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August 24, 2009

VIA U.S. MAIL

Mr. Patrick Bryan, Esquire
Florida Power and Light Company
700 Universe Blvd
Juno Beach, Florida 334082657

Re: Franchise Terms

Dear Mr. Bryan,

Prior to our phone conversations, our office sent two letters requesting a meeting to discuss negotiating a new Franchise Agreement while the existing Agreement is still in effect in order to guarantee a seamless transition for the future. We explained that the City of Cocoa Beach would like to use the existing Franchise Agreement as a starting point and then add additional terms as negotiated. In that letter, the City set out a list of topics for discussion. A copy of that letter is attached to this most recent correspondence.

The City originally asked to begin negotiations in July, but due to the delay in receiving requested data and documents, we sent our second letter hoping to schedule our first meeting in August. We are now two months behind in our desired franchise negotiation schedule and hope that we can schedule a meeting in September. As stated in my previous requests, on September 17, 1981, the City of Cocoa Beach, pursuant to Ordinance No. 674 approved a 30-year Franchise Agreement with Florida Power & Light. The Franchise Agreement provides for the City's right to purchase the electric distribution system at the conclusion of the Franchise Agreement. In order for the City to effectively evaluate its alternatives regarding whether to enter into a new Franchise Agreement with FP&L or exercise the purchase option in the existing Franchise Agreement, it is imperative that the City have a reliable source of revenue, expense, asset and system data.

While I appreciate your acknowledgement of the City's request for data and documents and take notice of your July 24, 2009 document response, the City found your response to my two detailed requests for information somewhat lacking. Please find the City's Third Request for Information as follows;

DOCUMENT NUMBER-DATE

08863 AUG 26 8

FPSC-COMMISSION CLERK

DISPATCH CENTER
09 AUG 26 AM 7:47
RECEIVED-PPSC
09 AUG 26 AM 9:49
COMMISSION CLERK

090000-07

1. Comprehensive asset listing, by FERC account, including original cost, in-service date, and condition assessment and inspection information for distribution system assets used in the provision of electric service to the City of Cocoa Beach. If, as stated in FP&L's First Response to City's second Request for Information, that level of detail is unavailable, then the City requests detail asset data at the lowest geographic level available in your fixed asset system (county, region, state, etc.). In addition, please provide the Tangible Personal Property Tax Returns for FP&L assets in Brevard County for the last five (5) years or as much historic data is available, including any support schedules. Your response to the City's second Request for Information included a total company roll-up of asset values without detailed information such as in-service date, original cost, condition assessment and inspection along with a copy of FP&L's most recent depreciation study.
2. Customer listing by customer classification for as many months as FP&L has available. The City is in receipt of the 12 months of the 60 months previously requested.
3. FP&L's current and past five years operating budget at the lowest geographic level available. In FP&L's response to the City's second request for operating budget information at the City level, FP&L responded that that level of detail was not maintained and as a publicly held company FP&L's total operating expenses are publicly available on-line. The City's request is for current and historic budget information, not actual expenses. The budget information is not typically provided on-line.
4. Total load and aggregate load for FP&L's customers for the past five years.
5. All historic revenues by type (sales, gross tax, franchise fees, etc.) generated from the customers to potentially be transferred to the City. The City is in receipt of the 12 months previously provided.
6. A map legend, if available, for the system maps previously provided by FP&L. In addition, please provide any and all GIS maps for assets and/or customers in Brevard County, in an electronic format. An ESRI compatible format is preferred.
7. A copy of the customer complaint logs for the past five years at the lowest geographic level available.
8. An explanation, as requested previously, of the use of the land for which FP&L provided five PDF files containing warranty deed information in response to the City's First Request for Information.

9. Copies of agreements as between FP&L and other companies using or sharing in the use with FP&L of power poles and/or right-of-way. At a minimum, please provide the names of any entity with which FP&L has such an agreement. In the City's second request for this information, FP&L responded that this information was highly proprietary. In the event that the City chooses to exercise its contractually allowed purchase of the distribution system, FP&L would cease to be able to perform the services as required by such contracts and the entities would have to accept assignment to the City or new agreements would have to be made. Also, knowing the terms of the agreements would be beneficial in the City performing its financial due diligence of an acquisition of the distribution system.

10. Clarification of the Preventative Maintenance Plan, titled VegPlan.xls, previously provided by FP&L. It appears that this information is solely for the removal of tree limbs. Therefore, is it FP&L's position that no pole, line, meter, etc. replacements are planned for the City as part of a preventative maintenance plan? If the City is mistaken about the contents of the file titled VegPlan.xls, please provide a detailed explanation of the columns in the Excel files provided.

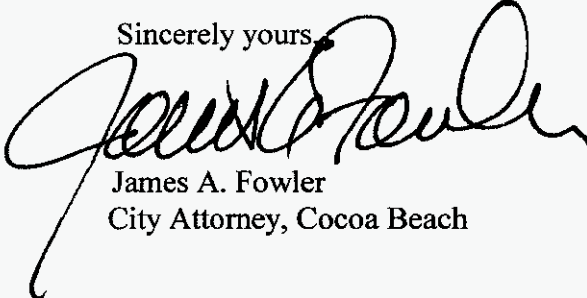
The City of Cocoa Beach is pleased to work with FP&L to sign a new franchise agreement or to purchase the distribution system. The City would request production of the data or documents responsive to this request within 30 days of receipt. If there are issues in providing certain items of the requested information, please inform the City in writing as to when you can produce same, but please do not delay delivery of readily available information.

Besides attempting to secure vital data and documents in your Client's possession that are necessary to the City's evaluation of its options, the City would like to schedule a first meeting to discuss the City's Franchise Agreement with FP&L. We would like to schedule such a meeting during the week of September 14, 2009 at Cocoa Beach City Hall. My assistant will call and try and target some appropriate dates during that week and determine a time when all parties are available.

We continue to assume that FP&L would like to develop a new franchise agreement with the City and to that end a timely data/document response and cooperation in setting our first meeting would certainly facilitate this process moving forward.

Your time and attention is most appreciated.

Sincerely yours,



James A. Fowler
City Attorney, Cocoa Beach

cc: Charles J. Billias; City Manager, City of Cocoa Beach
A.J. Hutson; Assistant City Manager, City of Cocoa Beach
Kenneth M. Rubin, Esquire, Senior Attorney FP&L
Ann Cole, Florida Public Service Commission Clerk
Gerry Hartman, GAI Consultants, Inc.
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