of Florida to furnish retail electric service to persons upon request within their respective service areas; and

Section 1.2 **WHEREAS**, the respective areas of service of the Parties are contiguous in many places in Lake County, and to avoid duplication of service, **SECO** and **MOUNT DORA** entered into the currently effective territorial agreement dated November 27, 1995, and approved by the Commission pursuant to its powers under Section 366.04, Florida Statutes, in Order No. PSC-96-0886-FOF-EU, issued July 9, 1996 in Docket No. 960396-EU (the "Current Agreement"), which delineates the Parties' service territory in Lake County; and

Section 1.3 **WHEREAS**, the Parties desire to enter into a new territorial agreement in order to gain further operational efficiencies and customer service improvements in the retail service territory in Lake County, while continuing to eliminate circumstances giving rise to the uneconomic duplication of service facilities and hazardous situations that the Current Agreement is intended to avoid.

Exhibit "1"

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 hereby agree as follows:

Article II. DEFINITIONS

Section 2.1 Territorial Boundary Line(s). As used herein, the term "Territorial Boundary Line(s)" shall mean the boundary line(s) depicted on the maps attached hereto as Composite Exhibit A which delineate and differentiate the parties respective Territorial Areas in Lake County.

Section 2.2 SECO Territorial Area. As used herein, the term "**SECO** Territorial Area" shall mean the geographic areas in Lake, County allocated to **SECO** as its retail service territory and labeled as "**SECO** Territorial Area" or "**SECO**" on the maps contained in Composite Exhibit A.

Section 2.3 MOUNT DORA Territorial Area. As used herein, the term "**MOUNT DORA** Territorial Area" shall mean the geographic areas in Lake County allocated to **MOUNT DORA** as its retail service territory and labeled as "**MOUNT DORA** Territorial Area" or "**MOUNT DORA**" on the maps contained in Composite Exhibit A.

Section 2.4 Point of Use. As used herein, the term "Point of Use" shall mean the location within the Territorial Area of a Party where a customer's end-use facilities consume electricity, which such Party shall be entitled to provide retail electric service under this Agreement, irrespective of where a customer's point of connection or metering is located.

Section 2.5 New Customers. As used herein, the term "New Customers" shall mean all end use customers applying for retail electric service after the Effective Date of this Agreement at a Point of Use in the Territorial Area of either Party.

Section 2.6 Extra-Territorial Customers. As used herein, the term "Extra-Territorial Customers" shall mean those customers, other than Temporary Service Customers, served by either Party subsequent to the Effective Date of this Agreement who are located within the Service Territory of the other Party due to modifications of the Territorial Boundary Lines established herein.

Section 2.7 Commission. As used herein, the term "Commission" shall mean the Florida Public Service Commission.

Section 2.8 Effective Date. As used herein, the term "Effective Date" shall mean the date on which the Commission's final order granting approval of this Agreement in its entirety becomes no longer subject to judicial review.

Section 2.9 Temporary Service Customers. As used herein, the term "Temporary Service Customers" shall mean customers who are being temporarily served under the temporary service provisions of this Agreement.

Article III. RETAIL ELECTRIC SERVICE

Section 3.1 In General. Except as otherwise specifically provided herein, **SECO** shall have the exclusive authority to furnish retail electric service within **SECO** Territorial Area and **MOUNT DORA** shall have the exclusive authority to furnish retail electric service in the **MOUNT DORA** Territorial Area, both as shown on the maps contained in Composite Exhibit A. The Territorial Boundary Line shall not be affected by any change, through annexation or otherwise, that may occur in the corporate limits of any municipality (including **MOUNT DORA**) lying within or adjacent to **SECO** Territorial Area or the **MOUNT DORA** Territorial Area, unless agreed to in writing by the Parties and approved by the Commission.

Section 3.2 Service to New Customers. The Parties agree that neither of them will knowingly serve or attempt to serve any New Customer whose Point of Use is located within the Territorial Area of the other Party, except as specifically provided in Sections 3.3 below.

However, in those instances where the Territorial Boundary Line traverses the property of an individual New Customer or prospective New Customer, the Party in whose service area the preponderance of the Customer's electric energy usage is expected to occur shall be entitled to serve all of the Customer's usage. With respect to new residential customers, however, the Parties recognize that in some such instances, the information needed to locate the various points of the New Customer's usage in relation to the Territorial Boundary Line with reasonable certainty may be unavailable or difficult to determine, and agree that in such event the Party with the greater portion of the New Customer's property in its service area shall be entitled to serve all of the New Customer's usage.

Section 3.3 Temporary Service. The Parties recognize that in exceptional circumstances, economic constraints or good engineering practices may indicate that a New Customer's Point of Use either cannot or should not be immediately served by the Party in whose Territorial Area such Point of Use is located. In such instances, upon written request by the Party in whose Territorial Area the New Customer's Point of Use is located, the other Party may, in its sole discretion, agree in writing to temporarily provide service to such New Customer until such time as the requesting Party provides written notice of its intent to serve the Point of Use. The other Party shall inform the customer of the temporary nature of such service. Any such agreement for temporary service which lasts, or is anticipated to last, for more than one year shall be submitted to the Commission for approval in accordance with Section 6.1 hereof. Such temporary service shall be discontinued upon written notice from the requesting Party of its intent to provide service, which the Parties shall coordinate to minimize any inconvenience to the customer. In conjunction with such discontinuance, the Party providing temporary service hereunder shall be compensated by the requesting party in accordance with Section 4.3.1 for its distribution facilities used exclusively to provide such service. However, the Party providing temporary service hereunder shall not be required to pay the other Party for any loss of revenue

associated with the provision of such temporary service, nor shall the Party providing temporary service be required to pay the other Party any going concern value.

Section 3.4 Referral of Service Request. In the event that a prospective New Customer requests or applies for service from either Party to be provided to a Point of Use located in the Territorial Area of the other Party, the Party receiving the request or application shall advise the prospective New Customer that such service is not permitted under this Agreement, as approved by the Commission, and shall refer the prospective New Customer to the other Party.

Section 3.5 Correction of Inadvertent Service Errors. If any situation is discovered during the term of this Agreement in which either Party is inadvertently providing retail electric service to a customer's Point of Use located within the service area of the other party, service to such customer will be transferred to such other Party. Until the transfer of service can be completed, the Party providing inadvertent service to the customer's Point of Use will be deemed to be temporary service provided in accordance with Section 3.3 above. The electric facilities of the inadvertently serving Party used solely to provide service to the customer subject to transfer will also be transferred to the other Party in return for compensation determined in accordance with section 4.3.1 below. Any such transfer shall be completed within 12 months of the discovery of the inadvertent error.

Article IV. TRANSFER OF CUSTOMERS

Section 4.1 In General. As of the Effective Date of this Agreement, there are no known Extra-Territorial Customers that are subject to transfer hereunder. Should circumstances arise during the term of this Agreement in which the Parties agree that, based on sound economic consideration or good engineering practices, an area located in the Territorial Area of one Party would be better served if reallocated to the service territory of the other Party, all Extra-Territorial Customers shall be transferred to the Party in whose Territorial Area such

customers are located at the earliest practical time, consistent with sound utility practices and reasonable consumer notice. The Parties will jointly petition the Commission in writing for approval of a modification of the Territorial Boundary line that places the area in question (the "Reallocated Area") within the Territorial Area of the other Party and transfer of the customers located in the Reallocated Area to the other Party.

Section 4.2 Transfer of Facilities. Upon the transfer of Extra-Territorial Customers pursuant to section 4.1 above, the receiving Party may elect to purchase the facilities of the transferring Party related exclusively to serving the Extra-Territorial Customers for an amount determined in accordance with Section 4.3.1 below.

Section 4.3 Compensation for Transferred Customers and Facilities.

4.3.1. Compensation for Transferred Facilities. If service facilities are transferred pursuant to Sections 3.3, 3.5, or 4.2 above, the receiving Party shall compensate the transferring party in an amount based upon the following formula: replacement cost (new), less depreciation calculated on a straight line basis over the life of the asset (facility) as determined from the transferring Party's books and records using FERC depreciation tables in effect at the time of the transfer multiplied by the appropriate Handy Whitman Index cost escalator, 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, plus going concern value as agreed upon by both parties.

4.3.2. Time of Payment. All payments from the receiving Party to the transferring Party determined in accordance with this section shall be made in cash within 60 days of the presentation of an invoice from the transferring Party.

4.3.3. Transfer Instruments. For each transfer made under this Agreement, the transferring party will make, execute, and deliver to the receiving Party a conveyance, deed or other instrument of transfer, as is appropriate, in order to convey all rights, titles

and interests of the transferring party in any facilities, rights-of-way, easements, road permits, or other rights to the receiving party.

4.3.4. RUS Approval. Property transfer from **SECO** to **MOUNT DORA** may be subject to approval by the United States of America Department of Agriculture and Rural Utilities Service (RUS).

Section 4.4 Extra-Territorial Service. Except as otherwise provided herein, each party retains the right and obligation to continue to provide retail electric service at existing points of delivery, which are in the retail service areas of the other Party. Existing points of delivery shall mean service drops and underground service laterals which are physically connected to the customer's property, whether energized or not. Each party may maintain, repair and replace its facilities used to service such existing points of delivery.

If the service requirements for an Extra-Territorial Customer change or if the service is to be provided at a new point of delivery which is near the facilities of the Party in whose territory the customer is located, that Party shall provide the service except the Party may request in writing, and the other Party currently serving the customer may in its discretion agree, that the service will continue to be provided by the Party currently serving subject to a transfer of the service to the Party in whose territory the customer is located when that Party determines that it is appropriate to extend its facilities.

Article V. OPERATION AND MAINTENANCE

Section 5.1 Facilities to Remain. Other than expressly provided herein, no generating plant, transmission line, substation, distribution line or related equipment shall be subject to transfer or removal hereunder; provided, however, that each Party shall operate and maintain its lines and facilities in a manner that minimizes any interference with the operations of the other Party.

Section 5.2 **SECO Facilities to be Served.** Nothing herein shall be construed to prevent or in any way inhibit the right and authority of **SECO** to serve any **SECO** facility located in the **MOUNT DORA** Territorial Area which facility is used exclusively in connection with **SECO's** business as an electric utility; provided, however that **SECO** shall construct, operate and maintain said lines and facilities in such manner as to minimize any interference with the operation of **MOUNT DORA** in the **MOUNT DORA** Territorial Area.

Section 5.3 **MOUNT DORA Facilities to be Served.** Nothing herein shall be construed to prevent or in any way inhibit the right and authority of **MOUNT DORA** to serve any **MOUNT DORA** facility (i.e., owned by the **CITY OF MOUNT DORA**) located in the **SECO** Territorial Area which facility is used exclusively in connection with **MOUNT DORA's** business as a municipal government; provided, however, that **MOUNT DORA** shall construct, operate, and maintain said lines and facilities in such manner as to minimize any interference with the operation of **SECO** in the **SECO** Territorial Area.

Article VI. PREREQUISITE APPROVAL

Section 6.1 **Commission Approval.** The provisions and the Parties' performance of this Agreement are subject to the regulatory authority of the Commission, and appropriate approval by that body of this Agreement in its entirety shall be an absolute condition precedent to the validity, enforceability and applicability hereof. This Agreement shall have no effect whatsoever until such approval has been obtained. Any proposed modification to this Agreement shall be submitted to the Commission for approval. In addition, the Parties agree to jointly petition the Commission to resolve any dispute concerning the provisions of this Agreement or the Parties performance hereunder.

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

Section 6.3 Supersedes Prior Agreements. Upon approval by the Commission, this Agreement shall be deemed to specifically supersede the Current Agreements and all other prior agreements between the Parties defining the boundaries of their respective Territorial Areas.

Article VII. DURATION

Section 7.1 Term. This Agreement shall continue and remain in effect for a period of twenty (20) years from the date of the rendering of the Florida Public Service Commission's Order approving this Agreement. Upon the expiration of the initial twenty (20) year Term, this Agreement shall automatically renew for successive one-year renewal terms. Either Party may terminate this Agreement, provided that such termination becomes effective after the initial twenty (20) year term, by providing notice of termination to the other Party no less than 12 months prior to the effective date of the termination. The notice shall be in accordance with Section 9.3 and shall state the effective date of the termination.

Article VIII. CONSTRUCTION OF AGREEMENT

Section 8.1 Other Electric Utilities. Nothing in this Agreement is intended to define, establish or affect in any manner the rights of either Party hereto relative to any other electric utility not a party to this Agreement with respect to the furnishing of retail electric service including, but not limited to, the service territory of either Party hereto relative to the service territory of any other electric utility not a party to this Agreement. The Parties understand that **SECO** or **MOUNT DORA** may, from time to time and subject to Commission approval, enter into territorial agreements with other electric utilities providing retail service in Sumter, Lake, Marion, Citrus, Levy, Pasco, and Hernando Counties and that, in such event, nothing herein shall be

construed to prevent **SECO** or **MOUNT DORA** from designating any portion of its Territorial Area under this Agreement as the retail service area of such other electric utility.

Section 8.2 Bulk Power for Resale. Nothing herein shall be construed to prevent either Party from providing a bulk power supply for resale purposes, regardless of where the purchaser for resale may be located. Further, no other section or provision of this Agreement shall be construed as applying to a bulk power supply for resale purposes.

Section 8.3 Intent and Interpretation. It is hereby declared to be the purpose and intent of the Parties that this Agreement shall be interpreted and construed, among other things, to further this State's policy of actively regulating and supervising the service territories of electric utilities; supervising the planning, development, and maintenance of a coordinated electric power grid throughout Florida; avoiding uneconomic duplication of generation, transmission and distribution facilities; and encouraging the installation and maintenance of facilities necessary to fulfill the Parties respective obligations to serve.

Article IX. MISCELLANEOUS

Section 9.1 Negotiations. Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only terms and conditions agreed upon are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the Parties unless made in writing, signed by both Parties, and approved by the Commission.

Section 9.2 Successors and Assigns. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon or give to any person or corporation, other than the parties, any right, remedy or claim under or by reason of this Agreement or any provision or conditions hereof; and all the provisions, representations, covenants and conditions herein contained shall inure to the sole benefit of and shall be binding only upon the Parties and their respective representative, successors and assigns.

Section 9.3 Notices. Notices and other written communications contemplated by this Agreement shall be deemed to have been given if sent by certified mail, postage prepaid, by prepaid private courier, or by confirmed facsimile transmittal, as follows:

To SECO:

CEO
Sumter Electric Cooperative, Inc.
330 South U.S. Hwy 301 (33585)
P.O. Box 301 (33585-0301)
Sumterville, Florida
Facsimile 352-793-2563

To MOUNT DORA:

City Clerk/City Manager
City of Mount Dora
510 N. Baker Street (32757-5521)
P.O. Box 176 (32756-0176)
Mount Dora, Florida
Facsimile 352-383-4801

Either Party may change its designated representative or address to which such notices or communications shall be sent by giving written notice thereof to the other Party in the manner herein provided.

IN WITNESS WHEREOF, this Agreement has been caused to be executed in **triplicate** in their respective corporate names and their corporate seals affixed by their duly authorized officers on the day and year first above written.

(Signature blocks follow on Page 12)

SUMTER ELECTRIC COOPERATIVE, INC.

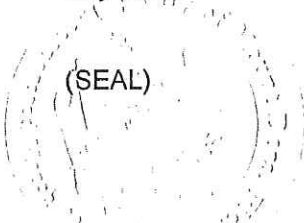
By James P. Duncan
James P. Duncan
As its CEO

ATTEST:

CITY OF MOUNT DORA

By Gwen Johns
Gwen Johns
City Clerk

By Nick Girone
Nick Girone
Mayor

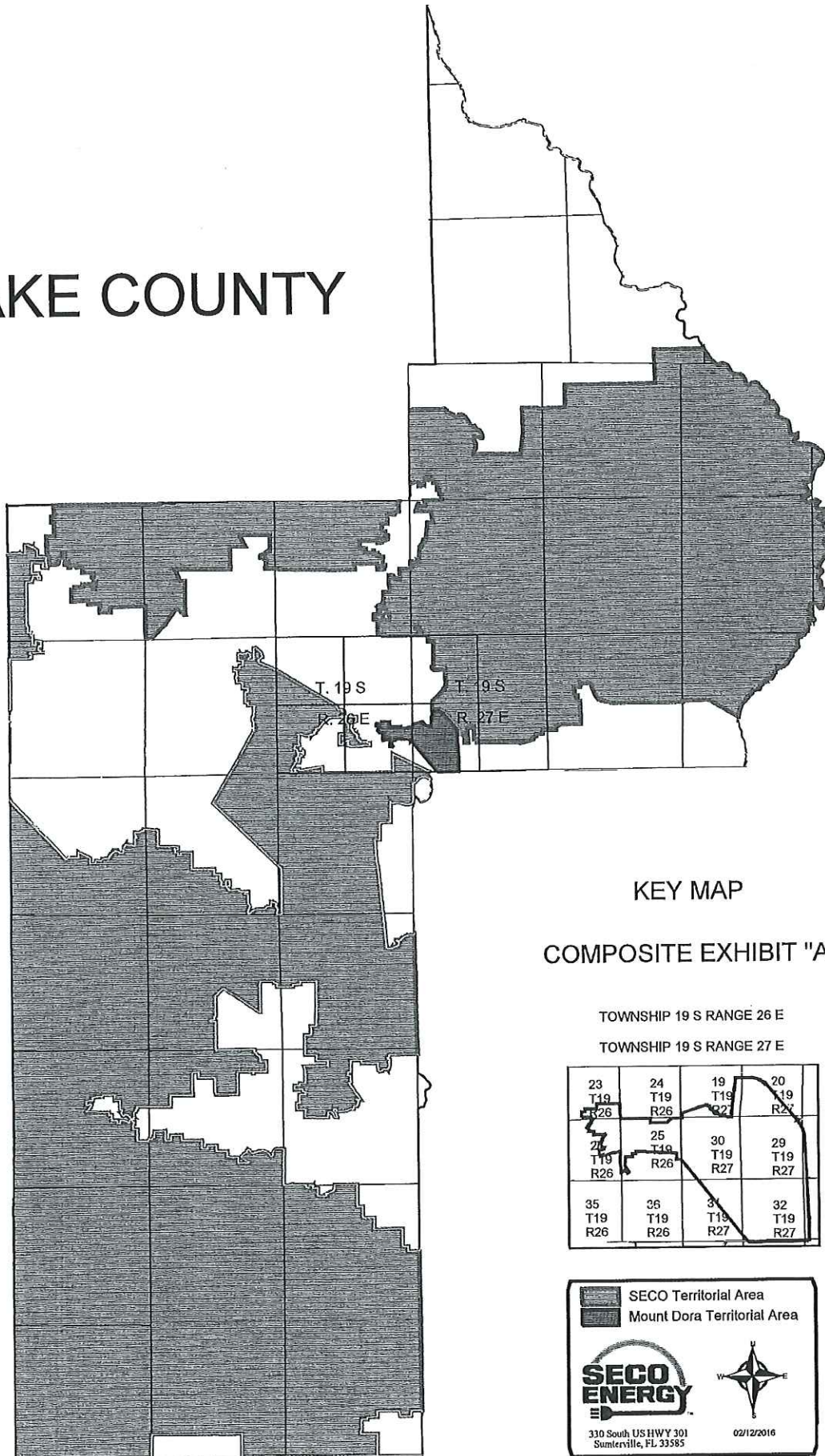


APPROVED AS TO FORM AND LEGALITY:

By: Clifford B. Shepard, III
Clifford B. Shepard, III, Legal Counsel
to the City of Mount Dora

By: Lewis W. Stone
Lewis W. Stone, Legal Counsel
to Sumter Electric Cooperative, Inc.

LAKE COUNTY



KEY MAP

COMPOSITE EXHIBIT "A"

TOWNSHIP 19 S RANGE 26 E

TOWNSHIP 19 S RANGE 27 E

23 T19 R26	24 T19 R26	19 T19 R27	20 T19 R27
27 T19 R26	25 T19 R26	30 T19 R27	29 T19 R27
35 T19 R26	36 T19 R26	31 T19 R27	32 T19 R27



SECO Energy

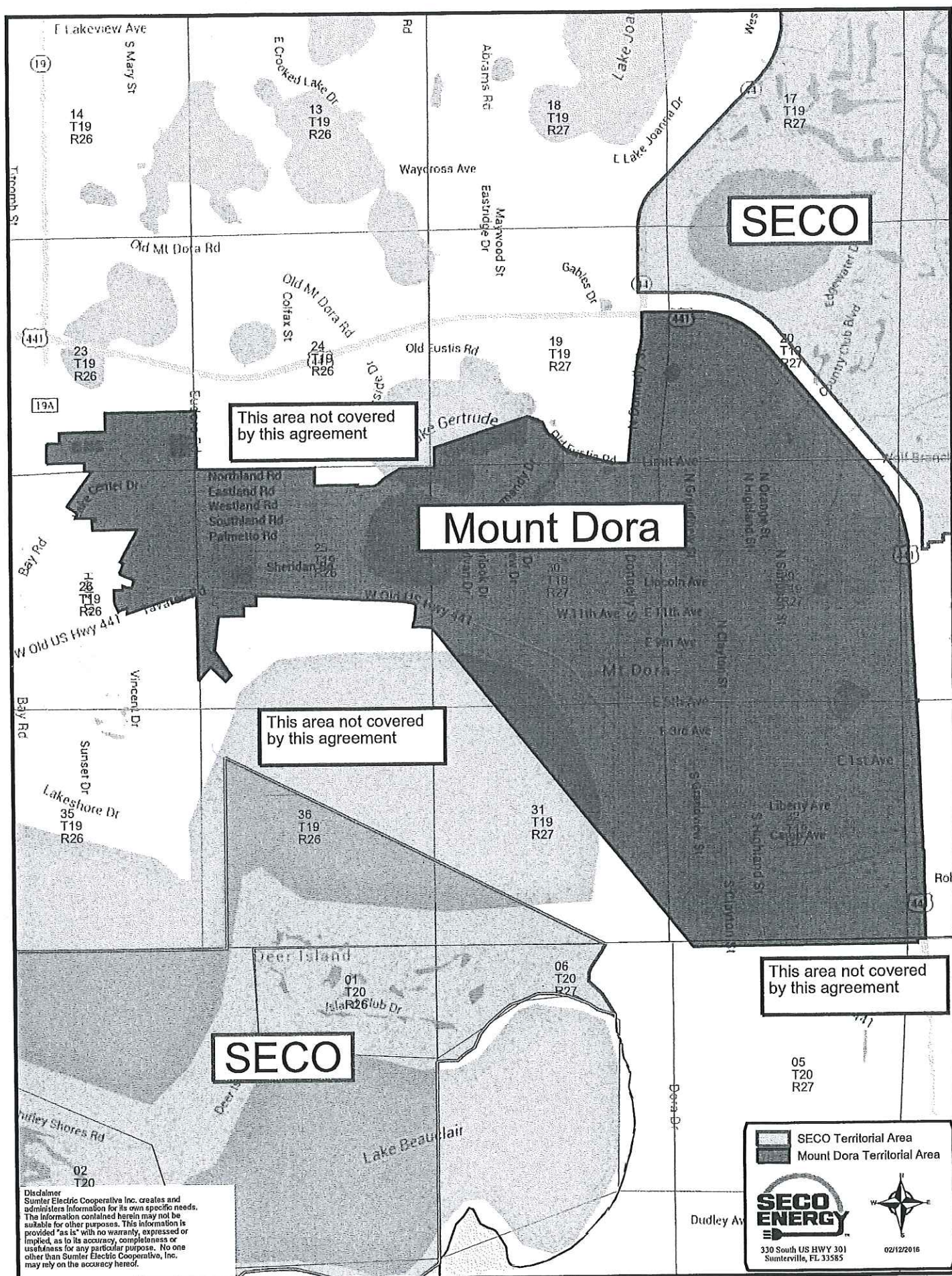
330 South US HWY 301
Sumterville, FL 33585

SECO Territorial Area

Mount Dora Territorial Area





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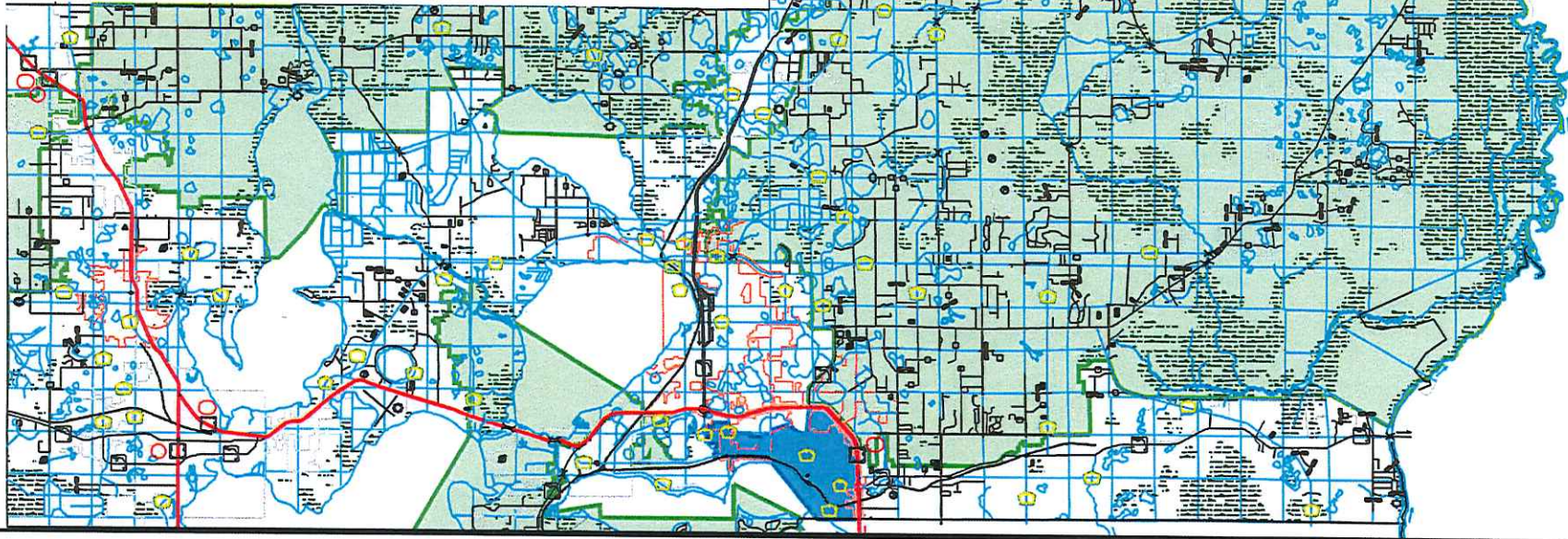




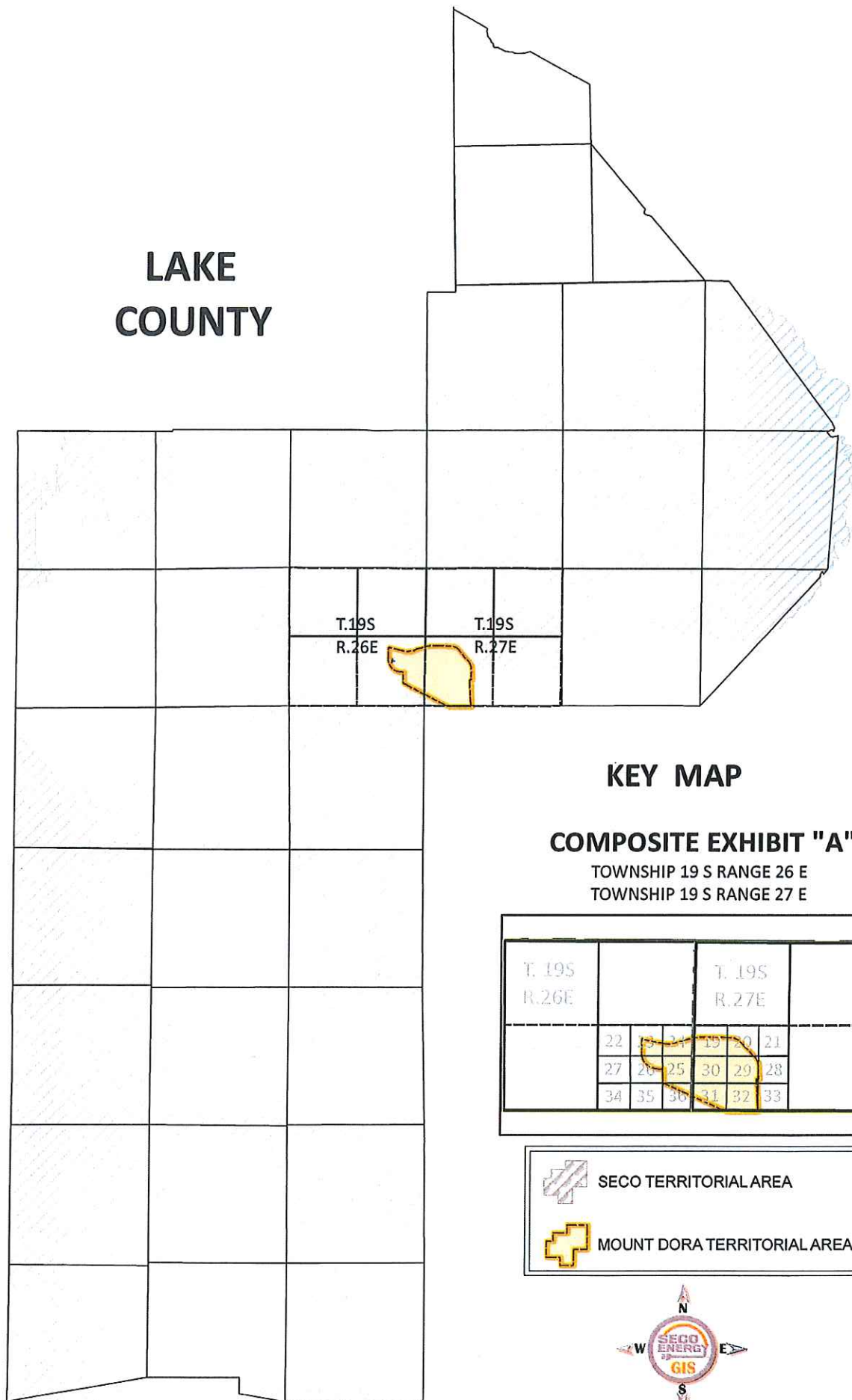
LAKE COUNTY FLORIDA

Legend

-  SUMTER ELECTRIC COOPERATIVE, INC. (SECO) TERRITORIAL AREA
-  CITY OF MOUNT DORA (COMD) ELECTRIC TERRITORIAL AREA



LAKE COUNTY



KEY MAP

COMPOSITE EXHIBIT "A"

TOWNSHIP 19 S RANGE 26 E
TOWNSHIP 19 S RANGE 27 E

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	27	28	29	30
	34	35	36	37

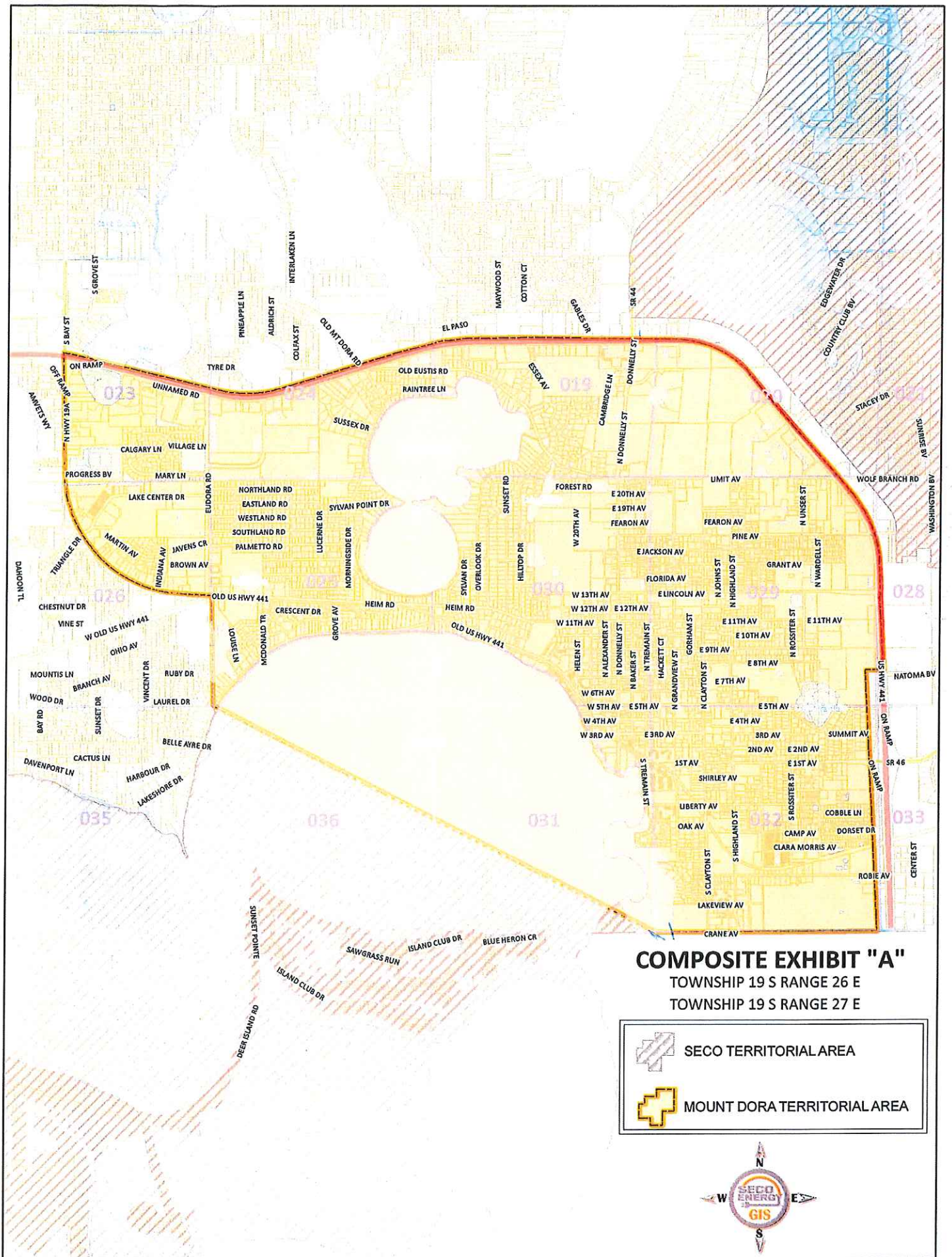


SECO TERRITORIAL AREA



MOUNT DORA TERRITORIAL AREA





COMPOSITE EXHIBIT "A"

TOWNSHIP 19 S RANGE 26 E

TOWNSHIP 19 S RANGE 27 E



SECO TERRITORIAL AREA



MOUNT DORA TERRITORIAL AREA



LEGAL DESCRIPTION
FOR
SUMTER ELECTRIC COOPERATIVE, INC.
AND
CITY OF MOUNT DORA

TERRITORIAL AGREEMENT

Begin at the intersection of the Westerly right-of-way line of U.S. Highway No. 441 and the South line of Section 33, Township 19 South, Range 27 East, run thence Westerly along the South line of said Section 33, and the South line of Section 32 to the SW corner of said Section 32, thence Northwesterly to, and across Lake Dora to the NW corner of Section 36, Township 19 South, Range 26 East.

Exhibit "3"