

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint and petition by
Lee County Electric Cooperative, Inc.
for an investigation of the rate
structure of Seminole Electric
Cooperative, Inc.

Docket No. 981827

Filed: May 30, 2000

DIRECT TESTIMONY

of

PAMELA M. MAY

on behalf of

**LEE COUNTY ELECTRIC
COOPERATIVE, INC.**

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DIRECT TESTIMONY OF PAMELA M. MAY

INTRODUCTION

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Q. Please state your full name and business address.

A. My name is Pamela M. May. My business address is 4980 Bayline Drive, North Fort Myers, Florida 33918.

Q. Where are you employed, and in what position?

A. I am employed by Lee County Electric Cooperative, Inc., ("LCEC"), as the Executive Vice President and Chief Executive Officer.

Q. Please describe your duties as Executive Vice President and Chief Executive Officer of LCEC.

A. I am responsible for the administration, operation, executive management, and daily supervision of the company. As Chief Executive Officer, I report directly to the Board of Trustees of LCEC.

QUALIFICATIONS AND EXPERIENCE

Q. Please summarize your educational background.

A. I received a Bachelor of Arts degree in English from Oklahoma State University in 1976. After receiving that degree, I attended the University of Tulsa, where I received a Juris Doctorate degree in 1979. I also have completed the Effective Executive Program at the Wharton School of Business.

DIRECT TESTIMONY OF PAMELA M. MAY

1 **Q. Please describe your work experience prior to your employment with**
2 **LCEC.**

3 A. From February 1981 until February 1987, I was employed by the Grand River
4 Dam Authority ("GRDA") in Vinita, Oklahoma. I was first employed as a
5 Staff Attorney in the GRDA Legal Department, and later was promoted to
6 General Counsel.

7
8 The GRDA is a wholesale electric power corporation, with annual revenues in
9 excess of \$200,000,000 and assets in excess of \$3,000,000,000. During my
10 employment, GRDA's assets included two 520 MW coal-fired electrical
11 generating units, two 100 MW hydroelectric dams, and one 75 MW
12 hydroelectric pumpback facility. I left the position as General Counsel to
13 GRDA in February of 1987 to become LCEC's Director of Administration, a
14 position that I held until May 1993.

15
16 **Q. What were your job duties as LCEC's Director of Administration?**

17 A. As the Director of Administration, I was responsible for planning and
18 directing the administration of the various departments within the
19 corporation, including Finance, Accounting, Legal, Management Information
20 Services, Human Resources and Benefits, Risk Management, Transportation,
21 and Property Management.

22
23 **Q. Did you hold any other positions with LCEC prior to your current**
24 **position?**

25 A. Yes. From May 1993 until October 1996, I was LCEC's Assistant Executive

DIRECT TESTIMONY OF PAMELA M. MAY

1 Vice President with primary responsibility for directing overall
2 administrative and customer service functions of the company. I reported to
3 the Chief Executive Officer of the company. In June 1994, I became the
4 Executive Vice President and Chief Executive Officer, the position that I hold
5 today.

6
7 **Q. Have you previously testified before any regulatory authorities or**
8 **courts?**

9 A. I have not previously testified before any regulatory authorities. However, I
10 have testified as a corporate representative in court for both the GRDA and
11 LCEC.

12
13 **PURPOSE OF TESTIMONY**

14
15 **Q. What is the purpose of your testimony in this proceeding?**

16 A. The purpose of my testimony is to provide the Florida Public Service
17 Commission (the "Commission") with background information on LCEC and
18 its relationship with Seminole Electric Cooperative, Inc. ("Seminole"). My
19 testimony also describes my involvement, on behalf of LCEC, in the
20 implementation of Seminole's rate schedules.

21
22 **Q. Are you sponsoring any exhibits to your testimony?**

23 A. Yes. I am sponsoring the following exhibits:
24
25

DIRECT TESTIMONY OF PAMELA M. MAY

1 Exhibit ____ (PMM-1) - Wholesale Power Contract
2 dated March 22, 1975 between LCEC and
3 Seminole, as amended (the "Contract").
4

5 Exhibit ____ (PMM-2) - Rate Schedule SECI-7b.
6

7 Exhibit ____ (PMM-3) - Rate Schedule SECI-7.
8

9 Exhibit ____ (PMM-4) - Rate Schedule SECI-6b.
10

11 **RELATIONSHIP BETWEEN LCEC AND SEMINOLE**
12

13 **Q. Please describe the relationship between LCEC and Seminole.**

14 A. LCEC and Seminole are both electric cooperatives. Seminole is a member-
15 owned cooperative engaged solely in the generation and transmission of
16 electricity. LCEC is a member-owned cooperative engaged solely in the
17 distribution of electricity. LCEC is a member of Seminole and purchases its
18 wholesale power from Seminole pursuant to the Contract attached to my
19 testimony as PMM-1 .
20

21 **Q. Does the Contract between LCEC and Seminole create the rate**
22 **structure that currently applies to LCEC?**

23 A. No. The Contract does not prescribe the current rate structure. Instead, the
24 Contract describes the process for determining the applicable rate schedule
25 and rate structure. The Contract provides, in pertinent part:

DIRECT TESTIMONY OF PAMELA M. MAY

1 "Notwithstanding anything contained herein to the contrary, the parties
2 agree that, as a material inducement for entering into this agreement, the
3 initial Schedule C and all subsequent amendments or revisions thereof shall
4 recognize and provide for variations in the cost of providing service at
5 different delivery voltages, load factors, and power factors, the specific
6 provisions to be made in accordance with generally accepted rate-making
7 standards." Contract at ¶ 2 of Amendment No. 1 to the Contract dated June
8 26, 1984. As described in the testimony of LCEC's expert witnesses, Steve
9 Seelye and Martin Blake, Seminole's current wholesale rate schedule was not
10 adopted in accordance with generally accepted ratemaking standards.
11

12 **Q. What is the current Seminole rate schedule that applies to LCEC?**

13 A. Rate schedule SECI-7b, which is a modification of the previous rate schedule,
14 SECI-7. Rate schedule SECI-7b is attached to my testimony as Exhibit ____
15 (PMM-2). Rate schedule SECI-7 is attached to my testimony as Exhibit ____
16 (PMM-3).
17

18 **Q. What Seminole rate schedule applied to LCEC prior to SECI-7?**

19 A. Rate Schedule SECI-6b, which was adopted on July 14, 1994, and
20 implemented in September, 1994. Rate schedule SECI-6b is attached to my
21 testimony as Exhibit ____ (PMM-4).
22

23 **Q. How and when was SECI-7 established?**

24 A. Seminole staff made a proposal to Seminole's Rate Committee, which
25 recommended the adoption of SECI-7 to Seminole's Board of Trustees.

DIRECT TESTIMONY OF PAMELA M. MAY

1 SECI-7 was adopted by Seminole's Board of Trustees on October 8, 1998, and
2 became effective January 1, 1999.

3
4 **Q. Did you serve on the Rate Committee that recommended adoption of**
5 **SECI-7 to Seminole's Board of Trustees?**

6 A. Yes.

7 **Q. Did you vote in favor of the recommendation that Seminole adopt**
8 **SECI-7?**

9 A. No.

10
11 **Q. Why not?**

12 A. LCEC personnel and outside consultants experienced in rate design indicated
13 that SECI-7 was not fair or equitable to LCEC or its members and was not
14 formulated in accordance with generally accepted ratemaking standards.

15
16 **Q. When was SECI-7b established?**

17 A. On December 9, 1999, Seminole's Board of Trustees voted to implement SECI-
18 7b SECI-7b became effective on January 1, 2000, and is to remain in effect
19 until further action of the Board.

20
21 **Q. Did you serve on the Rate Committee that recommended adoption of**
22 **SECI-7b to Seminole's Board of Trustees?**

23 A. Yes.

DIRECT TESTIMONY OF PAMELA M. MAY

1 **Q. Did you vote in favor of a recommendation that the Seminole Board**
2 **of Trustees adopt SECI-7b?**

3 A. Yes, but with the specific reservation that it would be recommended as an
4 interim compromise position and remain in effect only for one year during the
5 pendency of this proceeding. Due to the prohibition against retroactive
6 ratemaking, I felt it was necessary to obtain the best rate schedule possible
7 for LCEC at the time while the Commission considered our challenge to
8 Seminole's rate structure. To that end, SECI-7b reduced the harm to LCEC
9 that would be caused by the full implementation of SECI-7. However, SECI-
10 7b remains flawed because it was not formulated in accordance with generally
11 accepted ratemaking standards and is not fair and equitable to LCEC and its
12 members.

13
14 **Q. Did you serve on the Seminole Board of Trustees that approved**
15 **SECI-7b?**

16 A. Yes.

17

18 **Q. Did you vote in favor of adoption of SECI-7b?**

19 A. No.

20

21 **Q. Why did you vote against adoption of SECI-7b?**

22 A. The Rate Committee recommended that Seminole's Board of Trustees adopt
23 SECI-7b for one year. The Board voted to adopt and implement SECI-7b until
24 further action is taken. I was not in agreement with implementation of SECI-
25 7b for an indefinite period of time because of the flaws in the rate structure.

DIRECT TESTIMONY OF PAMELA M. MAY

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Q. Was SECI-7b based on a cost of service study?

A. Not to my knowledge. As a member of Seminole's Rate Committee and Board of Trustees, I was unaware of any cost of service study, except the study done by Burns & McDonnell, which was done well after the implementation of SECI-7. I am not aware that the Burns & McDonnell study was the basis used to formulate SECI-7b.

Q. What action is LCEC requesting that the Commission take in this proceeding?

A. First, LCEC is requesting that Seminole be treated in the same manner as all other electric utilities in Florida, including LCEC, that are required to file their rate schedules with the Commission. Second, LCEC is requesting that the Commission find that SECI-7b is not fair, just or reasonable and require Seminole to adopt a wholesale rate schedule that comports with generally accepted ratemaking standards such as one of the three alternative rate structures described in Mr. Seelye's testimony.

Q. Does this conclude your testimony?

A. Yes, it does.

U.S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION

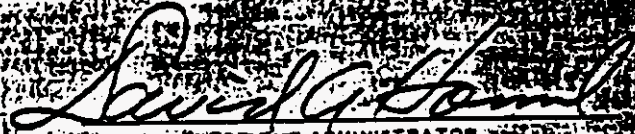
Florida-25

THE WITHIN

Wholesale Power Contract dated May 22, 1975

Seminole Electric Cooperative, Inc. (Florida-41, Seminole)

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT.



ADMINISTRATOR

DATED

JUL 10 1975

WHOLESALE POWER CONTRACT

AGREEMENT made as of May 22, 1975 between SEMINOLE ELECTRIC COOPERATIVE, INC. (hereinafter called the "Seller"), a corporation organized under the laws of the State of Florida and LEE COUNTY ELECTRIC COOPERATIVE, INC. (hereinafter called the "Member"), a corporation organized and existing under the laws of the State of Florida.

WHEREAS, the Seller proposes to construct and/or acquire electric generating capacity and transmission facilities and may purchase or otherwise obtain transmission services and electric power and energy for the purpose, among others, of supplying electric power and energy to borrowers from the Rural Electrification Administration which are or may become members of the Seller; and

WHEREAS, the Seller has heretofore entered into or is about to enter into agreements for the sale of electric power and energy similar in form to this agreement with all the borrowers which are members of the Seller and may enter into similar contracts with other such borrowers who may become members, and

WHEREAS, the Member desires to purchase electric power and energy from the Seller on the terms and conditions herein set forth.

NOW THEREFORE, in consideration of the mutual undertakings herein contained the parties hereto agree as follows:

1. GENERAL. The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which the Member shall require for the operation of the Member's system within the State of Florida to the extent that the Seller shall have such power and energy and facilities available; provided, however, that the Member shall have the right to continue to purchase electric power and energy under any existing contract or contracts with a supplier other than the Seller during the remainder of the term thereof. If the Member continues to purchase electric power and energy under a contract or contracts with a supplier or suppliers other than the Seller, then the power and energy purchased under such contract or contracts shall be paid for by Seller for the account of the Member, and the Member shall be billed by Seller for such power and energy in accordance with the terms and conditions of Section 4 hereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator") so request, any such existing contract or contracts with a supplier other than the Seller at such times as it may legally do so, provided the Seller shall have sufficient electric power and energy facilities available for the Member.

2. ELECTRIC CHARACTERISTICS AND POINTS OF CONNECTION. Electric power and energy to be furnished hereunder shall be sixty Hertz alternating current.

As used in this Agreement "Points of Connection" shall be those points where the system of the Member is connected to the transmission system that Seller has from time to time ownership of or rights to deliver power and energy through.

The Member shall keep the Seller advised concerning anticipated loads at established Points of Connection and the need for additional Points of Connection by furnishing the Seller by November 1 of each year a revised "Schedule A" substantially in the form attached hereto.

The initial Point or Points of Connection and their initial delivery voltages shall be as set forth in "Schedule B" attached hereto and made a part hereof. Other Points of Connection and their initial delivery voltages may be established by mutual agreement of the Member and the Seller, and "Schedule B" shall be revised accordingly.

3. DELIVERY FACILITIES. The Seller shall be responsible for the facilities to deliver power and energy to the Point or Points of Connection. The Member shall be responsible for providing the facilities necessary to take and use the power and energy from the Point or Points of Connection. The parties shall provide and maintain, or cause to be provided and maintained, switching and protective equipment which may be reasonably necessary to protect the system of the other. Meters and metering equipment shall be furnished, maintained, and read, or caused to be furnished, maintained, and read, by the Seller.

4. RATE. The Member shall pay the Seller for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth below:

(a) The rate to the Member shall be composed of the Monthly Billing Cost plus or minus a Member Adjustment Factor:

(i) The Monthly Billing Cost shall be the computed cost to Member as if the Member's total monthly power and energy supply had been purchased directly from a supplier or suppliers other than the Seller under applicable wholesale rate schedules. The applicable wholesale rate schedule shall be the rate schedule of supplier serving the territory in which the Point of Connection of the Member is located.

(ii) The Member Adjustment Factor shall be obtained by multiplying the difference between the Seller's total costs and the sum of the Monthly Billing Costs for all members by the ratio of the Member's monthly energy requirements to the total monthly energy requirements of all members of Seller.

(b) The Board of Trustees of the Seller shall ensure that revenues produced by the rate for electric power and energy furnished hereunder and under similar agreements with other members shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of the operation and maintenance (including without limitation, replacements, insurance, taxes and administrative and general overhead expenses) of the generating plant(s),

transmission system, and related facilities of the Seller, to meet the cost of purchased power and transmission services, to make payments on account of principal and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of ~~reasonable reserves~~. Without limiting the generality of the foregoing, the revenues produced by the rate shall be such as will enable the Seller to comply with all mortgage requirements as they may exist from time to time. The Seller shall cause a notice in writing to be given to the Member and other members of the Seller and the Administrator which shall set out all proposed revisions in the wholesale rate schedules used in determining the Monthly Billing Cost and any revisions affecting the maintenance of reasonable reserves with the effective date thereof, which shall be not less than thirty (30) nor more than forty five (45) days after the date of the notice, and shall set forth the basis upon which such revisions are proposed; provided, however, that no such revision shall be effective unless approved in writing by the Administrator.

5. METER READINGS AND PAYMENT OF BILLS. The Seller shall read meters monthly, or cause meters to be read monthly. Electric power and energy furnished hereunder shall be paid for at the office of the Seller within ten (10) days after the bill therefor is mailed to the Member. If the Member shall fail to pay any such bill within such ten-day period, the Seller may discontinue delivery of electric power and energy hereunder upon fifteen (15) days' written notice to the Member of its intention so to do.

6. METER TESTING AND BILLING ADJUSTMENT. The Seller shall test and calibrate meters, or shall cause such meters to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make, or cause to be made, special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the thirty (30) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period the Member and the Seller shall agree as to the amount of power and energy furnished during such period and the Seller shall render a bill therefor.

7. NOTICE OF METER READING OR TEST. The Seller shall notify the Member in advance of the time of any meter reading or test so that the Member's representative may be present at such meter reading or test.

8. RIGHT OF ACCESS. Duly authorized representatives of either party hereto shall be permitted to enter the premises of the other party hereto at all reasonable times in order to carry out the provisions hereof.

9. CONTINUITY OF SERVICE. The Seller shall use reasonable diligence to

deliver a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective, through act of God or the public enemy, or because of accident, labor troubles, or any other cause beyond the control of the Seller, the Seller shall not be liable therefor or for damages caused thereby.

10. TERM. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect for a term of forty-five (45) years and thereafter until terminated by either party's giving to the other not less than three year's written notice of its intention to terminate. Subject to the provisions of Article 1 hereof, service hereunder and the obligation of the Member to pay therefor shall commence upon Seller's making service available to Member hereunder.

EXECUTED THE day and year first above mentioned.

SEMINOLE ELECTRIC COOPERATIVE, INC.

By *[Signature]*
PRESIDENT

ATTEST:

[Signature]
SECRETARY

LEE COUNTY ELECTRIC COOPERATIVE, INC.

By *[Signature]*
PRESIDENT

ATTEST:

[Signature]
SECRETARY

SCHEDULE A
TO WHOLESALE POWER CONTRACT

EXISTING AND PROPOSED DELIVERY POINT LOAD REQUIREMENTS
AND DELIVERY VOLTAGES

NAME OF MEMBER: LEE COUNTY ELECTRIC COOPERATIVE, INC.

DATE: May 22, 1975

Existing Delivery Points

Voltage of
Delivery

Indicate Year of Estimated Peak Load From Above Date

<u>Name</u>	<u>Change and New Voltage if Any</u>	<u>1975 1Yr. Hence</u>	<u>1976 2Yrs. Hence</u>	<u>1977 3Yrs. Hence</u>	<u>1979 5Yrs. Hence</u>	<u>1984 10Yrs. Hence</u>
1. Lee	138 KV	96.1	110.6	126.9	164.8	304.2
2. Buckingham	138 KV	33.7	38.8	44.5	57.8	106.7
3. Belle Mead (Marco)	138 KV	14.1	16.3	18.7	24.3	44.8
4. Suncoast	69 KV	4.9	5.7	6.5	8.5	15.7
5. Bayshore	138 KV	7.9	9.1	10.5	13.6	25.1
6. North Fort Myers	69 KV	<u>20.3</u>	<u>23.5</u>	<u>26.9</u>	<u>34.9</u>	<u>64.5</u>
TOTALS		177 MW	204 MW	234 MW	304 MW	561 MW

SCHEDULE A
TO WHOLESALE POWER CONTRACT

EXISTING AND PROPOSED DELIVERY POINT LOAD REQUIREMENTS
AND DELIVERY VOLTAGES

Proposed Delivery Points (No New Proposed Delivery Points)

<u>Name</u>	<u>Location</u>	<u>Voltage of Delivery</u>	<u>Date Required</u>	<u>Peak Load</u>	<u>Estimated Peak Load From Above Date</u>				
					<u>1Yr. Hence</u>	<u>2Yrs. Hence</u>	<u>3Yrs. Hence</u>	<u>5Yrs. Hence</u>	<u>10Yrs. Hence</u>
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SCHEDULE B
TO WHOLESALE POWER CONTRACT

EXISTING DELIVERY POINTS

NAME OF MEMBER: LEE COUNTY ELECTRIC COOPERATIVE, INC.

DATE: MAY 22, 1975

	<u>Name</u>	<u>Voltage of Delivery</u>	<u>SEPA Allotment</u>	<u>Location</u>	<u>Date of Initiation of Service</u>
1.	Lee	138 KV	NONE		1973
2.	Buckingham	138 KV	NONE		1958
3.	Belle Mead (Marco)	138 KV	NONE		1967
4.	Suncoast	69 KV	NONE		1973
5.	Bayshore	138 KV	NONE		1971
6.	North Fort Myers	69 KV	NONE		1949

SUPPLEMENTAL AGREEMENT

AGREEMENT made as of May 22, 1975, between SEMINOLE ELECTRIC COOPERATIVE, INC. (hereinafter called the "Seller"), LEE COUNTY ELECTRIC COOPERATIVE, INC. (hereinafter called the "Member"), and the United States of America, acting through the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator")

WHEREAS, the Seller and the Member have entered into a contract for the purchase and sale of electric power and energy, which contract is attached hereto and is hereinafter called the "Power Contract"; and

WHEREAS, the execution of the Power Contract between the Member and the Seller is subject to the approval of the Administrator under the terms of the loan contracts entered into with the Administrator by the Seller and the Member respectively;

NOW THEREFORE, in consideration of the mutual undertakings herein contained, and the approval by the Administrator of the Power Contract, the parties hereto agree as follows:

1. The Seller, the Member and the Administrator agree that if the Member, upon being requested to do so by the Seller with the approval or at the direction of the Administrator, shall fail to terminate any contract with a power supplier other than the Seller, as provided by Section 1 of the Power Contract, the Seller, or the Administrator if he shall so elect, shall have the right to enforce the obligations of the Member under the provisions of said Section 1 of the Contract by instituting all necessary actions at law or suits in equity, including, without limitation, suits for specific performance.

2. The Member will not renew, amend or extend any such contract or contracts or enter into any new contract without approval of Seller and Administrator.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above mentioned.

SEMINOLE ELECTRIC COOPERATIVE, INC.

BY M. E. Gaveland
PRESIDENT

ATTEST:

[Signature]
SECRETARY

LEE COUNTY ELECTRIC COOPERATIVE, INC.

BY [Signature]

ATTEST:

[Signature]
SECRETARY

UNITED STATES OF AMERICA

By [Signature]
ADMINISTRATOR
OF
RURAL ELECTRIFICATION ADMINISTRATION

Exhibit III 10

AMENDED
WHOLESALE POWER CONTRACT

AGREEMENT, made as of 1/22/50, between SEMINOLE ELECTRIC COOPERATIVE, INC., (hereinafter called the "Seller"), a corporation organized and existing under the laws of the State of Florida, and LAFC Inc (hereinafter called the "Member"), a corporation organized and existing under the laws of the State of Florida.

WHEREAS, the Seller proposes to construct and/or acquire electric generating capacity and transmission facilities and may purchase or otherwise obtain transmission services and electric power and energy for the purpose, among others, of supplying electric power and energy to borrowers from the Rural Electrification Administration who are or may become members of the Seller; and

WHEREAS, the parties have heretofore entered into agreements for the sale of electric power and energy and are desirous of amending said contracts as hereinafter set forth; and

WHEREAS, the Seller is entering into agreements for the sale of electric power and energy similar in form to this agreement with all the borrowers who are members of the Seller and may enter into similar contracts with other such borrowers who may become members; and

WHEREAS, the Member desires to purchase electric power and energy from the Seller on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the parties hereto agree as follows:

1. GENERAL. The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric

((EXHIBIT III,)

power and energy, which the Member shall require for the operation of the Member's system within the State of Florida to the extent that the Seller shall have such power and energy facilities available; provided, however, that the Member shall have the right to continue to purchase electric power and energy under any existing contract or contracts with a supplier other than the Seller during the remainder of the term thereof; and provided, further, that the Member shall have the right to continue to purchase electric power and energy under any contract or contracts now existing or hereafter entered into with the Southeastern Power Administration (SEPA). If the Member continues to purchase electric power and energy under a contract or contracts with a supplier or suppliers other than the Seller or the Southeastern Power Administration (SEPA), then the power and energy purchased under such contract or contracts, (other than contracts with the Southeastern Power Administration [SEPA]), shall be paid for by Seller for the account of the Member, and the Member shall be billed by Seller for such power and energy in accordance with the terms and conditions of Section 4 hereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator") so request, any existing contract or contracts with a supplier other than the Seller or the Southeastern Power Administration (SEPA), at such time as it may legally do so, provided the Seller shall have sufficient electric power and energy facilities available for the Member.

Exhibit III, 12

2. ELECTRIC CHARACTERISTICS AND POINTS OF CONNECTION. Electric power and energy to be furnished hereunder shall be sixty Hertz alternating current.

As used in this Agreement, "Points of Connection" shall be those points where the system of the Member is connected to the transmission system that Seller has from time to time ownership of or rights to deliver power and energy through.

The Member shall keep the Seller advised concerning anticipated loads at established Points of Connection and the need for additional Points of Connection by furnishing the Seller, by November 1 of each year, a revised "Schedule A" substantially in the form attached hereto.

The initial Point or Points of Connection and their initial delivery voltages shall be as set forth in "Schedule B" attached hereto and made a part hereof. Other Points of Connection and their initial delivery voltages may be established by mutual agreement of the Member and the Seller, and "Schedule B" shall be revised accordingly.

3. DELIVERY FACILITIES. The Seller shall be responsible for the facilities to deliver power and energy to the Point or Points of Connection. The Member shall be responsible for providing the facilities necessary to take and use the power and energy from the Point or Points of Connection. The parties shall provide and maintain, or cause to be provided and maintained, switching and protective equipment which may be reasonably necessary to protect the system of the other. Meters and metering equipment shall be furnished, maintained and read, or caused to be furnished, maintained and read, by the Seller.

4. RATE. (a) The Member shall pay the Seller for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth in Rate Schedule C attached hereto and made a part hereof.

(b) The Board of Trustees of the Seller at intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review the rate(s) for electric power and energy furnished hereunder and under similar agreements with other Members and, if necessary, shall revise such rate(s) so that it shall produce revenues which shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of the operation and maintenance (including without limitation, replacements, insurance, taxes and administrative and general overhead expenses) of the generating plant(s), transmission system(s), and related facilities of the Seller, to meet the cost of purchased power and transmission services, to make payments on account of principal and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. Without limiting the generality of the foregoing, the revenues produced by the rate shall be such as will enable the Seller to comply with all mortgage or other financing requirements as they may exist from time to time. The Seller shall cause a notice in writing to be given to the Member and other members of the Seller and the Administrator which shall set out all proposed revisions of the rate(s) and any revisions affecting the maintenance of reasonable reserves with the effective date thereof, which shall be not less than thirty (30) nor more than forty-five (45) days after the

(EXHIBIT III, J)

date of the notice, and shall set forth the basis upon which such revisions are proposed. The Member agrees that the rate(s) from time to time established by the Board of Trustees of the Seller shall be deemed to be substituted for the rate(s) herein provided and agrees to pay for electric power and energy furnished by the Seller to it hereunder after the effective date of any such revisions at such revised rates; provided, however, that no such revision shall be effective unless approved in writing by the Administrator.

5. NOTICE OF METER READING OR TEST. The Seller shall notify the Member in advance of the time of any meter reading or test so that the Member's representative may be present at such meter reading or test.
6. RIGHT OF ACCESS. Duly authorized representatives of either party hereto shall be permitted to enter the premises of the other party hereto at all reasonable times in order to carry out the provisions hereof.
7. CONTINUITY OF SERVICE. The Seller shall use reasonable diligence to deliver a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective, through act of God or the public enemy, or because of accident, labor troubles, or any other cause beyond the control of the Seller, the Seller shall not be liable therefor or for damages caused thereby.

(EXHIBIT II, p.)

8. TERM. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect for a term of forty-five (45) years and thereafter until terminated by either party's giving to the other not less than three (3) years' written notice of its intention to terminate; provided, however, this Agreement shall remain in force and effect so long as it is necessary for Seller's loan requirements.

9. ASSIGNMENT. Neither party shall have the right to assign this Agreement without the written consent of the other, except Seller may assign the same upon approval thereof by the Administrator.

10. SAVINGS CLAUSE. In the event any portion or provision of this Agreement is declared void or unenforceable, then the remainder of this Agreement shall not be affected thereby.

EXECUTED the day and year first above written.

SEMINOLE ELECTRIC COOPERATIVE, INC.

ATTEST: _____
Secretary

by: _____

(CORPORATE SEAL)

ATTEST: J. R. Williams
Secretary

by: James H. ...

(CORPORATE SEAL)

(EXHIBIT III, P. 12)

RATE SCHEDULE C
TO WHOLESALE POWER CONTRACT

I. AVAILABILITY.

Service hereunder shall be available to all members of Seller signatory to a wholesale power contract with Seller.

II. APPLICABILITY.

This rate schedule shall be applicable to electric service purchased from Seller by its members for use, redistribution, and resale in accordance with the terms of the wholesale power contract.

III. MONTHLY RATE.

The rate to the Members shall be composed of the following charges:

(A) BASE RATES FOR SERVICE

This amount shall be the computed cost to Member as if the Member's total monthly power and energy supply had been purchased directly from a supplier or suppliers other than the Seller under applicable wholesale rate schedules. The applicable wholesale rate schedule shall be the rate schedule of supplier serving the territory in which the Point of Connection of the Member is located.

(B) FACILITIES USE CHARGE

A "Facilities Use Charge" as described in Seminole's Transmission Policy and as approved by the Seminole Board of Trustees shall be added to the amount computed under the foregoing monthly Base Rate in accordance with

the terms and conditions described in said policy. The charge shall be calculated in the manner prescribed in Appendix C which is incorporated as a part of this Schedule.

(C) MEMBER ADJUSTMENT FACTOR

The total amount computed under the monthly charges described above shall be adjusted minus or plus by a Member Adjustment Factor. The Member Adjustment Factor shall be obtained by multiplying the difference between the Seller's total costs and the sum of the monthly revenues received from the Base Rate and Facilities Use Charge components of this rate schedule by the ratio of the Member's total monthly energy requirements, including SEPA, to the total monthly energy requirements, including SEPA, of all members of the Seller.

IV. METER READINGS AND BILLINGS.

(A) PAYMENT OF BILLS

Electric power and energy furnished hereunder shall be paid for at the office of the Seller within ten (10) days after the bill therefor is mailed to the Member. Bills not paid within such ten-day period shall be deemed delinquent and shall accrue interest at the current annual rate provided for refunds under the Federal Power Act, by the Federal Energy Regulatory Commission or any successor agency.

EXHIBIT III, J

(B) METER READING AND TESTING

The Seller shall read meters monthly, or cause meters to be read monthly. The Seller shall test and calibrate meters, or shall cause such meters to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make, or cause to be made, special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the thrity (30) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period the Member and the Seller shall agree as to the amount of power and energy furnished during such period and the Seller shall render a bill therefor.

V. TERMS AND CONDITIONS.

Service hereunder is subject to all of the provisions of the wholesale power contract between Seminole and its members, including all schedules, amendments, and supplemental agreements thereto in effect from time to time.

RATE SCHEDULE CAPPENDIX-CImplementation Procedure
Facilities Use Charge

Section 2 of the Transmission Policy No. 15 lists the costs that will be borne by a member system that has exclusive use of facilities owned by Seminole. Costs of operation and maintenance are to be borne directly by the member, whereas cost of ownership will be recovered by Seminole from the benefiting member through a Facilities Use Charge. Outlined below are those components of the Facilities Use Charge and how they are to be computed.

DEPRECIATION - For facilities constructed by Seminole, depreciation will be calculated monthly based on original installed cost (including cost of capitalized renewals and replacements) of depreciable property relating to the transmission facilities used exclusively by a member system and the depreciation rate prescribed in REA Bulletin 183-1, currently 2.75% annually. The date at which depreciation cost commences will be the date that the transmission facility is placed in service for its intended use by Seminole for the benefiting member, regardless of the date of closing of the construction work order.

For facilities purchased from a member by Seminole to be used exclusively by that member, depreciation will commence as of the effective date of the transfer thereof and calculated according to the method previously described.

EXHIBIT I

PROPERTY TAXES - For facilities constructed by Seminole, for the exclusive use of a member, property tax costs will be included in the Facilities Use Charge at such time that the facility qualifies as taxable property and becomes taxable to Seminole. The cost will be based on the ratio of the net book value of taxable property comprising the transmission facility used exclusively by the benefiting member, to the total net book value of all taxable property owned by Seminole in the county in which the facility is located, as of January 1 of each year. This ratio will be applied to the estimated tax bill for the county in which the facility is located as the basis for determining the estimated monthly charge. When the actual tax bill is received appropriate adjustments will be made.

For facilities purchased from a member by Seminole for exclusive use by that member, property taxes will be prorated as of the date of the Bill of Sale. Taxes associated with the facility be based on the ratio of the net book value of taxable property comprising the facility to the total net book value of taxable property owned by the member in the county in which the facility is located. The taxes will be calculated by the method described for Seminole-built facilities.

PROPERTY INSURANCE - Seminole will carry property insurance for transmission facilities in accordance with its standard insurance purchasing practices. For Seminole-built facilities the cost will be based on the ratio of insured value of the facility to the total insured value of all property covered in the policy. This ratio will be applied to the total premium for the policy to determine

Exhibit III, Pg 10

the cost applicable to the facility; however, if the premium for the facility is specifically identified in the policy, this amount will be used in the Facilities Use Charge.

For facilities purchased by Seminole from a member system, Seminole will obtain appropriate property insurance as of the effective date of the transfer thereof and include this amount in the Facilities Use Charge.

COST OF MONEY - For facilities constructed by Seminole, the cost of money component will be included in the Facilities Use Charge as of the date of in-service of the facility. This cost will be determined by applying the cost of permanent financing for the facility (currently 5%/year) to the net book value of the facilities used exclusively by the member at the end of each month.

For facilities purchased from a member system by Seminole for exclusive use by that member system, the cost of money component will be determined by the cost of debt assumed or Seminole's cost of permanent financing used to finance the purchase of the facility.

COPY

EXHIBIT III, pg

AMENDED
SUPPLEMENTAL AGREEMENT

AGREEMENT made as of Jan. 22, 1980, between SEMINOLE ELECTRIC COOPERATIVE, INC., (hereinafter called the "Seller"), Lee Co. Elec. Coop. Inc. (hereinafter called the "Member"), and the United States of America, acting through the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator")

WHEREAS, the Seller and the Member have entered into a contract for the purchase and sale of electric power and energy, which contract is attached hereto and is hereinafter called the "Power Contract"; and

WHEREAS, the execution of the Power Contract between the Member and the Seller is subject to the approval of the Administrator under the terms of the loan contracts entered into with the Administrator by the Seller and the Member respectively;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, and the approval by the Administrator of the Power Contract, the parties hereto agree as follows:

1. The Seller, the Member and the Administrator agree that if the Member, upon being requested to do so by the Seller with the approval or at the direction of the Administrator, shall fail to terminate any contract with a power supplier other than the Seller or the Southeastern Power Administration (SEPA), as provided by Section 1 of the Power Contract, the Seller, or the Administrator if he shall so elect, shall have the right to

Exhibit III, pg

enforce the obligations of the Member under the provisions of said Section 1 of the Contract including but not limited to the institution of suits for specific performance or any other suits or actions deemed necessary to enforce said obligations.

- 2. The Member will not renew, amend or extend any such contract or contracts excluding contracts with the Southeastern Power Administration (SEPA). Any new contract, including contracts with the Southeastern Power Administration which increase the power allotment to the Member, shall not be entered into by the member without the approval of the Seller and the Administrator.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the day and year first above mentioned.

SEMINOLE ELECTRIC COOPERATIVE, INC.

ATTEST: _____
Secretary

by: _____
President

ATTEST: T. R. ...
Secretary

by: James T. ...
President

UNITED STATES OF AMERICA

ATTEST: _____

by: _____
Administrator
of
RURAL ELECTRIFICATION ADMINISTRATION

U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Florida 25 Lee

REA BORROWER DESIGNATION

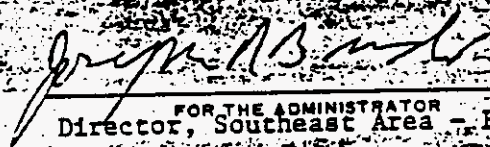
Amendment No. 1 to the 1975 Wholesale Power Contract

THE WITHIN

between Lee County Electric Cooperative, Inc. and Seminole

Electric Cooperative, Inc., dated June 26, 1984

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT.



FOR THE ADMINISTRATOR
Director, Southeast Area - Electric

DATED

8/29/84

AMENDMENT NO. 1

WHOLESALE POWER CONTRACT

This Amendment made this 26 day of June, 1984, by and between Seminole Electric Cooperative, Inc. (called Seller) and Lee County Electric Cooperative, Inc. (called Member).

WHEREAS, in 1975, Seller and Member entered into a Wholesale Power Contract (Power Contract) and a Supplemental Agreement (Supplement); and

WHEREAS, the Power Contract contained a specific purchased power cost flow-through pricing mechanism for power sales to Members; and

WHEREAS, it is desirable that the Power Contract be amended to clearly provide for a rate structure responsive to Seller's ownership and operation of generation and transmission facilities; and

WHEREAS, Seller is entering into uniform amendments with all of its Members.

NOW, THEREFORE, in consideration of these mutual undertakings in said Power Contract it is herein agreed by the parties as follows:

1. Sections 1, 4, and 5 of the Power Contract between Seller and Member are hereby amended to read in their entirety as follows:

- "1. GENERAL. The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which the Member shall require for the operation of the Member's system within the State of Florida to the extent that the Seller shall have such power and energy and facilities available; provided, however, that the Member shall have the right to continue to purchase electric power and energy under any existing contract or contracts with a supplier other than the Seller during the remainder of the term thereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of

the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator") so request, any such existing contract or contracts with a supplier other than the Seller at such times as it may legally do so, provided the Seller shall have sufficient electric power and energy facilities available for the Member."

"4. RATE. (a) The Member shall pay the Seller for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth in Schedule C attached hereto (designated as Rate Schedule SECI-2 adopted by the Board of Trustees of Seller on April 14, 1983, and effective on February 1, 1984) and made a part hereof.

(b) The Board of Trustees of the Seller at intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review said Schedule C including the related terms and conditions thereof for electric power and energy furnished hereunder and under uniform agreements with other Members and, if necessary, shall revise such Schedule C so that it shall produce revenues under appropriate terms and conditions which shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of operation and maintenance (including without limitation, replacements, insurance, taxes and administrative and general overhead expenses) of the generating plant(s), transmission system, and related facilities of the Seller, to meet the cost of purchased power and transmission services, to make payments on account of principal and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. Without limiting the generality of the foregoing, the revenues produced by the rate shall be such as will enable the Seller to comply with all mortgage requirements as they may exist from time to time. After the Board of Trustees of Seller has reviewed said Schedule C and any revisions are proposed, the Seller shall cause a notice in writing to be given to the Member and other Members of the Seller and the Administrator which shall set out all proposed revisions in Schedule C with the effective date thereof, which shall be not less than thirty (30) nor more than ninety (90) days after the date of the notice, and shall set forth the basis upon which such revisions are proposed. The Member agrees that the rates and terms and conditions from time to time established by the Board of Trustees of the Seller shall be deemed to be substituted for the rates, terms, and conditions herein provided and agrees to pay for electric power and energy furnished by the Seller to it hereunder after the effective date of any such revision at such revised rates, terms, and conditions; provided, however, that no such revision shall be effective unless approved in writing by the Administrator."

"5. METER READINGS AND PAYMENT OF BILLS. The Seller shall read meters monthly, or cause meters to be read monthly. Electric power and energy furnished hereunder shall be paid for in accordance with the terms and conditions of Schedule C and as such terms and conditions may be modified from time to time by the Board of Trustees of the Seller as provided in Section 4 above."

2. Notwithstanding anything herein to the contrary, the parties agree that, as a material inducement for entering into this Amendment, the initial Schedule C and all subsequent amendments or revisions thereof shall recognize and provide for variations in the cost of providing service at differing delivery voltages, load factors, and power factors, the specific provisions therefore to be made in accordance with generally accepted ratemaking standards.
3. In all other respects said 1975 Contract is affirmed.
4. This Amendment shall become effective upon execution of a uniform amendment with all other Members of Seller, and upon approval in writing by the Administrator of the Rural Electrification Administration.

Executed the day and year first above written.

SEMINOLE ELECTRIC COOPERATIVE, INC.

BY Wm. P. Wallace

ATTEST:

Janette M. Lyman

Lee County Electric Cooperative, Inc

BY Fred X. [Signature]

ATTEST:

[Signature]

COPY

EXHIBIT III, 123

AMENDED
SUPPLEMENTAL AGREEMENT

AGREEMENT made as of Jan. 22, 1980, between SEMINOLE ELECTRIC COOPERATIVE, INC., (hereinafter called the "Seller"), Lee Co. Elec. Coop. Inc. (hereinafter called the "Member"), and the United States of America, acting through the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator")

WHEREAS, the Seller and the Member have entered into a contract for the purchase and sale of electric power and energy, which contract is attached hereto and is hereinafter called the "Power Contract"; and

WHEREAS, the execution of the Power Contract between the Member and the Seller is subject to the approval of the Administrator under the terms of the loan contracts entered into with the Administrator by the Seller and the Member respectively;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, and the approval by the Administrator of the Power Contract, the parties hereto agree as follows:

1. The Seller, the Member and the Administrator agree that if the Member, upon being requested to do so by the Seller with the approval or at the direction of the Administrator, shall fail to terminate any contract with a power supplier other than the Seller or the Southeastern Power Administration (SEPA), as provided by Section 1 of the Power Contract, the Seller, or the Administrator if he shall so elect, shall have the right to

EXHIBIT III, pg.

enforce the obligations of the Member under the provisions of said Section 1 of the Contract including but not limited to the institution of suits for specific performance or any other suits or actions deemed necessary to enforce said obligations.

2. The Member will not renew, amend or extend any such contract or contracts excluding contracts with the Southeastern Power Administration (SEPA). Any new contract, including contracts with the Southeastern Power Administration which increase the power allotment to the Member, shall not be entered into by the Member without the approval of the Seller and the Administrator.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the day and year first above mentioned.

SEMINOLE ELECTRIC COOPERATIVE, INC.

ATTEST: _____
Secretary

by: _____
President

ATTEST: T. R. [unclear]
Secretary

by: James T. [unclear]
President

UNITED STATES OF AMERICA

ATTEST: _____

by: _____

Administrator
of
RURAL ELECTRIFICATION ADMINISTRATION

(Exhibit III)

AMENDED
WHOLESALE POWER CONTRACT

AGREEMENT, made as of 1/22/80, between SEMINOLE ELECTRIC COOPERATIVE, INC., (hereinafter called the "Seller"), a corporation organized and existing under the laws of the State of Florida, and LAFC Inc (hereinafter called the "Member"), a corporation organized and existing under the laws of the State of Florida.

WHEREAS, the Seller proposes to construct and/or acquire electric generating capacity and transmission facilities and may purchase or otherwise obtain transmission services and electric power and energy for the purpose, among others, of supplying electric power and energy to borrowers from the Rural Electrification Administration who are or may become members of the Seller; and

WHEREAS, the parties have heretofore entered into agreements for the sale of electric power and energy and are desirous of amending said contracts as hereinafter set forth; and

WHEREAS, the Seller is entering into agreements for the sale of electric power and energy similar in form to this agreement with all the borrowers who are members of the Seller and may enter into similar contracts with other such borrowers who may become members; and

WHEREAS, the Member desires to purchase electric power and energy from the Seller on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the parties hereto agree as follows:

1. GENERAL. The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric

(EXHIBIT III, (

power and energy, which the Member shall require for the operation of the Member's system within the State of Florida to the extent that the Seller shall have such power and energy facilities available; provided, however, that the Member shall have the right to continue to purchase electric power and energy under any existing contract or contracts with a supplier other than the Seller during the remainder of the term thereof; and provided, further, that the Member shall have the right to continue to purchase electric power and energy under any contract or contracts now existing or hereafter entered into with the Southeastern Power Administration (SEPA). If the Member continues to purchase electric power and energy under a contract or contracts with a supplier or suppliers other than the Seller or the Southeastern Power Administration (SEPA), then the power and energy purchased under such contract or contracts, (other than contracts with the Southeastern Power Administration [SEPA]), shall be paid for by Seller for the account of the Member, and the Member shall be billed by Seller for such power and energy in accordance with the terms and conditions of Section 4 hereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator") so request, any such existing contract or contracts with a supplier other than the Seller or the Southeastern Power Administration (SEPA), at such time as it may legally do so, provided the Seller shall have sufficient electric power and energy facilities available for the Member.

2. ELECTRIC CHARACTERISTICS AND POINTS OF CONNECTION. Electric power and energy to be furnished hereunder shall be sixty Hertz alternating current.

As used in this Agreement, "Points of Connection" shall be those points where the system of the Member is connected to the transmission system that Seller has from time to time ownership of or rights to deliver power and energy through.

The Member shall keep the Seller advised concerning anticipated loads at established Points of Connection and the need for additional Points of Connection by furnishing the Seller, by November 1 of each year, a revised "Schedule A" substantially in the form attached hereto.

The initial Point or Points of Connection and their initial delivery voltages shall be as set forth in "Schedule B" attached hereto and made a part hereof. Other Points of Connection and their initial delivery voltages may be established by mutual agreement of the Member and the Seller, and "Schedule B" shall be revised accordingly.

3. DELIVERY FACILITIES. The Seller shall be responsible for the facilities to deliver power and energy to the Point or Points of Connection. The Member shall be responsible for providing the facilities necessary to take and use the power and energy from the Point or Points of Connection. The parties shall provide and maintain, or cause to be provided and maintained, switching and protective equipment which may be reasonably necessary to protect the system of the other. Meters and metering equipment shall be furnished, maintained and read, or caused to be furnished, maintained and read, by the Seller.

Exhibit III

4. RATE. (a) The Member shall pay the Seller for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth in Rate Schedule C attached hereto and made a part hereof.

(b) The Board of Trustees of the Seller at intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review the rate(s) for electric power and energy furnished hereunder and under similar agreements with other Members and, if necessary, shall revise such rate(s) so that it shall produce revenues which shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of the operation and maintenance (including without limitation, replacements, insurance, taxes and administrative and general overhead expenses) of the generating plant(s), transmission system(s), and related facilities of the Seller, to meet the cost of purchased power and transmission services, to make payments on account of principal and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. Without limiting the generality of the foregoing, the revenues produced by the rate shall be such as will enable the Seller to comply with all mortgage or other financing requirements as they may exist from time to time. The Seller shall cause a notice in writing to be given to the Member and other members of the Seller and the Administrator which shall set out all proposed revisions of the rate(s) and any revisions affecting the maintenance of reasonable reserves with the effective date thereof, which shall not less than thirty (30) nor more than forty-five (45) days after the

"5. METER READINGS AND PAYMENT OF BILLS. The Seller shall read meters monthly, or cause meters to be read monthly. Electric power and energy furnished hereunder shall be paid for in accordance with the terms and conditions of Schedule C and as such terms and conditions may be modified from time to time by the Board of Trustees of the Seller as provided in Section 4 above."

2. Notwithstanding anything herein to the contrary, the parties agree that, as a material inducement for entering into this Amendment, the initial Schedule C and all subsequent amendments or revisions thereof shall recognize and provide for variations in the cost of providing service at differing delivery voltages, load factors, and power factors, the specific provisions therefore to be made in accordance with generally accepted ratemaking standards.
3. In all other respects said 1975 Contract is affirmed.
4. This Amendment shall become effective upon execution of a uniform amendment with all other Members of Seller, and upon approval in writing by the Administrator of the Rural Electrification Administration.

Executed the day and year first above written.

SEMINOLE ELECTRIC COOPERATIVE, INC.

BY Wm. P. [Signature]

ATTEST:

Janette M. [Signature]

Lee County Electric Cooperative,

BY [Signature]

ATTEST:

[Signature]

IVC
Exh. B.1

THIS AGREEMENT, made as of September 22, 1987, among Lee County Electric Cooperative, Inc. (hereinafter called the "Company"), Seminole Electric Cooperative, Inc. (hereinafter called the "Power Supplier") and the United States of America (hereinafter called the "Government"), acting through the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator"),

WITNESSETH:

WHEREAS, the Company has heretofore borrowed funds from the Government, acting through the Administrator, and in evidence thereof has heretofore duly authorized and executed, and has delivered to the Government, or has assumed the payment of, notes (hereinafter collectively called the "Notes") all payable to the order of the Government, of which the certain Notes more specifically identified in Appendix A attached hereto are outstanding on the date hereof (such Notes being hereinafter collectively called the "Outstanding Company Notes"); and

WHEREAS, the Company and the Power Supplier have heretofore entered into a certain contract for the purchase and sale of electric power and energy, which contract, together with the amendments and supplements thereto which have heretofore been entered into by the Company and the Power Supplier, is attached to this Agreement as Appendix B hereto (such contract, as it has heretofore been amended and supplemented and as it may hereafter be amended or supplemented from time to time, being hereinafter called the "Wholesale Power Contract"); and

WHEREAS, in reliance, in part, upon the Company's obligations to the Power Supplier under the Wholesale Power Contract, the Government, acting through the Administrator, has heretofore made and guaranteed certain loans to the Power Supplier, or has permitted the Power Supplier to assume certain indebtedness of a third party or parties to the Government created by a loan or loans theretofore made by the Government, acting through the Administrator, to such third party or parties, to finance the acquisition or construction or installation of electric generating plants or transmission systems, or both, to meet the Company's requirements for electric power and energy; and

WHEREAS, the indebtedness of the Power Supplier created by loans heretofore made or guaranteed by the Government is evidenced by certain outstanding notes and any indebtedness of the Power Supplier created by any loans which may hereafter be made or guaranteed by the Government shall be evidenced by additional notes (such outstanding notes of the Power Supplier and additional notes of the Power Supplier being hereinafter collectively called the "Power Supplier Notes"); and

WHEREAS, the Company desires now to prepay the Outstanding Company Notes pursuant to Public Law No. 99-509; and

IVC
Exh. B.1

WHEREAS, the Government has determined to permit the Company to prepay the Outstanding Company Notes on the terms and conditions contained in a certain agreement between the Government, acting through the Administrator, and the Company, which agreement is attached to this Agreement as Appendix C hereto (such agreement being hereinafter called the "Prepayment Agreement"); and

WHEREAS, one of the conditions to the Government's permission to the Company to prepay the Outstanding Company Notes, as set forth in the Prepayment Agreement, is that the Company shall provide the Government with satisfactory assurances that the Company will continue to meet its obligations to the Power Supplier under the Wholesale Power Contract during the term of the Wholesale Power Contract, as such term may be amended and extended from time to time.

NOW, THEREFORE, for and in consideration of the mutual agreements herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company, the Power Supplier and the Government agree as follows:

SECTION 1. Limitations on Transfers of the Company's Assets.

The Company agrees that, for so long as the Wholesale Power Contract shall be in effect between the Company and the Power Supplier, the Company will not, without the approval in writing of the Power Supplier and the Administrator, take or suffer to be taken any steps for reorganization or to consolidate with or merge into any corporation, or to sell, lease or transfer (or make any agreement therefor) all or a substantial portion of its assets, whether now owned or hereafter acquired. ~~Notwithstanding the foregoing, the Company may take or suffer to be taken any steps for reorganization or to consolidate with or merge into any corporation, or to sell, lease or transfer (or make any agreement therefor) all or a substantial portion of its assets, whether now owned or hereafter acquired, so long as the Company shall pay such portion of the outstanding indebtedness evidenced by the Power Supplier Notes at the time outstanding, as well as other obligations and commitments of the Power Supplier at the time existing, as shall be determined by the Power Supplier with the prior written consent of the Administrator and shall otherwise comply with such reasonable terms and conditions as the Administrator and the Power Supplier may require.~~

SECTION 2. Specific Performance Available.

The Company agrees that the failure or threatened failure of the Company to comply with the terms of Section 1 of this Agreement will cause irreparable injury to the Power Supplier and the Government which cannot properly or adequately be compensated by the mere payment of money. Therefore, the Company agrees that, in the event of a breach or threatened breach of the terms of Section 1 of this Agreement by the Company, either the Power

IVC
Exh. B.1

Supplier or the Government, or both of them, shall have the right, in addition to any other remedies that may be available to either of them judicially, to obtain from any competent court a decree enjoining such breach or threatened breach of the terms of Section 1 of this Agreement or a decree providing that the terms of Section 1 of this Agreement be specifically enforced.

SECTION 3. Survival of Agreement.

This Agreement shall survive the Power Supplier's payment in full of the Power Supplier Notes; provided, however, that in the event that the Power Supplier shall pay in full the Power Supplier Notes, the Government shall be deemed no longer to be a party to this Agreement and neither the Government nor the Administrator shall have any rights hereunder.

IN WITNESS WHEREOF, the Company, the Power Supplier and the Government, acting through the Administrator, have caused this Agreement to be duly executed as of the day and year first above mentioned.

(SEAL)

LEE COUNTY ELECTRIC COOPERATIVE, INC.
Company

Attest: *Doc Strake*

By: *Armed H. Smith*
President

(SEAL)

SEMINOLE ELECTRIC COOPERATIVE, INC.
Power Company

Attest: *Jordan King*
Assistant Secretary

By: *Wm C. Williams* #
Executive Vice President & General Manager

UNITED STATES OF AMERICA

By: *Jack Van Hook*
Acting Administrator
of
Rural Electrification Administration

FLORIDA 25 LEE

APPENDIX A

OUTSTANDING COMPANY NOTES

	<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>
1.	H	February 11, 1949	\$ 150,000
2.	N	September 22, 1953	\$ 793,000
3.	P	October 14, 1955	\$ 600,000
4.	R	March 22, 1957	\$ 1,000,000
5.	S	March 25, 1959	\$ 1,000,000
6.	T	June 21, 1960	\$ 2,098,000
7.	U	June 26, 1963	\$ 2,000,000
8.	V	February 15, 1966	\$ 3,041,000
9.	W	October 31, 1967	\$ 4,370,000
10.	X	September 10, 1970	\$ 2,800,000
11.	Y2	July 25, 1972	\$ 1,218,000
12.	Z2	November 28, 1972	\$ 3,096,000
13.	AA6	January 22, 1974	\$ 2,706,000
14.	AB6	March 25, 1975	\$ 3,426,000
15.	AC6	July 26, 1977	\$ 6,824,000
16.	AD6	August 28, 1979	\$ 5,109,000
17.	AE6	May 27, 1980	\$10,708,000
18.	AF6	May 11, 1982	\$10,384,000

IVC
Exh. 8

	<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>
19.	AG6	September 27, 1982	\$ 3,945,000
20.	AH6	January 25, 1983	\$ 3,050,000
21.	AK6	June 26, 1984	\$14,352,000
22.	AL6	November 25, 1986	\$23,819,000

FLORIDA 25 LEE

APPENDIX B

WHOLESALE POWER CONTRACT

[ATTACH COPY OF WHOLESALE POWER CONTRACT AND
ALL AMENDMENTS AND SUPPLEMENTS THERETO]

WHOLESALE POWER CONTRACT

AGREEMENT made as of May 22, 1975 between SEMINOLE ELECTRIC COOPERATIVE, INC. (hereinafter called the "Seller"), a corporation organized under the laws of the State of Florida and LEE COUNTY ELECTRIC COOPERATIVE, INC. (hereinafter called the "Member"), a corporation organized and existing under the laws of the State of Florida.

WHEREAS, the Seller proposes to construct and/or acquire electric generating capacity and transmission facilities and may purchase or otherwise obtain transmission services and electric power and energy for the purpose, among others, of supplying electric power and energy to borrowers from the Rural Electrification Administration which are or may become members of the Seller; and

WHEREAS, the Seller has heretofore entered into or is about to enter into agreements for the sale of electric power and energy similar in form to this agreement with all the borrowers which are members of the Seller and may enter into similar contracts with other such borrowers who may become members, and

WHEREAS, the Member desires to purchase electric power and energy from the Seller on the terms and conditions herein set forth.

NOW THEREFORE, in consideration of the mutual undertakings herein contained the parties hereto agree as follows:

SEP 13 1975

1. GENERAL. The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which the Member shall require for the operation of the Member's system within the State of Florida to the extent that the Seller shall have such power and energy and facilities available; provided, however, that the Member shall have the right to continue to purchase electric power and energy under any existing contract or contracts with a supplier other than the Seller during the remainder of the term thereof. If the Member continues to purchase electric power and energy under a contract or contracts with a supplier or suppliers other than the Seller, then the power and energy purchased under such contract or contracts shall be paid for by Seller for the account of the Member, and the Member shall be billed by Seller for such power and energy in accordance with the terms and conditions of Section 4 hereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator") so request, any such existing contract or contracts with a supplier other than the Seller at such times as it may legally do so, provided the Seller shall have sufficient electric power and energy facilities available for the Member.

2. ELECTRIC CHARACTERISTICS AND POINTS OF CONNECTION. Electric power and energy to be furnished hereunder shall be sixty Hertz alternating current.

As used in this Agreement "Points of Connection" shall be those points where the system of the Member is connected to the transmission system that Seller has from time to time ownership of or rights to deliver power and energy through.

The Member shall keep the Seller advised concerning anticipated loads at established Points of Connection and the need for additional Points of Connection by furnishing the Seller by November 1 of each year a revised "Schedule A" substantially in the form attached hereto.

The initial Point or Points of Connection and their initial delivery voltages shall be as set forth in "Schedule B" attached hereto and made a part hereof. Other Points of Connection and their initial delivery voltages may be established by mutual agreement of the Member and the Seller, and "Schedule B" shall be revised accordingly..

3. DELIVERY FACILITIES. The Seller shall be responsible for the facilities to deliver power and energy to the Point or Points of Connection. The Member shall be responsible for providing the facilities necessary to take and use the power and energy from the Point or Points of Connection. The parties shall provide and maintain, or cause to be provided and maintained switching and protective equipment which may be reasonably necessary to protect the system of the other. Meters and metering equipment shall be furnished, maintained, and read, or caused to be furnished, maintained, and read, by the Seller.

4. RATE. The Member shall pay the Seller for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth below:

(a) The rate to the Member shall be composed of the Monthly Billing Cost plus or minus a Member Adjustment Factor:

(i) The Monthly Billing Cost shall be the computed cost to Member as if the Member's total monthly power and energy supply had been purchased directly from a supplier or suppliers other than the Seller under applicable wholesale rate schedules. The applicable wholesale rate schedule shall be the rate schedule of supplier serving the territory in which the Point of Connection of the Member is located.

(ii) The Member Adjustment Factor shall be obtained by multiplying the difference between the Seller's total costs and the sum of the Monthly Billing Costs for all members by the ratio of the Member's monthly energy requirements to the total monthly energy requirements of all members of Seller.

(b) The Board of Trustees of the Seller shall ensure that revenues produced by the rate for electric power and energy furnished hereunder and under similar agreements with other members shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of the operation and maintenance (including without limitation, replacements, insurance, taxes and administrative and general overhead expenses) of the generating plant(s).

transmission system, and related facilities of the Seller, to meet the cost of purchased power and transmission services, to make payments on account of principal and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. Without limiting the generality of the foregoing, the revenues produced by the rate shall be such as will enable the Seller to comply with all mortgage requirements as they may exist from time to time. The Seller shall cause a notice in writing to be given to the Member and other members of the Seller and the Administrator which shall set out all proposed revisions in the wholesale rate schedules used in determining the Monthly Billing Cost and any revisions affecting the maintenance of reasonable reserves with the effective date thereof, which shall be not less than thirty (30) nor more than forty five (45) days after the date of the notice, and shall set forth the basis upon which such revisions are proposed; provided, however, that no such revision shall be effective unless approved in writing by the Administrator.

5. METER READINGS AND PAYMENT OF BILLS. The Seller shall read meters monthly, or cause meters to be read monthly. Electric power and energy furnished hereunder shall be paid for at the office of the Seller within ten (10) days after the bill therefor is mailed to the Member. If the Member shall fail to pay any such bill within such ten-day period, the Seller may discontinue delivery of electric power and energy hereunder upon fifteen (15) days' written notice to the Member of its intention so to do.

6. METER TESTING AND BILLING ADJUSTMENT. The Seller shall test and calibrate meters, or shall cause such meters to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make, or cause to be made, special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the thirty (30) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period the Member and the Seller shall agree as to the amount of power and energy furnished during such period and the Seller shall render a bill therefor.

7. NOTICE OF METER READING OR TEST. The Seller shall notify the Member in advance of the time of any meter reading or test so that the Member's representative may be present at such meter reading or test.

8. RIGHT OF ACCESS. Duly authorized representatives of either party hereto shall be permitted to enter the premises of the other party hereto at all reasonable times in order to carry out the provisions hereof.

9. CONTINUITY OF SERVICE. The Seller shall use reasonable diligence to

deliver a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective, through act of God or the public enemy, or because of accident, labor troubles, or any other cause beyond the control of the Seller, the Seller shall not be liable therefor or for damages caused thereby.

10. TERM. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect for a term of forty-five (45) years and thereafter until terminated by either party's giving to the other not less than three year's written notice of its intention to terminate. Subject to the provisions of Article 1 hereof, service hereunder and the obligation of the Member to pay therefor shall commence upon Seller's making service available to Member hereunder.

EXECUTED THE day and year first above mentioned.

SEMINOLE ELECTRIC COOPERATIVE, INC.

By _____
PRESIDENT

ATTEST:

SECRETARY

LEE COUNTY ELECTRIC COOPERATIVE, INC.

By James J. Stewart
PRESIDENT

ATTEST:

[Signature]
SECRETARY

SUPPLEMENTAL AGREEMENT

AGREEMENT made as of May 22, 1975, between SEMINOLE ELECTRIC COOPERATIVE, INC. (hereinafter called the "Seller"), LEE COUNTY ELECTRIC COOPERATIVE, INC. (hereinafter called the "Member"), and the United States of America, acting through the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator")

WHEREAS, the Seller and the Member have entered into a contract for the purchase and sale of electric power and energy, which contract is attached hereto and is hereinafter called the "Power Contract"; and

WHEREAS, the execution of the Power Contract between the Member and the Seller is subject to the approval of the Administrator under the terms of the loan contracts entered into with the Administrator by the Seller and the Member respectively;

NOW THEREFORE, in consideration of the mutual undertakings herein contained, and the approval by the Administrator of the Power Contract, the parties hereto agree as follows:

1. The Seller, the Member and the Administrator agree that if the Member, upon being requested to do so by the Seller with the approval or at the direction of the Administrator, shall fail to terminate any contract with a power supplier other than the Seller, as provided by Section 1 of the Power Contract, the Seller, or the Administrator if he shall so elect, shall have the right to enforce the obligations of the Member under the provisions of said Section 1 of the Contract by instituting all necessary actions at law or suits in equity, including, without limitation, suits for specific performance.

2. The Member will not renew, amend or extend any such contract or contracts or enter into any new contract without approval of Seller and Administrator.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above mentioned.

SEMINOLE ELECTRIC COOPERATIVE, INC.

By _____
PRESIDENT

ATTEST:

SECRETARY

LEE COUNTY ELECTRIC COOPERATIVE, INC

By James T. Stewart

ATTEST:

[Signature]
SECRETARY

UNITED STATES OF AMERICA

By _____
ADMINISTRATOR
OF
RURAL ELECTRIFICATION ADMINISTRATION

SCHEDULE A
TO WHOLESALE POWER CONTRACT

EXISTING AND PROPOSED DELIVERY POINT LOAD REQUIREMENTS
AND DELIVERY VOLTAGES

NAME OF MEMBER: LEE COUNTY ELECTRIC COOPERATIVE, INC.

DATE: May 22, 1975

Existing Delivery Points

Voltage of
Delivery

Indicate Year of Estimated Peak Load From Above Date

<u>Name</u>	<u>Change and New Voltage if Any</u>	<u>1975 1Yr. Hence</u>	<u>1976 2Yrs. Hence</u>	<u>1977 3Yrs. Hence</u>	<u>1979 5Yrs. Hence</u>	<u>1984 10Yrs. Hence</u>
1. Lee	138 KV	96.1	110.6	126.9	164.8	304.2
2. Buckingham	138 KV	33.7	38.8	44.5	57.8	106.7
3. Belle Mead (Marco)	138 KV	14.1	16.3	18.7	24.3	44.8
4. Suncoast	69 KV	4.9	5.7	6.5	8.5	15.7
5. Bayshore	138 KV	7.9	9.1	10.5	13.6	25.1
6. North Fort Myers	69 KV	<u>20.3</u>	<u>23.5</u>	<u>26.9</u>	<u>34.9</u>	<u>64.5</u>
TOTALS		177 MW	204 MW	234 MW	304 MW	561 MW

SCHEDULE A
TO WHOLESALE POWER CONTRACT

EXISTING AND PROPOSED DELIVERY POINT LOAD REQUIREMENTS
AND DELIVERY VOLTAGES

Proposed Delivery Points (No New Proposed Delivery Points)

<u>Name</u>	<u>Location</u>	<u>Voltage of Delivery</u>	<u>Date Required</u>	<u>Peak Load</u>	<u>Estimated Peak Load From Above Date</u>				
					<u>1Yr. Hence</u>	<u>2Yrs. Hence</u>	<u>3Yrs. Hence</u>	<u>5Yrs. Hence</u>	<u>10Yrs. Hence</u>
1.									
2.									
3.		<u>(N O N E)</u>							
4.									
5.									
6.									
7.									
8.									
9.									
10.									

SCHEDULE B
TO WHOLESALE POWER CONTRACT

EXISTING DELIVERY POINTS

NAME OF MEMBER: LEE COUNTY ELECTRIC COOPERATIVE, INC.

DATE: MAY 22, 1975

	<u>Name</u>	<u>Voltage of Delivery</u>	<u>SEPA Allotment</u>	<u>Location</u>	<u>Date of Initiation of Service</u>
1.	Lee	138 KV	NONE		1973
2.	Buckingham	138 KV	NONE		1958
3.	Belle Mead (Marco)	138 KV	NONE		1967
4.	Suncoast	69 KV	NONE		1973
5.	Bayshore	138 KV	NONE		1971
6.	North Fort Myers	69 KV	NONE		1949

AMENDMENT NO. 1

WHOLESALE POWER CONTRACT

This Amendment made this 26 day of June, 1984, by and between Seminole Electric Cooperative, Inc. (called Seller) and Lee County Electric Cooperative, Inc. (called Member).

WHEREAS, in 1975, Seller and Member entered into a Wholesale Power Contract (Power Contract) and a Supplemental Agreement (Supplement); and

WHEREAS, the Power Contract contained a specific purchased power cost flow-through pricing mechanism for power sales to Members; and

WHEREAS, it is desirable that the Power Contract be amended to clearly provide for a rate structure responsive to Seller's ownership and operation of generation and transmission facilities; and

WHEREAS, Seller is entering into uniform amendments with all of its Members.

NOW, THEREFORE, in consideration of these mutual undertakings in said Power Contract it is herein agreed by the parties as follows:

1. Sections 1, 4, and 5 of the Power Contract between Seller and Member are hereby amended to read in their entirety as follows:

- "1. GENERAL. The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which the Member shall require for the operation of the Member's system within the State of Florida to the extent that the Seller shall have such power and energy and facilities available; provided, however, that the Member shall have the right to continue to purchase electric power and energy under any existing contract or contracts with a supplier other than the Seller during the remainder of the term thereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of

the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator") so request, any such existing contract or contracts with a supplier other than the Seller at such times as it may legally do so, provided the Seller shall have sufficient electric power and energy facilities available for the Member."

- "4. RATE. (a) The Member shall pay the Seller for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth in Schedule C attached hereto (designated as Rate Schedule SECI-2 adopted by the Board of Trustees of Seller on April 14, 1983, and effective on February 1, 1984) and made a part hereof.

(b) The Board of Trustees of the Seller at intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review said Schedule C including the related terms and conditions thereof for electric power and energy furnished hereunder and under uniform agreements with other Members and, if necessary, shall revise such Schedule C so that it shall produce revenues under appropriate terms and conditions which shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of operation and maintenance (including without limitation, replacements, insurance, taxes and administrative and general overhead expenses) of the generating plant(s), transmission system, and related facilities of the Seller, to meet the cost of purchased power and transmission services, to make payments on account of principal and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. Without limiting the generality of the foregoing, the revenues produced by the rate shall be such as will enable the Seller to comply with all mortgage requirements as they may exist from time to time. After the Board of Trustees of Seller has reviewed said Schedule C and any revisions are proposed, the Seller shall cause a notice in writing to be given to the Member and other Members of the Seller and the Administrator which shall set out all proposed revisions in Schedule C with the effective date thereof, which shall be not less than thirty (30) nor more than ninety (90) days after the date of the notice, and shall set forth the basis upon which such revisions are proposed. The Member agrees that the rates and terms and conditions from time to time established by the Board of Trustees of the Seller shall be deemed to be substituted for the rates, terms, and conditions herein provided and agrees to pay for electric power and energy furnished by the Seller to it hereunder after the effective date of any such revision at such revised rates, terms, and conditions; provided, however, that no such revision shall be effective unless approved in writing by the Administrator."

date of the notice, and shall set forth the basis upon which such revisions are proposed. The Member agrees that the rate(s) from time to time established by the Board of Trustees of the Seller shall be deemed to be substituted for the rate(s) herein provided and agrees to pay for electric power and energy furnished by the Seller to it hereunder after the effective date of any such revisions at such revised rates; provided, however, that no such revision shall be effective unless approved in writing by the Administrator.

5. NOTICE OF METER READING OR TEST. The Seller shall notify the Member in advance of the time of any meter reading or test so that the Member's representative may be present at such meter reading or test.
6. RIGHT OF ACCESS. Duly authorized representatives of either party hereto shall be permitted to enter the premises of the other party hereto at all reasonable times in order to carry out the provisions hereof.
7. CONTINUITY OF SERVICE. The Seller shall use reasonable diligence to deliver a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective, through act of God or the public enemy, or because of accident, labor troubles, or any other cause beyond the control of the Seller, the Seller shall not be liable therefor or for damages caused thereby.

(EXHIBIT II, p2)

8. TERM. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect for a term of forty-five (45) years and thereafter until terminated by either party's giving to the other not less than three (3) years' written notice of its intention to terminate; provided, however, this Agreement shall remain in force and effect so long as it is necessary for Seller's loan requirements.

9. ASSIGNMENT. Neither party shall have the right to assign this Agreement without the written consent of the other, except Seller may assign the same upon approval thereof by the Administrator.

10. SAVINGS CLAUSE. In the event any portion or provision of this Agreement is declared void or unenforceable, then the remainder of this Agreement shall not be affected thereby.

EXECUTED the day and year first above written.

SEMINOLE ELECTRIC COOPERATIVE, INC.

ATTEST: _____
Secretary

by: _____

(CORPORATE SEAL)

ATTEST: J. R. Williams
Secretary

by: James W. Craven

(CORPORATE SEAL)

(EXHIBIT III, JR)

RATE SCHEDULE C
TO WHOLESALE POWER CONTRACT

I. AVAILABILITY.

Service hereunder shall be available to all members of Seller signatory to a wholesale power contract with Seller.

II. APPLICABILITY.

This rate schedule shall be applicable to electric service purchased from Seller by its members for use, redistribution, and resale in accordance with the terms of the wholesale power contract.

III. MONTHLY RATE.

The rate to the Members shall be composed of the following charges:

(A) BASE RATES FOR SERVICE

This amount shall be the computed cost to Member as if the Member's total monthly power and energy supply had been purchased directly from a supplier or suppliers other than the Seller under applicable wholesale rate schedules. The applicable wholesale rate schedule shall be the rate schedule of supplier serving the territory in which the Point of Connection of the Member is located.

(B) FACILITIES USE CHARGE

A "Facilities Use Charge" as described in Seminole's Transmission Policy and as approved by the Seminole Board of Trustees shall be added to the amount computed under the foregoing monthly Base Rate in accordance with

the terms and conditions described in said policy. The charge shall be calculated in the manner prescribed in Appendix C which is incorporated as a part of this Schedule.

(C) MEMBER ADJUSTMENT FACTOR

The total amount computed under the monthly charges described above shall be adjusted minus or plus by a Member Adjustment Factor. The Member Adjustment Factor shall be obtained by multiplying the difference between the Seller's total costs and the sum of the monthly revenues received from the Base Rate and Facilities Use Charge components of this rate schedule by the ratio of the Member's total monthly energy requirements, including SEPA, to the total monthly energy requirements, including SEPA, of all members of the Seller.

IV. METER READINGS AND BILLINGS.

(A) PAYMENT OF BILLS

Electric power and energy furnished hereunder shall be paid for at the office of the Seller within ten (10) days after the bill therefor is mailed to the Member. Bills not paid within such ten-day period shall be deemed delinquent and shall accrue interest at the current annual rate provided for refunds under the Federal Power Act, by the Federal Energy Regulatory Commission or any successor agency.

EXHIBIT III

(B) METER READING AND TESTING

The Seller shall read meters monthly, or cause meters to be read monthly. The Seller shall test and calibrate meters, or shall cause such meters to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make, or cause to be made, special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the thrity (30) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period the Member and the Seller shall agree as to the amount of power and energy furnished during such period and the Seller shall render a bill therefor.

V. TERMS AND CONDITIONS.

Service hereunder is subject to all of the provisions of the wholesale power contract between Seminole and its members, including all schedules, amendments, and supplemental agreement thereto in effect from time to time.

Compendium III, 13

RATE SCHEDULE CAPPENDIX-CImplementation Procedure
Facilities Use Charge

Section 2 of the Transmission Policy No. 15 lists the costs that will be borne by a member system that has exclusive use of facilities owned by Seminole. Costs of operation and maintenance are to be borne directly by the member, whereas cost of ownership will be recovered by Seminole from the benefiting member through a Facilities Use Charge. Outlined below are those components of the Facilities Use Charge and how they are to be computed.

DEPRECIATION - For facilities constructed by Seminole, depreciation will be calculated monthly based on original installed cost (including cost of capitalized renewals and replacements) of depreciable property relating to the transmission facilities used exclusively by a member system and the depreciation rate prescribed in REA Bulletin 183-1, currently 2.75% annually. The date at which depreciation cost commences will be the date that the transmission facility is placed in service for its intended use by Seminole for the benefiting member, regardless of the date of closing of the construction work order.

For facilities purchased from a member by Seminole to be use exclusively by that member, depreciation will commence as of the effective date of the transfer thereof and calculated according to the method previously described.

EXHIBIT I

PROPERTY TAXES - For facilities constructed by Seminole, for the exclusive use of a member, property tax costs will be included in the Facilities Use Charge at such time that the facility qualifies as taxable property and becomes taxable to Seminole. The cost will be based on the ratio of the net book value of taxable property comprising the transmission facility used exclusively by the benefiting member, to the total net book value of all taxable property owned by Seminole in the county in which the facility is located, as of January 1 of each year. This ratio will be applied to the estimated tax bill for the county in which the facility is located as the basis for determining the estimated monthly charge. When the actual tax bill is received appropriate adjustments will be made.

For facilities purchased from a member by Seminole for exclusive use by that member, property taxes will be prorated as of the date of the Bill of Sale. Taxes associated with the facility will be based on the ratio of the net book value of taxable property comprising the facility to the total net book value of taxable property owned by the member in the county in which the facility is located. The taxes will be calculated by the method described for Seminole-built facilities.

PROPERTY INSURANCE - Seminole will carry property insurance for transmission facilities in accordance with its standard insurance purchasing practices. For Seminole-built facilities the cost will be based on the ratio of insured value of the facility to the total insured value of all property covered in the policy. This ratio will be applied to the total premium for the policy to determine

Exhibit III, Pg 14

the cost applicable to the facility; however, if the premium for the facility is specifically identified in the policy, this amount will be used in the Facilities Use Charge.

For facilities purchased by Seminole from a member system, Seminole will obtain appropriate property insurance as of the effective date of the transfer thereof and include this amount in the Facilities Use Charge.

COST OF MONEY - For facilities constructed by Seminole, the cost of money component will be included in the Facilities Use Charge as of the date of in-service of the facility. This cost will be determined by applying the cost of permanent financing for the facility (currently 5%/year) to the net book value of the facilities used exclusively by the member at the end of each month.

For facilities purchased from a member system by Seminole for exclusive use by that member system, the cost of money component will be determined by the cost of debt assumed or Seminole's cost of permanent financing used to finance the purchase of the facility.

FLORIDA 25 LEE

APPENDIX C

PREPAYMENT AGREEMENT

[ATTACH COPY OF PREPAYMENT AGREEMENT]

FLORIDA 25 LEE

PREPAYMENT AGREEMENT

dated as of

August 26, 1987

between

UNITED STATES OF AMERICA

and

LEE COUNTY ELECTRIC COOPERATIVE, INC.

THIS AGREEMENT, made as of the date identified in Schedule I hereto under the heading "Agreement Date", between the United States of America (hereinafter called the "Government"), acting through the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator") and the company identified in Schedule I hereto under the heading "Company" (hereinafter called the "Company"), a corporation organized and existing under the laws of the state identified in Schedule I hereto under the heading "Incorporation State" (hereinafter called the "Incorporation State"),

WITNESSETH:

WHEREAS, the Company has heretofore borrowed funds from the Government, acting through the Administrator, pursuant to the Loan Contract (as hereinafter defined); and

WHEREAS, pursuant to the Loan Contract, the Company, for value received, has heretofore duly authorized and executed, and has delivered to the Government, or has assumed the payment of, the Outstanding Notes (as hereinafter defined); and

WHEREAS, the Outstanding Notes are secured by the Mortgage (as hereinafter defined); and

WHEREAS, the Company desires now to prepay the Outstanding Notes as hereinafter set forth; and

WHEREAS, the Government has determined, pursuant to Public Law No. 99-509, to permit the Company to prepay the Outstanding Notes as hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual agreements herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Government and the Company agree as follows:

ARTICLE I

DEFINITIONS

In addition to the terms elsewhere defined in this Agreement, the terms defined in this Article I shall have the meanings herein specified, unless the context clearly requires otherwise. The terms defined herein include the plural as well as the singular and the singular as well as the plural.

Act shall mean the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 et seq.).

ivc

Closing shall mean the closing of the prepayment of the Outstanding Notes contemplated by Section 2.01 of this Agreement.

Closing Date shall mean any business day on or prior to September 30, 1987, identified as such by the Government in its notice delivered to the Company pursuant to Paragraph 2.01(b) of this Agreement.

Loan Contract shall mean the loan contract identified in Schedule I hereto under the heading "Loan Contract", heretofore executed by and between the Government and the Company, as it has heretofore been amended or supplemented.

Mortgage shall mean, collectively, the mortgages and security agreements identified in Schedule I hereto under the heading "Mortgage", each heretofore made by the Company in favor of the Government or the Government and the Supplemental Lender, if any.

Outstanding Notes shall mean the notes identified in Schedule I hereto under the heading "Outstanding Notes".

Power Supplier shall mean the entity identified in Schedule I hereto under the heading "Power Supplier".

Prepayment Amount shall mean the "Discounted Present Value" of the Outstanding Notes as of the Closing Date calculated by the Government in accordance with 7 CFR 1784 five business days prior to the Closing Date and identified as such by the Government in its notice delivered to the Company pursuant to Paragraph 2.01(d) of this Agreement.

Release of REA Lien shall mean a release of lien prepared by the Company substantially in the form of Exhibit A hereto.

Supplemental Agreement shall mean an agreement among the Company, the Power Supplier and the Government substantially in the form of Exhibit B hereto.

Supplemental Lender shall mean, collectively, the entity or entities identified in Schedule I hereto under the heading "Supplemental Lender".

The words "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole.

ARTICLE II

PREPAYMENT OF OUTSTANDING NOTES

SECTION 2.01. Closing.

(a) In reliance upon the agreements, representations and warranties herein contained and subject to the terms and conditions hereinafter set forth, the Government agrees to accept at the Closing a payment of the Prepayment Amount made on the Closing Date and in the manner herein provided as satisfaction of the indebtedness evidenced by the Outstanding Notes.

(b) Not less than ten business days prior to the date which the Government, after consultation with the Company, selects to be the Closing Date, the Government will deliver to the Company a written notice which will state that the Closing Date will be the date identified in such notice.

(c) Not less than five business days prior to the Closing Date, the Company will submit to the Government: (i) as many counterparts of the Release of REA Lien as the Company may request at such time to be executed by the Administrator on behalf of the Government and delivered by the Government to the Company at the Closing, each counterpart having been prepared by the Company substantially in the form of Exhibit A hereto; and (ii) three counterparts of the Supplemental Agreement, each counterpart having been prepared by the Company substantially in the form of Exhibit B hereto and executed by the Company and the Power Supplier.

(d) Not less than three business days prior to the Closing Date, the Government will deliver to the Company telephonic notice of the Prepayment Amount, and will confirm such notice in writing immediately thereafter.

(e) Subject to Section 2.02 of this Agreement, the Closing will be held on the Closing Date in the offices of the Rural Electrification Administration, United States Department of Agriculture, Washington, D.C.

(f) At the Closing, the Company will pay to the Government the Prepayment Amount in immediately available funds by electronic funds transfer using the Treasury Communications System/Federal Reserve Communications System through the United States Department of the Treasury account (021030004) at the Federal Reserve Bank of New York.

(g) At the Closing, upon receipt of payment of the Prepayment Amount in the manner described in Paragraph 2.01(f) of this Agreement, the Government will deliver to the Company the Outstanding Notes marked "Cancelled".

(h) At the Closing, upon receipt of payment of the Prepayment Amount in the manner described in Paragraph 2.01(f) of this Agreement, the Government will deliver to the Company as many counterparts of the Release of REA Lien as shall have been submitted by the Company to the Government in accordance with Paragraph 2.01(c) of this Agreement, each counterpart having been dated on or prior to the Closing Date and executed by the Administrator on behalf of the Government. The Release of REA Lien will be made by the Government and accepted by the Company without covenant or warranty, express or implied, at law or in equity, and without recourse to the Government, in any event or in any contingency.

(i) At the Closing, upon receipt of payment of the Prepayment Amount in the manner described in Paragraph 2.01(f) of this Agreement, the Government will deliver to the Company one of the counterparts of the Supplemental Agreement which had been submitted by the Company to the Government in accordance with Paragraph 2.01(c) of this Agreement, such counterpart having been dated on or prior to the Closing Date and executed by the Administrator on behalf of the Government. Another counterpart of the Supplemental Agreement, also executed by the Administrator on behalf of the Government, will thereafter be delivered to the Power Supplier.

SECTION 2.02. Conditions Precedent.

The obligation of the Government to accept a payment of the Prepayment Amount on the Closing Date as satisfaction of the indebtedness evidenced by the Outstanding Notes is subject to the fulfillment on or prior to the Closing Date of the following conditions precedent:

(a) The Government shall have received a copy of this Agreement executed by the Company, together with such evidence pertaining to the due authorization, execution and delivery of this Agreement as the Government shall request.

(b) The Government shall have received a copy of the Supplemental Agreement substantially in the form of Exhibit B hereto, executed by the Company and the Power Supplier and dated on or prior to the Closing Date, together with such evidence pertaining to the due authorization, execution and delivery of the Supplemental Agreement as the Government shall request.

(c) The Government shall have received an opinion of counsel for the Company substantially in the form of Exhibit C hereto and dated as of the Closing Date.

(d) The representations and warranties contained in Article III of this Agreement shall be true and correct on and as of the Closing Date with the same effect as though made on and as of the Closing Date (except that references therein to the date hereof shall be deemed to be, for

purposes of this paragraph, references to the Closing Date), and the Government shall have received a certificate of a duly authorized officer or representative of the Company to such effect substantially in the form of Exhibit D hereto and dated as of the Closing Date.

(e) On and as of the Closing Date, the Company shall not be in default with respect to any indebtedness owed by the Company to the Government or to the Rural Telephone Bank on account of any loans or loan guarantees heretofore made by the Government, acting through the Administrator, or by the Rural Telephone Bank, as the case may be, under Titles I, II, III or IV of the Act (7 U.S.C. 901-916, 921-924, 931-940(a), 941-950(b)), or with respect to any other payment obligation owed by the Company to the Government under the Loan Contract or the Mortgage.

(f) On and as of the Closing Date, no application or other request for a loan or loan guarantee under Titles I, II or III of the Act (7 U.S.C. 901-916, 921-924, 931-940(a)) shall have been submitted by the Company to the Rural Electrification Administration which shall be pending.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Due Organization.

The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the Incorporation State.

SECTION 3.02. Corporate Authority.

The Company has the corporate power and authority to enter into this Agreement and the Supplemental Agreement, to consummate the transactions contemplated hereby and thereby, and to perform its obligations hereunder and thereunder.

SECTION 3.03. Due Authorization.

The execution and delivery of this Agreement and the Supplemental Agreement by the Company, the consummation of the transactions contemplated hereby and thereby, and the performance by the Company of its obligations hereunder and thereunder have been duly authorized by all necessary corporate action on behalf of the Company.

SECTION 3.04. Governmental Approvals.

No approval, consent, authorization, permit, order, waiver, exemption, variance, filing, registration, notification or other action is now, or under existing law in the future will be, required to be obtained,

given or taken, as the case may be, by or from any Federal, state or other governmental authority or agency to authorize the Company's execution and delivery of this Agreement or the Supplemental Agreement, the consummation of the transactions contemplated hereby or thereby, or the performance by the Company of its obligations hereunder or thereunder, or for the legality, validity, binding effect or enforceability hereof or thereof, except such approvals, consents, authorizations, permits, orders, waivers, exemptions, variances, filings and other actions as will have been obtained, given or taken, as the case may be, on or prior to the Closing Date, and as will be in full force and effect on the Closing Date.

SECTION 3.05. Other Approvals.

The execution and delivery of this Agreement and the Supplemental Agreement, the consummation of the transactions contemplated hereby and thereby, and the performance by the Company of its obligations hereunder and thereunder do not require any approval by the members of the Company.

SECTION 3.06. No Conflict.

The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and thereby, and the performance by the Company of its obligations hereunder and thereunder will not conflict with, result in any breach or violation of, or constitute a default under the articles of incorporation or bylaws of the Company, or any law, statute, rule or regulation, or any judgment, order or decree, in effect on the date hereof to which the Company or any of its properties is subject.

SECTION 3.07. Enforceable Obligation.

This Agreement and the Supplemental Agreement are the valid, legal and binding obligations of the Company enforceable against the Company in accordance with their respective terms.

SECTION 3.08. Litigation.

On and as of the date hereof to the best knowledge of the Company, no action, proceeding or investigation before any court or governmental authority or agency has been instituted and no such action, proceeding or investigation is threatened, and no order, judgment or decree has been issued or is proposed to be issued by any court or any governmental authority or agency seeking to invalidate this Agreement or the Supplemental Agreement, or to set aside, restrain, enjoin or prevent the consummation of the transactions contemplated hereby or thereby or the performance by the Company of its obligations hereunder or thereunder, except as disclosed in writing by the Company to the Administrator.

SECTION 3.09. Compliance with Loan Purposes.

On and as of the date hereof, the Company has expended all funds advanced to it by the Government on account of the loan or loans evidenced by

the Outstanding Notes only for such of the purposes specified in the statement of purposes accompanying the requisition for each advance of such funds as shall have been approved by the Administrator.

ARTICLE IV

AGREEMENTS

SECTION 4.01. No Additional Borrowings on Existing REA Loans.

The Company agrees that, from and after the Closing Date, any and all obligation on the part of the Government under the Loan Contract to advance to the Company the funds, if any, provided for in the Loan Contract on account of loans heretofore made by the Government, acting through the Administrator, pursuant to Titles I or II or Section 305 of the Act (7 U.S.C. 901-916, 921-924, 935) which have not been advanced to the Company prior to the Closing Date, will be terminated.

SECTION 4.02. No New REA Borrowings.

The Company agrees that, as a condition to obtaining any funds on account of any loan or loan guarantee which may hereafter be made by the Government, acting through the Administrator, pursuant to Titles I, II or III of the Act (7 U.S.C. 901-916, 921-924, 931-940(a)), to the Company, the Company will pay to the Government, no later than the time at which the Company obtains the first of such funds, the sum of the following amounts with respect to each of the Outstanding Notes: (i) an amount equal to the difference between the outstanding principal amount of each of the Outstanding Notes as of the Closing Date and the portion of the Prepayment Amount attributable to the principal amount of the respective Outstanding Note, and (ii) an amount representing interest on each of the above-described differences calculated at a rate equal to the contract interest rate of the respective Outstanding Note compounded quarterly from the Closing Date to the date of the payment provided for herein.

SECTION 4.03. Construction Fund Audit.

The Company agrees that the Government, through its representatives, shall, within six months after the Closing Date and during reasonable business hours, have access to, and the right to inspect, audit and make copies of, any and all books, records and accounts, and any and all invoices, contracts, leases, payrolls, cancelled checks, statements and other documents and papers of every kind belonging to or in the possession of the Company which pertain to transactions involving funds which had been deposited in the "Special Construction Account" established by the Company pursuant to Article II, Section 4, of the Loan Contract. If, as a result of such inspection and audit, the Government shall determine that the Company withdrew from such Special Construction Account any funds on account of a loan or loans evidenced by any of the Outstanding Notes which were not used for purposes prescribed by the Loan

Contract, the Company agrees that it will promptly pay to the Government, in a manner consistent with the manner described in Paragraph 2.01(f) of this Agreement, the difference between the following amounts: (i) the amount which, under terms of the Loan Contract, as implemented by 7 C.F.R. 1711.1(c), the Company would be required to return to the Government on account of such withdrawal or withdrawals had there been no prepayment of the Outstanding Notes under the terms of this Agreement; and (ii) the portion of the Prepayment Amount received by the Government attributable to the indebtedness incurred by the Company on account of such withdrawal or withdrawals.

ARTICLE V

TERMINATION, SURVIVAL, BINDING EFFECT, AMENDMENT AND WAIVER

SECTION 5.01. Termination.

This Agreement will be terminated if the Closing shall not have occurred on or prior to September 30, 1987.

SECTION 5.02. Survival.

The representations, warranties and agreements of the Company contained in this Agreement and the Company's obligations under any thereof will survive the execution and delivery of this Agreement and the Closing and will be and continue in effect notwithstanding payment of the Prepayment Amount.

SECTION 5.03. Binding Effect.

The representations, warranties and agreements of the Company contained in this Agreement, including without limitation Section 4.02 of this Agreement, shall bind the Company and its successors and assigns and shall inure to the benefit of the Government.

SECTION 5.04. Amendment and Waiver.

This Agreement may not be amended, supplemented or modified, and no provision of this Agreement may be waived or discharged by either party hereto, orally, but rather only by a written instrument signed by the party against which enforcement of such change is sought. No amendment, supplement, modification, waiver or discharge made in violation of this Section 5.04 will be valid as against any party to this Agreement.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Schedule I.

Schedule I hereto forms an integral part hereof. Any amendment, change or modification of any of the provisions hereof set forth therein will be deemed to be an amendment of the provisions hereof as if set forth herein. To the extent any provision set forth herein conflicts with any provision set forth in Schedule I hereto, the provision set forth in Schedule I hereto will govern.

SECTION 6.02. Entire Agreement.

This Agreement, including Schedule I and Exhibits A, B, C and D hereto, constitutes the entire agreement among the parties hereto concerning the matters contained herein and supersedes all prior oral and written agreements and understandings between the parties.

SECTION 6.03. Headings.

The descriptive headings of the sections of this Agreement were formulated and inserted for convenience only and will not be deemed to affect the meaning or construction of any of the provisions hereof.

SECTION 6.04. Severability.

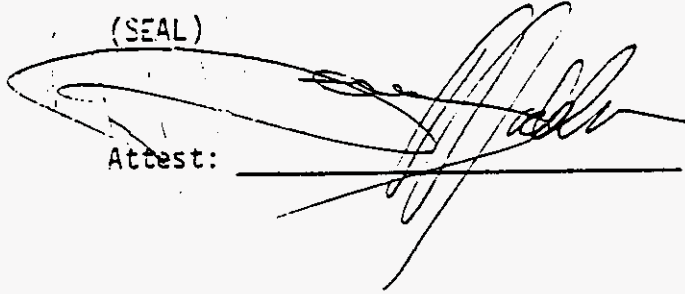
The invalidity of any one or more phrases, clauses, sentences, provisions, sections or articles of this Agreement will not affect the remaining portions hereof.

SECTION 6.05. Counterpart Execution.

This Agreement may be executed in several counterparts, and all said counterparts executed and delivered, each as an original, will constitute but one and the same instrument.

IN WITNESS WHEREOF, the Company and the Government have caused this Agreement to be duly executed as of the day and year first above mentioned.

(SEAL)


Attest: _____

LEE COUNTY ELECTRIC COOPERATIVE, INC.
Company

By: 
President

UNITED STATES OF AMERICA

By: _____
Administrator
of
Rural Electrification Administration

FLORIDA 25 LEE

SCHEDULE I

As used in this Agreement, the following terms have the following meanings:

"Agreement Date": August 26, 1987

"Company": Lee County Electric Cooperative, Inc.

"Incorporation State": Florida

"Loan Contract": Amending Loan Contract dated as of September 21, 1953

"Mortgage":

<u>Instrument</u>	<u>Dated as of</u>	<u>Mortgagee</u>
1. Indenture of Deed of Trust	September 5, 1940	Government as Mortgagee, The First National Bank at Orlando as Trustee
2. Supplemental Indenture	November 20, 1945	Government as Mortgagee, The First National Bank at Orlando as Trustee
3. Mortgage	September 22, 1953	Government
4. Supplemental Mortgage	March 22, 1957	Government
5. Supplemental Mortgage	June 21, 1960	Government
6. Supplemental Mortgage	February 15, 1966	Government
7. Supplemental Mortgage	October 31, 1967	Government
8. Supplemental Mortgage and Security Agreement	July 25, 1972	Government, National Rural Utilities Cooperative Finance Corporation
9. Supplement to Supplemental Mortgage and Security Agreement	January 22, 1974	Government, National Rural Utilities Cooperative Finance Corporation

<u>Instrument</u>	<u>Dated as of</u>	<u>Mortgagee</u>
10. Supplement to Supplemental Mortgage and Security Agreement	August 28, 1979	Government, National Rural Utilities Cooperative Finance Corporation
11. Supplement to Supplemental Mortgage and Security Agreement	June 26, 1984	Government, National Rural Utilities Cooperative Finance Corporation
12. Supplemental Mortgage and Security Agreement	November 25, 1986	Government, National Rural Utilities Cooperative Finance Corporation

"Outstanding Notes":

	<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>
1.	H	February 11, 1949	\$ 150,000
2.	N	September 22, 1953	\$ 793,000
3.	P	October 14, 1955	\$ 600,000
4.	R	March 22, 1957	\$ 1,000,000
5.	S	March 25, 1959	\$ 1,000,000
6.	T	June 21, 1960	\$ 2,098,000
7.	U	June 26, 1963	\$ 2,000,000
8.	V	February 15, 1966	\$ 3,041,000
9.	W	October 31, 1967	\$ 4,370,000
10.	X	September 10, 1970	\$ 2,800,000
11.	Y2	July 25, 1972	\$ 1,218,000
12.	Z2	November 28, 1972	\$ 3,096,000
13.	AA6	January 22, 1974	\$ 2,706,000

	<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>
14.	AB6	March 25, 1975	\$ 3,426,000
15.	AC6	July 26, 1977	\$ 6,824,000
16.	AD6	August 28, 1979	\$ 5,109,000
17.	AE6	May 27, 1980	\$10,708,000
18.	AF6	May 11, 1982	\$10,384,000
19.	AG6	September 27, 1982	\$ 3,945,000
20.	AH6	January 25, 1983	\$ 3,050,000
21.	AK6	June 26, 1984	\$14,352,000
22.	AL6	November 25, 1986	\$23,819,000

"Power Supplier": Seminole Electric Cooperative, Inc.

"Supplemental Lender": National Rural Utilities Cooperative
Finance Corporation

**U.S. DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE**

Florida 25 Lee
RUS BORROWER DESIGNATION Florida 41 Seminole

THE WITHIN Supplemental Agreement to the Wholesale Power Contract (9/29/95)
between Seminole Electric Cooperative, Inc. and Lee County Electric
Cooperative, Inc.

**SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT.**


FOR THE ADMINISTRATOR

DATED
2/22/96

SUPPLEMENTAL AGREEMENT

This SUPPLEMENTAL AGREEMENT is made as of September 29, 1995, between SEMNOLE ELECTRIC COOPERATIVE, INC., (hereinafter called the "Seller"), a cooperative corporation organized and existing under the laws of the State of Florida, its successors and assigns; LEE COUNTY ELECTRIC COOPERATIVE, INC., (hereinafter called the "Member"), a cooperative corporation organized and existing under the laws of the State of Florida, its successors and assigns; and the UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Utilities Service, formerly the Rural Electrification Administration, (hereinafter called the "Administrator").

WHEREAS, the Seller and the Member entered into a Wholesale Power Contract, dated May 22, 1975, as supplemented and amended by Supplemental Agreement, dated May 22, 1975, Amendment No. 1 to Wholesale Power Contract, dated June 26, 1984, and Supplemental Agreement, dated September 22, 1987, which by this reference are incorporated herein and are hereinafter collectively called the "Power Contract"; and

WHEREAS, the Seller has constructed and/or acquired in the past and intends to construct and/or acquire in the future, electric generating capacity, transmission facilities, transmission services and electric power and energy for the purpose among others, of supplying electric power and energy to its members; and

WHEREAS, the Seller has financed and may, in the future, finance such construction in whole or part through loans made or guaranteed by the Government; and

WHEREAS, the indebtedness created by such loans and loan guarantees made by the Government is evidenced, and with respect to future indebtedness, shall be evidenced, by certain notes (hereinafter collectively called "Notes") secured by the Supplemental Mortgage and Security Agreement and Financing Statement made by and among the Seller, the Government and the National Rural Utilities Cooperative Finance Corporation, (said Supplemental Mortgage and Security Agreement and Financing Statement as it may have been heretofore or may be hereafter amended, supplemented and/or restated from time to time being hereinafter called the "Mortgage"); and

WHEREAS, the Government has agreed to make the loans and loan guarantees to the Seller, evidenced by the Notes, on the condition that the Seller and the Member enter into this Supplemental Agreement; and

WHEREAS, the Government is relying on said Power Contract and similar contracts between the Seller and other borrowers from the Rural Utilities Service to assure that the Notes are repaid and the purposes of the Rural Electrification Act of 1936, as amended, are carried out and the Seller and Member by executing this Supplemental Agreement, acknowledge this reliance:

NOW THEREFORE, in consideration of the mutual undertakings herein contained and in consideration of the Government's loans and loan guarantees made to or on behalf of the Seller the parties agree as follows:

1. The Seller, the Member and the Administrator agree that if the Member shall fail to comply with any provision of the Power Contract, the Seller, or the Administrator, if the Administrator so elects, shall have the right to enforce the obligations of the Member under the provisions of the Power Contract by instituting all necessary actions at law or suits in equity, including, without limitation, suits for specific performance. Such rights of the Administrator to enforce the provisions of the Power Contract are in addition to and shall not limit the rights which the Administrator shall otherwise have as third-party beneficiary of the Power Contract or pursuant to the assignment and pledge of such Power Contract and the payments required to be made thereunder as provided in the Mortgage. The Government shall not, under any circumstances assume or be bound by the obligations of the Seller under the Power Contract except to the extent the Government shall agree in writing to accept and be bound by such obligations.

2. In the event the Seller shall pay the Notes in full, the Government shall no longer be deemed to be a party to this Supplemental Agreement and neither the Government nor the Administrator shall have any rights hereunder.

3. This Supplemental Agreement may be simultaneously executed and delivered in two or more counterparts, each of which so executed and delivered shall be deemed to be an original, and all shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be duly executed as of the day and year first above written.

SEMINOLE ELECTRIC COOPERATIVE, INC.

By: George Stephens
George Stephens
Title: President

ATTEST:

Burnie R. ...
Secretary

LEE COUNTY ELECTRIC COOPERATIVE, INC.

By: Thomas G. Drake
Thomas G. Drake
Title: President

ATTEST:

John A. Noland
John A. Noland
Assistant Secretary

(corporate seal)

UNITED STATES OF AMERICA

ATTEST:

Secretary

By: Administrator Rural Utilities Service
Administrator Rural Utilities Service

Twelfth Revised Sheet No. 1
Cancels Eleventh Revised Sheet No. 1

SCHEDULE C
TO WHOLESALE POWER CONTRACT

Wholesale Service Rate to Members
Rate Schedule - SECT-7b

I. AVAILABILITY

Available for electric service from the Seller to its Members.

II. APPLICABILITY

Wholesale service to Members for use, redistribution, and resale in accordance with the terms and conditions of the Wholesale Power Contract. This Rate Schedule shall apply to each Member. The Member's delivery points under this Rate Schedule are listed in Schedule B of the Wholesale Power Contract. The electric service at any such delivery point will be either the total requirements of the Member's electric system served from the delivery points under this Rate Schedule, or if applicable, partial requirements service which complements the Member's purchases of Interruptible Wholesale Service pursuant to the Seller's Rate Schedule INT under Schedule C of the Wholesale Power Contract and/or the Member's purchases from the Southeastern Power Administration.

III. CHARACTER OF SERVICE

The electric capacity and energy hereunder will be three-phase alternating current at a nominal frequency of sixty hertz.

IV. MONTHLY RATES AND CHARGES

The monthly charges to the Members shall be equal to the sum of the Base Charges, Power Factor Penalties and Transmission Facilities Use Charges.

(A) BASE CHARGES - Base Charges shall be equal to the sum of the Fixed Charges, the Non-Fuel Energy Charge, and the Fuel Charge.

FIXED CHARGES - Fixed Charges shall be equal to the sum of Production Charges and Transmission Charges.

Production - Production Charges shall be equal to the sum of the Production Demand Charge and the Production Fixed Energy Charge.

(1) Production Demand Charge (Applicable only during the months of January, February, March, June, July, August, September, and December) - \$8.50 per kW

(2) Production Fixed Energy Charge shall be allocated to Members on an energy basis and calculated in accordance with the formula specified in Seller's Production Fixed Energy Charge Recovery Clause which is incorporated as part of this Rate Schedule as Appendix A.

Transmission - Transmission Charges which shall be applicable during all months, shall be equal to the sum of the Transmission Demand Charge and the Distribution Demand Surcharge.

(1) Transmission Demand Charge (applicable to all delivery points) - \$1.59 per kW

(2) Distribution Demand Surcharge (applicable to delivery points below 69 kV) - \$1.27 per kW

Issued by: Richard J. Midulla
Executive Vice President
and General Manager

Effective: January 1, 2000

Ninth Revised Sheet No. 2
Cancels Eighth Revised Sheet No. 2

NON-FUEL ENERGY CHARGE - \$.00263 per kWh

FUEL CHARGE

The Fuel Charge shall be calculated in accordance with the formula specified in Seller's Fuel Charge Recovery Clause which is incorporated as a part of this Rate Schedule as Appendix B.

BILLING DETERMINANTS

(1) Monthly Billing Demand Determinants:

The Monthly Billing Demand Determinants is the Member's Aggregate Hourly Demand at the time of the Seller's peak demand during the calendar billing month, expressed in kW and rounded to the nearest kW. The Aggregate Hourly Demand for each clock hour of the calendar billing month is determined by the summation of the 60-minute kW demands, corresponding to each such clock hour, metered at each of the Member's delivery points. The Aggregate Hourly Demand for each clock hour shall, where applicable, be reduced by the amount of Southeastern Power Administration capacity, and/or the amount of Interruptible Wholesale Service under the Seller's Rate Schedule INT delivered to certain specified delivery points in each such clock hour during the calendar billing month.

(2) Monthly Energy Determinants:

The Monthly Energy Determinants, expressed in kWh and rounded to the nearest kWh, is determined by the summation of the energy associated with each hour's Aggregate Hourly Demand for all hours during the calendar billing month.

(3) Estimated Billing Determinants:

To the extent that any of the metering information required to determine the Monthly Billing Demand and Monthly Energy supplied during the billing month is not available at the time of billing, bills will be rendered using estimates of said billing determinants with such estimates being based upon all known pertinent facts. Differences between billings based on actual and estimated billing determinants shall be subsequently trued up, with interest accrued at the Seller's short term investment or cost of funds rate, whichever is applicable.

(B) POWER FACTOR

Power factor penalties incurred by the Seller under its contracts with other utilities as a result of a Member delivery point's failing to maintain a power factor at or above the applicable contractually required level, shall be billed to the Member receiving service at the delivery point on a direct pass-through basis as part of the bill for electric service provided hereunder. Seller shall be obligated to keep the Members apprised of the applicable contractual requirements which could affect power factor billings hereunder.

(C) TRANSMISSION FACILITIES USE CHARGE

A Transmission Facilities Use Charge as provided for in Seller's Transmission Policy No. 303 and Seller's Rate Policy No. 304 shall, if applicable be billed to the Member each month. In accordance with the terms and conditions described in said policies the charge shall be calculated in the manner prescribed in Appendix C which is incorporated as part of this Rate Schedule.

Exhibit __ (PMM-2)

Third Revised Sheet No. 2a
Cancels Second Revised Sheet No. 2aV. METERED READINGS AND BILLINGS(A) PAYMENT OF BILLS

Bills for electric power and energy and for transmission facilities use services furnished hereunder shall be paid for at the office of the Seller within fifteen (15) days after the bill therefore is mailed to the Member. Bills not paid within such fifteen-day period shall be deemed delinquent and shall accrue interest at the Seller's monthly line of credit rate. The Board of Trustees of the Seller may, from time to time, establish terms and conditions under which (1) either Seller or Member makes payments of amounts owed hereunder in advance of the performance date provided for herein or (2) Seller offers the Member a premium on any billing credits owed hereunder from the Seller to the Member in consideration of such credits being applied by the Seller to billings subsequent to those provided for above. Said terms and conditions shall be specified in writing and provided to each of the Members of the Seller.

(B) METER READING AND TESTING

The Seller shall read meters monthly, or cause meters to be read monthly. In cases whereby the meter installation is made at a voltage different from the delivery point voltage designated in Schedule B of the Wholesale Power Contract, compensating devices, which automatically adjust meter readings to account for losses, shall be installed. The Seller shall test and calibrate meters, or shall cause such meters to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make or cause to be made special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the thirty (30) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the Member and the Seller shall agree as to the amount of power and energy furnished during such period and the Seller shall render a bill therefore.

VI. TERMS AND CONDITIONS

Service hereunder is subject to all of the provisions of the Wholesale Power Contract between Seller and its Members, including all schedules, amendments, and supplemental agreements thereto in effect from time to time.

VII. SPECIAL PROVISIONS

In the event that the Member purchases power from a cogenerator or a small power producer (Qualifying Facility), the Seller may reallocate to the Member any costs that have not been avoided as a result of the Member's purchases from the Qualifying Facility. The criteria that a small power producer or a cogenerator must meet to achieve the status of a Qualifying Facility is defined by Section 201 of the Public Utility Regulatory Policies Act of 1978 and regulations adopted thereunder.

Tenth Revised Sheet No. 1
 Cancels Ninth Revised Sheet No. 1

SCHEDULE C
TO WHOLESALE POWER CONTRACT

Wholesale Service Rate to Members
 Rate Schedule - SECI-7

I. AVAILABILITY

Available for electric service from the Seller to its Members.

II. APPLICABILITY

Wholesale service to Members for use, redistribution, and resale in accordance with the terms and conditions of the Wholesale Power Contract. This Rate Schedule shall apply to each Member. The Member's delivery points under this Rate Schedule are listed in Schedule B of the Wholesale Power Contract. The electric service at any such delivery point will be either the total requirements of the Member's electric system served from the delivery points under this Rate Schedule, or if applicable, partial requirements service which complements the Member's purchases of Interruptible Wholesale Service pursuant to the Seller's Rate Schedule INT under Schedule C of the Wholesale Power Contract and/or the Member's purchases from the Southeastern Power Administration.

III. CHARACTER OF SERVICE

The electric capacity and energy hereunder will be three-phase alternating current at a nominal frequency of sixty hertz.

IV. MONTHLY RATES AND CHARGES

The monthly charges to the Members shall be equal to the sum of the Base Charges, Power Factor Penalties and Transmission Facilities Use Charges.

(A) BASE CHARGES - Base Charges shall be equal to the sum of the Fixed Charges, the Non-Fuel Energy Charge, and the Fuel Charge.

FIXED CHARGES - Fixed Charges shall be equal to the sum of Production Charges and Transmission Charges.

Production - Production Charges shall be equal to the sum of the Production Demand Charge and the Production Fixed Energy Charge.

(1) Production Demand Charge (Applicable only during the months of January, February, March, June, July, August, September, and December):

1999 - \$8.50 per kW

2000 - \$7.50 per kW

2001 - \$6.50 per kW

(2) Production Fixed Energy Charge shall be allocated to Members on an energy basis and calculated in accordance with the formula specified in Seller's Production Fixed Energy Charge Recovery Clause which is incorporated as part of this Rate Schedule as Appendix A.

Transmission - Transmission Charges which shall be applicable during all months, shall be equal to the sum of the Transmission Demand Charge and the Distribution Demand Surcharge.

(1) Transmission Demand Charge (applicable to all delivery points) - \$1.83 per kW

(2) Distribution Demand Surcharge (applicable to delivery points below 69 kv) - \$1.26 per kW

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 Executive Vice President
 and General Manager

Effective: January 1, 1999

MEMALLOC

- Portion of Production Fixed Energy Charge in effect for the current calendar year. The monthly Production Fixed Energy Charge shall be based upon the total for the year 1999 each Member shall be based upon the total for the year 1999.

Appendix D, which is incorporated as part of this Rate Schedule in effect for the current calendar year. The monthly Production Fixed Energy Charge shall be based upon the use of the following formula:

PFE = ((PFC-PBR) X MEMALLOC) Less

where:

- PFE - Member's monthly Production Fixed Energy Charge
- PFC - Seller's production fixed energy charge comprised of the following:
 - (i) Seller's total revenue
 - (ii) Seller's transmission costs
 - (iii) Seller's Fuel costs: i.e. the applicable calendar year
 - (iv) Seller's Non-fuel Energy Costs
- PBR - Seller's Production Demand Charge projected for the applicable calendar year
- MEMALLOC - Portion of Production Fixed Energy Charge in effect for the current calendar year. The monthly Production Fixed Energy Charge shall be based upon the total for the year 1999 each Member shall be based upon the total for the year 1999.

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Appendix D, which is incorporated as part of this Rate Schedule in effect for the current calendar year.

Less

RATE SCHEDULE under this Rate Schedule

APPENDIX

Production Fixed Energy Charge shall be based upon the use of the following formula:

The monthly Production Fixed Energy Charge shall be based upon the use of the following formula:

PFE = ((PFC-PBR) X MEMALLOC) Less

where:

- PFE - Member's monthly Production Fixed Energy Charge
- PFC - Seller's production fixed energy charge comprised of the following:
 - (i) Seller's total revenue
 - (ii) Seller's transmission costs
 - (iii) Seller's Fuel costs: i.e. the applicable calendar year
 - (iv) Seller's Non-fuel Energy Costs
- PBR - Seller's Production Demand Charge projected for the applicable calendar year

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RATE SCHEDULE C

APPENDIX A

Production Fixed Energy Charge Recovery Clause

The monthly Production Fixed Energy Charge shall be rounded to the nearest whole dollar and determined by use of the following formula:

$$PFE = ((PFC - PBR) \times MEMALLOC) + 12$$

where:

- PFE - Member's monthly Production Fixed Energy Charge
- PFC - Seller's production fixed costs projected for the applicable calendar year comprised of the following costs:
- (i) Seller's total revenue requirements; less
 - (ii) Seller's transmission revenue requirements; less
 - (iii) Seller's Fuel costs; less
 - (iv) Seller's Non-fuel Energy costs.
- PBR - Seller's Production Demand Charge revenues collected under this Rate Schedule projected for the applicable calendar year.
- MEMALLOC - Portion of Production Fixed Energy Charge allocated to each Member based upon the Members' percentage share of actual Energy Determinants for the three calendar years ending with the year prior to the preceding calendar year. For example, for the year 1999 each Member's share of the total Production Fixed Energy Charge shall be based upon the total Energy Determinants for the years 1995 through 1997.

Appendix D, which is incorporated as part of this Rate Schedule, shall specify the Production Fixed Energy Charge in effect for the current calendar year

RATE SCHEDULE C

APPENDIX B

Fuel Charge Recovery Clause

The Fuel Charge shall be equal to the Fuel Rate applied to the Monthly Energy Determinants (kWh), plus the Monthly Trueup, if applicable.

FUEL RATE The Fuel Rate shall be determined by the use of the following formula:

$$FR = \frac{E_s}{S_s}$$

where:

- FR - Applicable Fuel Rate rounded to the nearest one thousandth of a cent.
- E_s - Shall be comprised of the following costs projected for the applicable calendar year.
- (i) Fossil and nuclear fuel consumed in Seller-owned plants and the Seller share of fossil and nuclear fuel consumed in jointly-owned or leased plants; plus
 - (ii) fossil and nuclear fuel costs associated with replacement power, reserve purchases and load following, exclusive of capacity or demand charges (irrespective of the designation assigned to such transactions); plus
 - (iii) the net energy cost of economy energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transactions); plus
 - (iv) allowable fuel and/or purchased economic power costs associated with Seller's purchases of full and partial requirements wholesale power; plus
 - (v) gains, losses, and associated costs related to fuel price hedging transactions; plus
 - (vi) the avoided energy payments to Qualifying Facilities; less
 - (vii) the cost of fossil and nuclear fuel recovered through inter-system sales.
- S_s - Sum of the Projected Energy Determinants for all Members for the applicable calendar year.

Appendix D, which is incorporated as part of this Rate Schedule, shall specify the projected Fuel Rate in effect for the current calendar year.

MONTHLY TRUEUP In addition, each Member shall be charged or credited a Monthly Fuel Trueup during the last four months of each subsequent six-month period by a dollar amount equal to the sum of the following:

- (A) The dollar amount equal to the difference between the Fuel Charges based on actual fuel costs during the preceding six-month period and the Fuel Charges collected based upon projected fuel costs during the same preceding six-month period.
- (B) Interest compounded monthly on the amount computed each month pursuant to Item A above, up to the end of such six-month period, at the Seller's short term investment or cost of funds rate, whichever is applicable, and

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Cancels Third Revised Sheet No. 4

(C) Interest compounded monthly for the two months following such six-month period on the total amount included in Items A and B above at the Seller's short term investment or cost of funds rate, whichever is applicable, for the month succeeding the end of the six-month period.

The distribution of the dollar amounts as determined by the sum of paragraphs A, B and C above shall be billed or credited in equal amounts on billings for the last four months of each six-month period.

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Executive Vice President
and General Manager

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RATE SCHEDULE C

APPENDIX C

Components of
Transmission Facilities Use Charge

The Seller's Transmission Policy No. 303 and Rate Policy No. 304 specify that the costs for transmission facilities owned by the Seller and provided for the exclusive use and benefit of a single Member shall be borne by that Member. Costs of operation and maintenance are to be borne directly by the Member, whereas costs of ownership will be recovered by Seller from the benefiting Member through a Transmission Facilities Use Charge. Outlined below are those components of the Transmission Facilities Use Charge and how they are to be computed.

DEPRECIATION

For facilities constructed by Seller, depreciation will be calculated monthly based on original installed cost (including cost of capitalized renewals and replacements) of depreciable property relating to the transmission facilities used exclusively by a Member system and the depreciation rate prescribed in REA Bulletin 183-1, or revisions thereto. The date at which depreciation cost commences will be the date that the transmission facility is placed in service for its intended use by Seller for the benefiting Member, regardless of the date of closing of the construction work order.

For facilities purchased from a Member by Seller to be used exclusively by that Member, depreciation will commence as of the effective date of the transfer thereof and calculated according to the method previously described.

PROPERTY TAXES

For facilities constructed by Seller, for the exclusive use of a Member, property tax costs will be included in the Transmission Facilities Use Charge at such time that the facility qualifies as taxable property and becomes taxable to Seller. The cost will be based on the ratio of the net book value of taxable property comprising the transmission facility used exclusively by the benefiting Member to the total net book value of all taxable property owned by Seller in the county in which the facility is located, as of January 1 of each year. This ratio will be applied to the estimated tax bill for the county in which the facility is located as the basis for determining the estimated monthly charge. When the actual tax bill is received, appropriate adjustments will be made.

For facilities purchased from a Member by Seller for exclusive use by that Member, property taxes will be prorated as of the effective date of transfer. Taxes associated with the facility will be based on the ratio of the net book value of taxable property comprising the facility to the total net book value of taxable property owned by the Member in the county in which the facility is located. The taxes will be calculated by the method described for Seller-built facilities.

PROPERTY INSURANCE

Seller will carry property insurance for transmission facilities in accordance with its standard insurance purchasing practices. For built facilities, the cost will be based on the ratio of insured value of the facility to the total insured value of all property covered in the policy. This ratio will be applied to the total premium for the policy to determine the cost applicable to the facility; however, if the premium for the facility is specifically identified in the policy, this amount will be used in the Transmission Facilities Use Charge.

For facilities purchased by Seller from a Member system, Seller will obtain appropriate property insurance as of the effective date of the transfer thereof and include this amount in the Transmission Facilities Use Charge.

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Cancels First Revised Sheet No. 6

COST OF MONEY

For facilities constructed by Seller, the cost of money component will be included in the Transmission Facilities Use Charge as of the date of in-service of the facility. This cost will be determined by applying the cost of permanent financing or interim financing, if permanent not in place, for the facility to the net book value of the facilities used exclusively by the Member at the end of each month.

For facilities purchased by Seller from a Member system for exclusive use by the Member system, the cost of money component will be determined by the cost of debt assumed or Seller's cost of permanent financing or interim financing, if permanent not in place, used to finance the purchase of the facility.

Rate Schedule C

Appendix D

Monthly Production Fixed Energy Charge and Projected Fuel Rate

MONTHLY PRODUCTION FIXED ENERGY CHARGE

Pursuant to Appendix A of this Rate Schedule, the amounts provided below represent the Monthly Production Fixed Energy Charge for each member to become effective January 1, 1999 through December 31, 1999.

<u>Member</u>	<u>Monthly Fixed Energy Charge</u>
Central Florida Electric Cooperative, Inc.	\$ 135,056
Clay Electric Cooperative, Inc.	\$ 881,634
Glades Electric Cooperative, Inc.	\$ 111,117
Lee County Electric Cooperative, Inc.	\$ 1,005,501
Peace River Electric Cooperative, Inc.	\$ 131,880
Sumter Electric Cooperative, Inc.	\$ 549,534
Suwannee Valley Electric Cooperative, Inc.	\$ 105,049
Talquin Electric Cooperative, Inc.	\$ 296,677
Tri-County Electric Cooperative, Inc.	\$ 65,950
Withlacoochee River Electric Cooperative, Inc.	\$ 1,025,231
Total	<u>\$ 4,307,629</u>

PROJECTED FUEL RATE

Pursuant to Appendix B of this Rate Schedule the projected Fuel Rate to become effective January 1, 1999 shall be \$0.02065 per kWh.

SCHEDULE C
TO WHOLESALE POWER CONTRACT

Wholesale Service Rate to Members'
 Rate Schedule - SECI-6b

I. AVAILABILITY

Available for electric service from the Seller to its Members.

II. APPLICABILITY

Wholesale service to Members for use, redistribution, and resale in accordance with the terms and conditions of the Wholesale Power Contract. This schedule shall apply to each Member. The Member's delivery points under this schedule are listed in Schedule B of the Wholesale Power Contract.

III. CHARACTER OF SERVICE

The electric capacity and energy hereunder will be three-phase alternating current at a nominal frequency of sixty hertz.

IV. MONTHLY RATE

The rate to the Members shall be composed of the following charges:

(A) BASE RATE FOR SERVICE

	<u>230/240 kV</u>	<u>115/138 kV</u>	<u>69 kV</u>	<u>Below 69</u>
Station Charge (\$/Delivery Point)	\$400.00	\$400.00	\$400.00	\$400.00
Demand Charges				
For each kW of Monthly Billing Demand at Applicable Voltage Level	\$ 10.63	\$ 10.76	\$ 10.89	\$ 12.02
Energy Charge (\$/kWh)	.02919	.02919	.02919	.02919

FUEL ADJUSTMENT

The amount computed at the above monthly rate shall be adjusted in accordance with the formula specified in Seller's Fuel Adjustment Clause which is incorporated as a part of this rate as Appendix A.

MINIMUM MONTHLY CHARGE

The minimum monthly bill shall not be less than the sum of the station charge and the demand charge for the current effective Monthly Billing Demand.

BILLING DETERMINANTS

(1) Demand Determinants:

The Monthly Billing Demand shall be equal to the sum of the Members' Monthly Supplier Area Billing Demands, expressed in kW and rounded to the nearest kW. For Members' delivery points located in the Florida Power & Light (FPL) control area, the Monthly Supplier Area Billing Demand is the Aggregate Hourly Demand of such delivery points at the time of the aggregate peak load experienced during the FPL partial requirements billing cycle for those Member delivery points served through the partial requirements agreement between the Seller and FPL. For the remaining Members' delivery points, the Monthly Supplier Area Billing Demand is the Aggregate Hourly Demand for the remaining Member delivery points at the time of billing demand during the billing month under the partial requirements agreement between the Seller and Florida Power Corporation. The Aggregate Hourly Demand for each clock hour of the billing month is determined by the summation of the 60-minute kW demands, corresponding to each such clock hour, established at each of the Member's delivery points by Supplier Area. The Aggregate Hourly Demand for each clock hour shall, where applicable, be reduced by the amount of Southeastern

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 and General Manager

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Power Administration capacity delivered to certain specified delivery points in each such clock hour during the billing month.

(2) Energy Determinants:

The Monthly energy, expressed in kWh and rounded to the nearest kWh, is determined by the summation of the energy associated with each hour's Aggregate Hourly Demand for all hours during the calendar billing month.

(3) Estimated Billing Determinants:

To the extent that any of the metering information required to determine the Monthly Billing Demand and energy supplied during the billing month is not available at the time of billing, bills will be rendered using estimates of said billing determinants with such estimates being based upon all known pertinent facts. Differences between billings based on actual and estimated billing determinants shall be subsequently trued up, with interest accrued at the Seller's short term investment or cost of funds rate, whichever is applicable.

POWER FACTOR

Power factor penalties incurred by the Seller under its contracts with other utilities as a result of a member delivery point's failing to maintain a power factor at/or above the applicable contractually required level, shall be billed to the member receiving service at said delivery point on a direct pass-through basis as part of the bill for electric service provided hereunder. Seller shall be obligated to keep the members apprised of the applicable contractual requirements which could affect power factor billings hereunder.

(B) TRANSMISSION FACILITIES USE CHARGE

A "facilities use charge" as described in Seller's Transmission Policy No. 303 shall, if applicable be billed in addition to the foregoing Monthly Base Rate. In accordance with the terms and conditions described in said policy, the charge shall be calculated in the manner prescribed in Appendix B which is incorporated as part of this rate schedule.

V. METERED READINGS AND BILLINGS(A) PAYMENT OF BILLS

Bills for electric power and energy and for transmission facilities use services furnished hereunder shall be paid for at the office of the Seller within fifteen (15) days after the bill therefore is mailed to the Member. Bills not paid within such fifteen-day period shall be deemed delinquent and shall accrue interest at the Seller's monthly line of credit rate. The Board of Trustees of the Seller may, from time to time, establish terms and conditions under which (1) either Seller or Member makes payments of amounts owed hereunder in advance of the performance date provided for herein or (2) Seller offers the Member a premium on any billing credits owed hereunder from the Seller to the Member in consideration of such credits being applied by the Seller to billings subsequent to those provided for above. Said terms and conditions shall be specified in writing and provided to each of the Members of the Seller.

(B) METER READING AND TESTING

The Seller shall read meters monthly, or cause meters to be read monthly. In cases whereby the meter installation is made at a voltage different from the delivery point voltage designated in Schedule B of the Wholesale Power Contract, compensating devices, which automatically adjust meter readings to account for losses, shall be installed. The Seller shall test and calibrate meters, or shall cause such meters to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make or cause to be made special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the thirty (30) days previous

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and General Manager

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to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the Member and the Seller shall agree as to the amount of power and energy furnished during such period and the Seller shall render a bill therefore.

VI. TERMS AND CONDITIONS

Service hereunder is subject to all of the provisions of the Wholesale Power Contract between Seller and its Members, including all schedules, amendments, and supplemental agreements thereto in effect from time to time.

VII. SPECIAL PROVISIONS

In the event that the Member purchases power from a cogeneration or small power production Qualifying Facility, the Seller may reallocate to the Member any costs that have not been avoided as a result of the Member's purchases from the Qualifying Facility. The criteria that a small power producer or a cogenerator must meet to achieve the status of a Qualifying Facility is defined by Section 201 of the Public Utility Regulatory Policies Act of 1978 and regulations adopted thereunder.

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RATE SCHEDULE C

APPENDIX A

Fuel Adjustment Clause

APPLICABILITY

To the Monthly Rate of all Board approved rate schedules as indicated with reference to this Appendix A.

CALCULATION

The monthly bill computed under the Base Rate for Service shall be increased or decreased, per kWh delivered, by an amount (FAC below), to the nearest one thousandth of a cent, determined by use of the formula:

$$FAC = \frac{F_m}{S_m} - 2.443\text{¢}$$

where:

FAC = Applicable fuel adjustment to be applied to each kWh of energy delivered in the current billing month.

F_m = Shall be comprised of the following costs projected for a 12-month test period:

- (i) Fossil and nuclear fuel consumed in Seller-owned plants and the Seller share of fossil and nuclear fuel consumed in jointly-owned or leased plants; plus
- (ii) fossil and nuclear fuel costs associated with replacement power, reserve purchases and load following, exclusive of capacity or demand charges (irrespective of the designation assigned to such transactions); plus
- (iii) the net energy cost of economy energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transactions); plus
- (iv) allowable fuel and/or purchased economic power costs associated with Seller's purchases of full and partial requirements wholesale power; plus
- (v) the avoided energy payments to Qualifying Facilities; less
- (vi) the cost of fossil and nuclear fuel recovered through inter-system sales.

S_m = Projected kWh sales to the Members for the 12-month test period.

In addition, each Member shall be charged or credited during the last four months of each subsequent six-month period by a dollar amount equal to the sum of the following:

- (A) The dollar amount equal to the difference between the fuel adjustment charges based on actual fuel costs during the preceding six-month period and the fuel adjustment charges collected during the same preceding six-month period.
- (B) Interest compounded monthly on the amount computed each month pursuant to Item A above, up to the end of such six-month period, at the Seller's short term investment or cost of funds rate, whichever is applicable and

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- (C) Interest compounded monthly for the two months following such six-month period on the total amount included in Items A and B above at the Seller's short term investment or cost of funds rate, whichever is applicable, for the month succeeding the end of the six-month period.

The distribution of the dollar amounts as determined by the sum of paragraphs A, B and C above shall be billed or credited in equal amounts on billings for the last four months of each six-month period.

Modifications to the applicable FAC factor during any six-month period will be made in accordance with Seminole Rate Policy No. 304.

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First Revised Sheet No. 5
 Cancels Original Sheet No. 5

RATE SCHEDULE C

APPENDIX B

Components of
 Facilities Use Charge

Section 2 of the Transmission Policy No. 303 lists the costs that will be borne by a Member system that has exclusive use of facilities owned by Seller. Costs of operation and maintenance are to be borne directly by the Member, whereas costs of ownership will be recovered by Seller from the benefiting Member through a Facilities Use Charge. Outlined below are those components of the Facilities Use Charge and how they are to be computed.

DEPRECIATION

For facilities constructed by Seller, depreciation will be calculated monthly based on original installed cost (including cost of capitalized renewals and replacements) of depreciable property relating to the transmission facilities used exclusively by a Member system and the depreciation rate prescribed in REA Bulletin 183-1. or revisions thereto. The date at which depreciation cost commences will be the date that the transmission facility is placed in service for its intended use by Seller for the benefiting Member, regardless of the date of closing of the construction work order.

For facilities purchased from a Member by Seller to be used exclusively by that Member, depreciation will commence as of the effective date of the transfer thereof and calculated according to the method previously described.

PROPERTY TAXES

For facilities constructed by Seller, for the exclusive use of a Member, property tax costs will be included in the Facilities Use Charge at such time that the facility qualifies as taxable property and becomes taxable to Seller. The cost will be based on the ratio of the net book value of taxable property comprising the transmission facility used exclusively by the benefiting Member to the total net book value of all taxable property owned by Seller in the county in which the facility is located, as of January 1 of each year. This ratio will be applied to the estimated tax bill for the county in which the facility is located as the basis for determining the estimated monthly charge. When the actual tax bill is received, appropriate adjustments will be made.

For facilities purchased from a Member by Seller for exclusive use by that Member, property taxes will be prorated as of the effective date of transfer. Taxes associated with the facility will be based on the ratio of the net book value of taxable property comprising the facility to the total net book value of taxable property owned by the Member in the county in which the facility is located. The taxes will be calculated by the method described for Seller-built facilities.

PROPERTY INSURANCE

Seller will carry property insurance for transmission facilities in accordance with its standard insurance purchasing practices. For built facilities, the cost will be based on the ratio of insured value of the facility to the total insured value of all property covered in the policy. This ratio will be applied to the total premium for the policy to determine the cost applicable to the facility; however, if the premium for the facility is specifically identified in the policy, this amount will be used in the Facilities Use Charge.

For facilities purchased by Seller from a Member system, Seller will obtain appropriate property insurance as of the effective date of the transfer thereof and include this amount in the Facilities Use Charge.

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COST OF MONEY

For facilities constructed by Seller, the cost of money component will be included in the Facilities Use Charge as of the date of in-service of the facility. This cost will be determined by applying the cost of permanent financing or interim financing, if permanent not in place, for the facility to the net book value of the facilities used exclusively by the Member at the end of each month.

For facilities purchased from a Member system Seller for exclusive use by the Member system, the cost of money component will be determined by the cost of debt assumed or Seller's cost of permanent financing or interim financing, if permanent not in place, used to finance the purchase of the facility.

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