

**POWER PURCHASE CONTRACT FOR
FULL REQUIREMENTS ELECTRIC SERVICE**

BETWEEN

FLORIDA POWER & LIGHT COMPANY

AND

CITY OF WAUCHULA, FLORIDA

DATED AS OF

JULY 27, 2011

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THIS POWER PURCHASE CONTRACT ("Contract") is made and entered as of the 27 day of July, 2011, by and between Florida Power & Light Company, a Florida corporation ("Seller" or "FPL"), having its principal place of business in Juno Beach, Florida, and City of Wauchula, Florida, a Municipal Corporation ("Buyer"), having its principal place of business in Wauchula, Florida. Seller and Buyer shall collectively herein be called the "Parties" and each may be individually identified herein from time to time as a "Party".

WITNESSETH:

WHEREAS, Seller is the owner and operator of Seller's System as hereinafter defined; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase "Full Requirements Electric Service" (as hereinafter defined) from the Seller's System.

NOW THEREFORE, in consideration of the mutual agreements, covenants and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby mutually agree as follows:

1. DEFINITIONS; RULES OF CONSTRUCTION

1.1 Definitions. When used herein with initial or complete capitalization, whether in the singular or in the plural, the following terms shall have the following defined meanings.

"**After-Tax Basis**" means, with respect to any payment to be received by any Party, the amount of such payment (the base payment) supplemented by a further payment (the additional payment) to that Party so that the sum of the base payment plus additional payment shall, after deduction of the amount of all federal, state and local Taxes required to be paid by such Party in respect of the receipt or accrual of the base payment and the additional payment (taking into account the net present value of any reduction in such Taxes resulting from Tax benefits realized by the recipient as a result of the payment or the event giving rise to the payment), be equal to the amount required to be received. Such calculations shall be made on the basis of the highest generally applicable federal, state and local Tax rates applicable to the corporation for which the calculation is being made for all relevant periods, and shall take into account the deductibility of state and local Taxes for federal income tax purposes.

"**Ancillary Services**" means those services as defined in the OATT.

"**Applicable Laws**" means any and all federal, state regional or local statutes, laws, municipal charter provisions, regulations, ordinances, rules, judgments, orders, decrees, Governmental Approvals, licenses or permit requirements or other governmental requirements or restrictions, or any interpretation or administration of any of the

foregoing by any Governmental Authority, that apply to the facilities, services or obligations of either Party under this Contract, whether now or hereafter in effect and that are enforceable in a court of law.

"Business Day" means any day on which the Federal Reserve Member Banks in Florida are open for business. A Business Day shall begin at 8:00 a.m. EPT and end at 5:00 p.m. EPT.

"Buyer" means Buyer in its capacity as a purchaser of Full Requirements Electric Service and other merchant functions.

"Buyer Entities" means Buyer, its parent, present and future subsidiaries and affiliates, and any other entity which directly or indirectly controls, is controlled by or under common control with any of the foregoing, and each of their respective officers, directors, employees, trustees, and agents.

"Capacity" means net electrical power, in MW, provided by Seller's System and delivered to or available for Buyer's system at the Receipt Point.

"Contract" means this Power Purchase Contract and all of the Appendices hereto.

"Contract Term" has the meaning specified in Section 2.4.

"Debt Service Coverage Ratio" shall mean the ratio of: (1) operating income from their enterprise funds; to (2) all principal payments due within the period on all long-term debt plus total interest expense all as calculated on a consolidated basis for the applicable period in accordance with GAAP.

"Delivery Period" has the meaning specified in Section 2.5.

"Delivery Point" means the City of Wauchula transmission interconnection point on the Progress Energy Florida Transmission Provider's system.

"Eastern Prevailing Time" or **"EPT"** means the time in effect in the Eastern Time Zone of the United States of America, whether Eastern Standard Time or Eastern Daylight Savings Time.

"Economic Loss" shall (i) mean in the case of the Buyer an amount not to exceed the difference between the payments to be made under this Contract and the equivalent full system average cost for the Seller; and (ii) in the case of the Seller, shall in any event include costs associated with sales to be made under this Contract until such time as the FPSC allows recovery of such costs from FPL's retail customer's.

"Execution Date" means the date on which both Parties shall have executed and delivered this Contract.

“Energy” means electrical energy, expressed in MWh, provided by Seller and delivered to Buyer at the Receipt Point in accordance with the terms and conditions of this agreement.

“Event of Default” means, for Seller and Buyer any of those occurrences specified in Section 12,

“FERC” means the Federal Energy Regulatory Commission and any successor thereto.

“Force Majeure” means an event or circumstance that is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of military authority; acts of God; war, terrorism, riot or insurrection; blockades; embargoes; sabotage; epidemics; explosions and fires not originating in the facility of the affected Party or caused by its operation; hurricanes; floods; severe storms or other national disasters; national or regional general strikes, lockouts or other labor disputes or difficulties affecting the electric power industry or the State of Florida generally. Force Majeure shall not include (i) normal climatic conditions (including normal inclement weather) affecting operation or maintenance of Seller’s System or Buyer’s transmission and distribution systems, (ii) equipment breakdown (or inability to use equipment) caused by its design, engineering, construction, operation, or maintenance (except to the extent caused by an event that would otherwise constitute Force Majeure hereunder), (iii) strikes, lockouts or other labor disputes or difficulties, including collective bargaining disputes, affecting Seller or its affiliates, Buyer or Seller’s, Buyer’s vendors, suppliers or contractors that are not part of a national or regional strike, lockout or labor dispute, (iv) late delivery of equipment or materials (except to the extent caused by an event that would otherwise constitute Force Majeure hereunder), (v) failure of performance of any third party, including any third party providing electric transmission service, natural gas transportation or supplying any Gas, except to the extent that such failure was caused by an event that would otherwise constitute Force Majeure hereunder, (vi) the inability, for any reason, to obtain or maintain adequate transmission service except to the extent that such failure was caused by an event that would otherwise constitute Force Majeure hereunder, (vii) inability to meet the requirements of Applicable Law, to obtain required environmental allowances, offsets or credits, or to obtain, maintain, or comply with all Governmental Approvals required under Applicable Law (whether such Applicable Law is in effect on the Execution Date or is subsequently amended, modified, enacted, or promulgated), (viii) changes in market conditions (including the price of Fuel, oil, energy or capacity), or (ix) the loss of any load by Buyer or Buyer’s inability to economically use the energy.

“FPA” means the Federal Power Act or any successor thereto.

“FPSC” means the Florida Public Service Commission or any successor thereto.

“Fuel Adjustment Charges” means monthly payments calculated in accordance with Appendix A.

“Full Requirements Electric Service” means the supply of Energy and Capacity required, except as provided in Section 8.2, to supply all of Buyer’s retail load, net of any losses between the Receipt Point and the Delivery Point, as measured at the Delivery Point together with all associated Generation Related Services. Full Requirements Electric Service shall be supplied at the Receipt Point with a firmness equivalent to Native Load.

“Generation Related Services” means schedule 3 through 6 of FPL’s OATT, excludes schedules 1 and 2 of FPL’s OATT and excludes any and all services under Progress Energy Florida’s OATT.

“Governmental Approval” means any and all licenses, permits, franchises, contracts, approvals, authorizations, consents, waivers, rights, exemptions, releases, variances, exceptions, or orders of or issued by, any Governmental Authority under Applicable Laws.

“Governmental Authority” means any national, state, regional or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, executive, legislative, administrative, public or statutory instrumentality, authority, body, agency, department, bureau or entity or any arbitrator with authority to bind a party at law.

“HE” means “hour ending.”

“Indemnitees” has the meaning specified in Section 13.

“Indemnitor” has the meaning specified in Section 13.

“Lenders” means any entity or group of entities (including, upon prior notice to Buyer, any and all successors pursuant to refinancing but excluding Seller Entities) providing all or substantially all of the debt financing, in any form (including lease financing), for the development, construction or improvement of Seller’s System or Buyer’s system.

“Monthly Billing Period” means the period beginning on the first day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning at 12:00 a.m. EPT on the first day of the Delivery Period and ending with the last day of such calendar month at 11:59 p.m. EPT and the last Monthly Billing Period shall consist of the period beginning at 12:00 a.m. EPT on the first day of the last calendar month of the Delivery Period and ending at 11.59 p.m. EPT on the last day of the Delivery Period.

“Monthly Billing Statement” means a monthly summary prepared by Seller in accordance with Section 6.1.

“Monthly Capacity Payment” or **“MCP”** means monthly payments calculated in accordance with Appendix A.

“Monthly Customer Payment” means monthly payments calculated in accordance with Appendix A.

“Monthly Energy Fuel Payment” or **“MEP”** means monthly payments calculated in accordance with Appendix A.

“Monthly Energy Non-Fuel Payment” or **“MENFP”** means monthly payments calculated in accordance with Appendix A.

“Moody’s” means Moody’s Investors Service or any successor agency.

“MW” means megawatt.

“Native Load” means that load serving FPL’s retail and wholesale power customers.

“OATT” means the Transmission Provider’s(s) Open Access Transmission Tariff on file at FERC, as amended from time to time.

“Payment Due Date” has the meaning specified in Section 6.1.

“Person” means an individual, partnership, joint venture, corporation, limited liability company, trust, association or unincorporated organization, or any Governmental Authority.

“Prudent Utility Practices” means the practices, methods, standards and acts that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, could have been expected to accomplish the required result reliably, economically, safely, expeditiously and consistent with good business practices, which practices, methods, standards and acts generally conform to operation and maintenance standards recommended by equipment suppliers and manufacturers, the design limits, applicable governmental authorizations and Applicable Laws.

“Receipt Point” means the location at which Energy and Capacity is first delivered to the Seller’s Transmission System from electric generation resources on Seller’s System that are interconnected with the Seller’s Transmission System or, in the case of purchased power, from points of interconnection between Seller’s Transmission System and other transmission systems.

“Records” has the meaning specified in Section 9.1.

“Seller” means Seller in its capacity as a provider of the Full Requirements Electric Service, as distinct from the function of Seller as a Transmission Provider.

“Seller Entities” means Seller, its parent, present and future subsidiaries and affiliated entities and any other entity which directly or indirectly controls, is controlled by or

under common control with any of the foregoing, and each of their respective officers, directors, employees, and agents.

“Seller’s System” means, during the Contract Term, the generation assets owned by Seller and Seller’s share of any jointly-owned units, as such may change from time to time during the Contract Term; capacity and energy purchases by Seller pursuant to power purchase contracts; and to the extent of the sale of electric power to Seller therefrom, all generating plants of co-generators, qualifying facilities, and independent power producers that are not owned by Seller but that produce electric power and sell it to Seller.

“Settlement Amount” means, with respect to this Contract and a Party, an amount that such Party determines in good faith and in a commercially reasonable manner to be the present value of the Economic Loss to it (net of any gains) resulting from termination of this Contract including costs associated, or that would be included, with entering into new arrangements which replace the Contract and losses (net of any gains) related to terminating or liquidating any hedges or related trading positions, provided that (i) in no event will internal costs, other than reasonable attorney’s fees, be included in the calculation of any Settlement Amount (ii) the non-defaulting party shall not be required to enter into any offsetting or otherwise mitigating transactions solely for the purpose of establishing such losses or gains.

“Tax” means any tax, levy, or other charge imposed directly or indirectly on a Party, its assets, income, dividends or profits (without regard to the manner of collection or assessment, whether by withholding or otherwise) by any governmental authority authorized by law to impose such Taxes. Without limiting the generality of the foregoing, Taxes includes, income tax, sales tax, use tax, goods and services tax, franchise fees, municipal utility tax, gross receipts tax, consumption tax, discretionary surtax or local option tax, value-added tax, stamp tax, ad valorem tax and property tax (personal and real, tangible and intangible), import duties, levies or assessments. For the avoidance of doubt, Buyer shall have no responsibility for any income, net worth, stock or franchise taxes of the Seller.

“Third Party” means a Person that is not a member of Buyer Entities or Seller Entities.

“Third Party Claim” means a claim, suit or similar demand by a Third Party.

“Transmission Provider(s)” means (i) Florida Power & Light with respect to the entity transmitting the Energy and Capacity from the Receipt Point and (ii) Progress Energy Florida with respect to the entity transmitting Energy and Capacity from Florida Power & Light’s Transmission System to the Delivery Point.

“Transmission System” means the transmission system of the Transmission Provider(s).

1.2 Rules of Construction. In this Contract (a) words denoting any gender include each other gender; (b) the singular includes the plural and the plural includes the

singular; (c) the word "or" is not exclusive; (d) a reference to an Applicable Law includes any amendment or modification to such Applicable Law, and all regulations, rulings and other Applicable Laws promulgated under such Applicable Law; (e) a reference to a Person includes its successors and permitted assigns; (f) the words "include," "includes" and "including" are not limiting; (g) exhibits, schedules, annexes or appendices to any document shall be deemed incorporated by reference in such document; (h) references to any document, instrument or contract shall include (1) all exhibits, schedules and other attachments thereto and (2) all documents, instruments or contracts issued or executed in replacement thereof and shall mean such document, instrument or contract, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time; (i) the term "day" shall mean any calendar day commencing at 12:01 a.m. EPT and ending at 12:00 a.m. EPT; (j) the term "month" shall mean a calendar month; and (k) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Contract as a whole and not to any particular provision, unless otherwise indicated.

2. **CONDITIONS PRECEDENT; CONTRACT TERM**

2.1 Conditions Precedent to the Purchase and Sale of Full Requirements Electric Service. The obligations of Seller to generate, deliver and sell, and of Buyer to accept delivery of and purchase, Full Requirements Electric Service hereunder shall be subject to the satisfaction or waiver (by the Party entitled to waive the applicable condition) of all of the following conditions precedent:

(a) On or before **September 30, 2011**, Buyer shall have acquired the necessary network and/or firm point-to-point transmission rights from the affected Transmission Provider(s) for the Delivery Period on terms reasonably acceptable to Buyer to allow for firm delivery of Full Requirements Electric Service hereunder from the Receipt Point to the Delivery Point;

(b) On or before **September 30, 2011**, the FERC shall have issued an order (i) accepting or approving this Contract for filing and permitting it to become effective as filed without requiring any modification, suspension or investigation, and without imposing any condition (including setting this Contract, or any part thereof, for hearing) that is unacceptable to Seller in its sole discretion and (ii) authorizing Seller to make the sales of Full Requirements Electric Service contemplated by this Contract;

(c) In the event the FERC requires modifications to the Contract or imposes conditions under the Contract that do not adversely affect the Buyer, as determined by Buyer in a commercially reasonable manner, and that are acceptable to Seller in its sole discretion, on or before **September 30, 2011**, the conditions precedent set forth in Section 2.1(b), above shall have been satisfied with respect to any such modifications or conditions to the Contract;

(d) The conditions precedent set forth above may only be waived by the affected Party on or before **September 30, 2011**, or such subsequent date as agreed to in writing by the Parties. Buyer and Seller shall cooperate in making all applications for Governmental Approval under this Section 2.1 (including FERC) promptly after execution of this Contract, and shall prosecute such applications diligently and in good faith; provided that nothing in this Section 2.1 shall be construed to require either Party to consent to any modification of this Contract or any other condition or requirement imposed on either Party relating to such application. If requested by Seller, Buyer shall undertake commercially reasonable efforts to cooperate with and assist Seller in Seller's efforts to secure acceptance of this Contract by FERC, and request FERC action on these filings and, upon Seller's request, shall make a timely submittal at FERC affirmatively supporting the acceptance of this Contract by FERC, without modification, suspension, investigation, or condition.

2.2 Reserved.

2.3 Failure of Conditions Precedent. In the event any of the conditions precedent set forth in Section 2.1 is not satisfied (unless such condition is waived in writing by the date provided above), this Contract, except for those provisions that, pursuant to Section 17.4 or by their express terms survive such termination, shall terminate automatically without any further obligation and without any need by either Party to take any further action, shall have no further force and effect and Seller and Buyer expressly waive any and all rights to raise in any forum a claim that the other Party must provide or purchase service hereunder on any basis.

2.4 Contract Term. The term of this Contract (the "Contract Term") shall commence on the Execution Date at HE 0100 Eastern Prevailing Time and shall expire (and automatically terminate by its terms) on HE 2400 Eastern Prevailing Time, December 31, 2016, unless sooner terminated in accordance with Section 12 hereof; provided, however, Seller shall have no obligation to provide, or Buyer to purchase, Full Requirements Electric Service unless and until the conditions precedent set forth in Section 2.1 have been satisfied or waived. Prior to the commencement of the Delivery Period, Seller shall have no obligation to provide, and Buyer shall have no obligation to purchase, Full Requirement Electric Service. Nothing in this Contract or otherwise is to be construed as extending the time permitted to raise Disputes or as extending the period of time for providing Full Requirements Electric Service. At the end of the Contract Term, each Party's obligations to the other Party under this Contract except those obligations that, pursuant to Section 17.5 or by their express terms survive the Contract Term, shall automatically terminate, and each Party expressly waives any and all rights to raise in any forum a claim that the other Party must provide or purchase any level or amount of Full Requirements Electric Service hereunder on any basis.

2.5 Delivery Period. The "Delivery Period" means the period commencing the first day of the calendar month following satisfaction or waiver of the conditions

precedent in Section 2.1, and extending thereafter through December 31, 2016, from HE 0100 through HE 2400 Eastern Prevailing Time unless this Contract is terminated earlier in accordance with Section 12, in which event the Delivery Period shall automatically terminate and expire by its terms as of HE 2400 Eastern Prevailing Time on the effective termination date set forth in the notice of termination. In no event shall the Delivery Period commence on or before the satisfaction or waiver of the conditions precedent set forth in Section 2.1. At least eighteen (18) months prior to the end of the Contract Seller shall provide Buyer with an offer, on terms acceptable to Seller in Seller's sole discretion, to provide for an extension to this Contract.

3. PERFORMANCE SECURITY

3.1 Financial Information. Buyer shall deliver to Seller each fiscal year, a copy of the annual report containing audited consolidated financial statements for such fiscal year with respect to Buyer. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles. Buyer shall diligently pursue the preparation, certification and delivery of the statements. Such statements shall be delivered to the Seller when available. Buyer's books, records and accounts shall be open to inspection, audit and reproduction, during normal working hours by Seller or its authorized representative on three (3) Business Days prior notice.

3.2 Credit Assurances of Buyer.

(a) In the event Buyer is required to secure its obligations to Seller by a letter of credit, the letter of credit shall be in form and substance reasonably acceptable to Seller naming Seller as the sole beneficiary and from a credit support provider approved by Seller in Seller's sole discretion, and shall at all times be in an amount equal to or greater than twice the highest total monthly bill incurred by Buyer under this Agreement over the most recent prior twelve (12) month period. The letter of credit shall, among other things, permit Seller to make a drawing for the full amount of the letter of credit in the event that (a) Buyer fails to renew or replace the letter of credit at least thirty (30) calendar days prior to the stated expiration of the letter of credit or (b) an Event of Default by Buyer has occurred and is continuing. Upon notice by Seller to Buyer from time to time of the amount of the highest monthly bill incurred by Buyer over the most recent twelve (12) month period, Buyer, if required to post and/or maintain a letter of credit, shall adjust the amount of the letter of credit to the revised required amount within five (5) Business Days. All costs of a letter of credit shall be borne by Buyer.

(b) Buyer agrees to meet or exceed a Debt Service Coverage Ratio of 1.25.

3.3 Remedies.

In the event that (1) an Event of Default by Buyer occurs and is continuing, (2) Buyer fails to satisfy the financial covenant set forth in Section 3.2(b), or (3) the Buyer defaults, howsoever defined in the respective agreement, under one or more agreements entered into by the Buyer, then Buyer shall (A) pay all amounts outstanding under this Contract as of the date of notice or such knowledge within five (5) Business Days of receipt of such notice or such knowledge, (B) post and maintain a letter of credit in favor of Seller for the amount required in Section 3.2(a) and (C) commence prepaying Seller weekly in advance for all amounts due as reasonably computed and invoiced by Seller until such time as Buyer satisfies the applicable requirements of Section 3.2(a). In the event that Seller draws on the letter of credit from time to time, Buyer shall post and maintain an additional letter of credit, or amend the existing letter of credit to reinstate the available amount thereunder by an amount equal to the amount drawn within three (3) Business Days after such drawing.

- 3.4 Credit Assurances of Seller. Buyer hereby waives any and all rights it may have at law or otherwise to require Seller to provide financial assurances or security (including cash, letters of credit or other security) in respect of Seller's obligations under this Agreement.

4. SALE OF ENERGY AND CAPACITY

- 4.1 Energy and Capacity. Commencing on the first day of the Delivery Period, Seller shall sell to Buyer and Buyer shall purchase from Seller all Full Requirements Electric Service needed for Buyer's loads in accordance with Section 5.
- 4.2 Delivery of Energy. Subject to the terms of this Contract, Seller shall deliver and Buyer shall receive hourly Energy at the Receipt Point for Buyer's requirements for its loads for each day of the Delivery Period.
- 4.3 Costs and Expenses. Except as specifically provided hereunder, all costs and expenses associated with delivered Energy at and after the Receipt Point shall be the sole responsibility of Buyer. Except as specifically provided under this Contract, including Buyer's obligation to pay for Full Requirements Electric Service as described in Appendix A and make all other payments described in Section 5 of this Contract, all costs and expenses associated with delivered Energy prior to the Receipt Point shall be the responsibility of Seller.
- 4.4 Title and Risk of Loss. Seller shall be deemed to be in exclusive control of the delivered Energy prior to the Receipt Point. Buyer shall be deemed to be in exclusive control of the delivered Energy at and after the Receipt Point. Custody, title and risk of loss of Full Requirements Electric Service shall transfer from Seller to Buyer at the Receipt Point.

5. PAYMENT BY BUYER

- 5.1 Payments for Energy. Beginning on the first day of the Delivery Period, and thereafter for each Monthly Billing Period of the Contract Term, Buyer shall be obligated to pay Seller the Monthly Non Fuel Payment, the Monthly Energy Fuel Payment, the Fuel Adjustment Charges and any other necessary adjustments.
- 5.2 Payments for Capacity. Beginning on the first day of the Delivery Period, and thereafter for each Monthly Billing Period of the Contract Term, Buyer shall be obligated to pay to Seller the Monthly Capacity Payments set forth in Appendix A.
- 5.3 Payment of Customer Charge. Beginning on the first day of the Delivery Period, and thereafter for each Monthly Billing Period of the Contract Term, Buyer shall be obligated to pay to Seller the Monthly Customer Charge Payments set forth in Appendix A.
- 5.4 Charges. In the event that any amounts are submitted for payment or otherwise charged to Seller for any services or charges that are incurred in the delivery of Full Requirements Electric Service (other than those included within the definition of 'Full Requirements Electric Service') in accordance with the OATT of either Transmission Provider, or in connection with related agreements and arrangements for transmission-related schedules or services, such amounts shall be forwarded to, and paid by, Buyer.
- 5.5 Payment by Buyer. The payment with regard to the purchase of Full Requirements Electric Service by Buyer pursuant to this Contract shall be computed based upon the components listed in Sections 5.1 through 5.3 and Change-in-Law Costs, if any, described in Section 10.5. Notwithstanding the itemization of these components, payment from Buyer represents a combined charge solely for the purchase of Full Requirements Electric Service.

6. BILLING AND PAYMENT

- 6.1 Timing and Method of Payment. On or before the tenth (10th) day after the end of each Monthly Billing Period, Seller shall provide to Buyer a detailed written invoice ("Monthly Billing Statement"), on paper and by electronic media (in the original software file format with all formulas and calculations intact) of the amounts owed by Buyer pursuant to this Contract (and, if applicable, the amounts owed by Seller pursuant to any corrections pertaining to prior Monthly Billing Statements). The Parties agree to net any undisputed offsetting amounts which are shown on any Monthly Billing Statement. Buyer shall pay such Monthly Billing Statement on the later of the twentieth (20th) day of each month or the tenth (10th) day after the day on which Buyer receives such invoice (the "Payment Due Date"). The Monthly Billing Statement shall detail the amount and calculation of the following: (a) the Monthly Capacity Payment; (b) the

Monthly Non Fuel Payment; (c) the Monthly Energy Fuel Payment; (d) the Fuel Adjustment Charges; (e) the Monthly Customer Charge and (f) any other necessary adjustments.

- 6.2 Late Payments. If either Party is late in making any payment due under this Contract, and the reason for such delay is solely and exclusively within the control of such Party, such payment shall accrue interest at a per annum rate determined in accordance with Section 35.19a of FERC's regulations. Interest shall be charged from and including the due date to but excluding the date the delinquent amount is paid in full.
- 6.3 Disputed Billings. In the event that Buyer has a bona fide dispute with any Monthly Billing Statement submitted hereunder, Buyer shall inform Seller in writing of its grounds for disputing such Statement. Notwithstanding such dispute, however, the full payment of any invoiced amounts set forth in the Monthly Billing Statement associated with the Monthly Capacity Payment, the Monthly Non Fuel Payment, the Monthly Energy Fuel Payment, the Fuel Adjustment Charges; the Monthly Customer Charge and any other necessary adjustments shall be made by Buyer to Seller in accordance with Section 6.1. For any other disputed invoiced amount(s), the Party receiving the invoice shall be entitled to withhold (in good faith) the disputed amount if such Party provides the invoicing Party with a detailed explanation of the basis for the dispute, including calculations demonstrating the disputing Party's position regarding the correct amount that should have been invoiced. Upon resolution of the dispute, any overpayment or underpayment shall be refunded or paid (as appropriate) with interest accruing at the rate described in Section 6.2 from and after the date such overpayment or underpayment was made until the date on which such refund or payment is made.
- 6.4 Adjustments. If any overcharge or undercharge in any form whatsoever shall at any time be found and the invoice therefor has been paid, the Party that has been paid the overcharge shall refund the amount of the overcharge to the other Party, and the Party that has been undercharged shall pay the amount of the undercharge to the other Party, within five (5) Business Days after final determination thereof; provided, however, that no retroactive adjustment shall be made for any overcharge or undercharge unless written notice of the same is provided to the other Party within a period of twenty-four (24) months from the date of the invoice in which such overcharge or undercharge was first included. Any such adjustments shall be made with interest at the rate described in Section 6.2 from the date that the undercharge or overcharge actually occurred until the date on which such undercharge or overcharge is paid or refunded, as applicable.
- 6.5 Taxes. Except as otherwise provided in this Contract, in addition to all other amounts due and payable under this Contract, (a) Seller shall be responsible for all Taxes of any kind (including any penalties and interest that may be imposed for underreporting, failure to report or late filing of returns or reports for any Tax)

relating to the delivery of Full Requirements Electric Service prior to the Receipt Point; and (b) Buyer shall be responsible for all Taxes of any kind (including any penalties and interest that may be imposed for underreporting, failure to report or late filing of returns or reports for any Tax) relating to the delivery of Full Requirements Electric Service at and after the Receipt Point. Each Party shall provide the other Party upon written request a certificate of exemption or other reasonably satisfactory evidence of exemption if any exemption from or reduction of any Tax is applicable. Each Party shall exercise commercially reasonable efforts to obtain and to cooperate in obtaining any exemption from or reduction of any Tax.

- 6.6 Tax Indemnification. Nothing in Section 14 or any other provision of this Contract will be deemed to limit the After-Tax Basis portion of the Indemnifications provided in Section 13.
- 6.7 Sales or Use Tax. This is a Power Purchase Contract for Full Requirements Electric Service and not a service contract. As such, it qualifies for Florida sales or use tax exemption as a sale for resale.
- 6.8 Cooperation. The Parties agree to oppose by all reasonable lawful means any federal, state, county or municipal Tax that is sought to be imposed upon the purchase or sale of Full Requirements Electric Service hereunder.

7. TRANSMISSION AND SCHEDULING

- 7.1 Transmission Arrangements. Seller shall sell and deliver to Buyer and Buyer shall receive and purchase from Seller Full Requirements Electric Service at the Receipt Point. It is Buyer's responsibility to arrange and pay for, enter into and maintain all necessary agreements for the delivery and transmission of Full Requirements Electric Service under this Agreement at and from the Receipt Point to the Delivery Point for the Contract Term including, without limitation, transmission and Ancillary Services.
- 7.2 Curtailments. There shall be no reduction in Buyer's payment or performance obligations under this Agreement as a result of curtailments, interruptions, or reductions of transmission service or Ancillary Services at and from the Receipt Point, whether as a result of Force Majeure or otherwise.

8. PROVISION FOR RENEWABLE PURCHASES

- 8.1 Renewable Purchases. With the exception of Section 8.2 below, or in the event that Seller is unable to deliver Full Requirements Electric Service at the Receipt Point, Buyer shall in no circumstances purchase any Capacity or Energy from anyone other than the Seller during the Contract Term.
- 8.2 Payment for Renewables. During the Contract Term Buyer may purchase renewable capacity and energy from a source other than the Seller in the event

that such source is downstream of the Delivery Point. Buyer shall promptly notify Seller of the proposed purchase or receipt of Energy and/or Capacity to be delivered to Buyer's electric system from a distributed renewable energy resource other than one owned and operated by the Seller. In calculating the Demand Charge paid by Buyer the monthly Demand Quantity shall include any purchases made or electrical output received by Customer from any renewable energy resource over and above 300kw during the 60 minute interval determining the monthly Demand Quantity (as such term is used in Appendix A).

9. RECORDS AND AUDITS

9.1 Books and Records. Seller's books, records and accounts that pertain solely to the calculation of the monthly invoices hereunder, including the Monthly Capacity Payment and Monthly Energy Payment under Appendix A of this Contract (the "Records"), shall be open to inspection, audit and reproduction, during normal working hours by Buyer or its authorized representative on three (3) Business Days prior notice, to the extent necessary to permit adequate evaluation and verification of any invoices under this Contract (and any payments or claims with respect thereto). For the purpose of evaluating or verifying actual or claimed costs incurred or units expended, Buyer and its authorized representatives shall have access to the Records from the Execution Date until three (3) calendar years after the close of the Delivery Period.

10. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

10.1 Compliance with Applicable Laws. Seller and Buyer shall perform their obligations under this Contract in compliance with Applicable Laws. Seller and Buyer agree to seek, obtain, maintain and comply with Governmental Approvals as required to perform their obligations under this Contract.

10.2 No Application to FERC for Change or Modification. This Contract shall be submitted to FERC for its acceptance, authorization or approval as provided in Section 2.1 hereof. This Contract may be amended or modified only by an instrument in writing signed by both Parties. Unless the Parties mutually agree in writing, neither Party nor any affiliate thereof may make application to FERC, or any other Governmental Authority having jurisdiction over this Contract, seeking any change in this Contract pursuant to the provisions of Sections 205 or 206 of the FPA or under any other statute, regulation or other provision promulgated by a Governmental Authority, nor support any such application by a third party and the Parties therefore waive any right to unilaterally, amend challenge or supersede this Contract. Absent the agreement of the Parties to any attempted or purported change, the standard of review for any such proposed change to any section of this Contract by a Party shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) and clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of*

Snohomish 554 U.S. ___ (2008) (the “Mobile-Sierra” doctrine). and by a non-party or the FERC acting *sua sponte* shall be the most strict standard of review permissible under applicable law. The Parties, for themselves and their successors and assigns, agree that this “public interest” standard shall apply to any proposed changes in any other documents, instruments or other contracts executed or entered into by the Parties in connection with this Contract

10.3 Reservation of Rights. Notwithstanding anything else contained herein, the Parties expressly reserve their rights as follows:

(a) Seller shall file this Contract with FERC for its approval, authorization and/or acceptance as contemplated by Section 2.1 of this Contract; and

(b) In the event that there is any filing pursuant to Section 205 of the FPA to revise this Contract and/or the pricing formulas set forth in this Contract and the Attachment 2 to Appendix A to provide for the recovery (as determined by Seller pursuant to Section 10.3) of Buyer’s pro-rata share of such costs, expenses, charges, Taxes, fees and/or assessments.

(c) In the event a filing is made pursuant to this Section 10.3, the Parties reserve their right to oppose any such filing to the extent such filing is inconsistent with the provisions of this Contract. The Parties shall be limited in any opposition to opposing the matters described in (b), above, as being inconsistent with the provisions of this and shall not be entitled to argue that changes should be made to any other aspect of this Contract in order to make the overall rate just and reasonable or otherwise, and the scope of any proceeding initiated as a result of such filing shall be limited to those matters contained in the filing to effectuate the Contract. Except as otherwise provided in this paragraph regarding inconsistent filings, the Parties shall support filings made pursuant to this Section 10.3.

10.4 Compliance with Reliability Requirements. In accordance with all the terms and conditions of this Contract the Parties undertake to ensure continuous and reliable electric service and to that end Seller and Buyer will operate their systems in accordance Prudent Utility Practice.

10.5 Change in Law Costs. In the event that there is any change in Applicable Law that results in any additional or new costs, expenses, charges, Taxes, fees and/or assessments that are attributable or related (in whole or in part) to the production and/or provision of Full Requirements Electric Service to Buyer, including environmental-related costs, renewable portfolio standards, charges, Taxes, fees, or expenses incurred by Seller to supply the Full Requirements Electric Service and such costs, whether incurred as part of a voluntary or compulsory measure, are to be recovered from Seller’s retail customers as approved by the FPSC, Buyer shall reimburse Seller for Buyer’s pro-rata share of such costs, expenses, charges, Taxes, fees and/or assessments, which amounts shall be calculated and

recovered as determined by Seller in a commercially reasonable manner. The determination of additional cost by the Seller shall be net of any reductions in costs associated with the change in Applicable Law. The Seller shall promptly notify the Buyer upon the determination of any additional or new costs, expenses, charges, Taxes, fees and/or assessments and the calculation of the pro rata portion of such costs proposed to be recovered from the Buyer.

- 10.6 Effect of Regulation. Each Party shall perform its obligations hereunder in accordance with Applicable Laws. Unless specifically provided otherwise in this Contract, nothing in this Contract affects, modifies or negates either Party's rights or obligations under the FPA and the regulations promulgated thereunder, or any other federal or state law. Nothing contained herein shall be construed to constitute consent or acquiescence by either Party to any action of the other Party which violates the laws of the United States or any applicable state laws, as those laws may be amended, supplemented or superseded, or which violates any other law.

11. **FORCE MAJEURE, CURTAILMENT AND TEMPORARY INTERRUPTIONS**

- 11.1 Force Majeure Relief. Each Party shall be excused from performance to the extent its nonperformance is caused by Force Majeure. To the extent either Party is prevented by Force Majeure (or the effects of a Force Majeure) from carrying out, in whole or part, its obligations under this Contract and such Party (the "Claiming Party") gives notice and details of the Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations with respect to this Contract (other than obligations to pay money). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. Until remedied by the Claiming Party, the non-Claiming Party shall not be required to perform or resume performance of its obligations (other than obligations to pay money) to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure. Buyer shall not be relieved of its obligation to pay the Monthly Capacity Payment as a result of a Force Majeure claimed by either Party.
- 11.2 Notice of Force Majeure, Etc. In the event of any delay or nonperformance resulting from Force Majeure, the Party suffering an occurrence of Force Majeure shall notify the other Party of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any date(s) for performance may be affected thereby. Such notice shall be given to the other Party as soon as practicable but in no event later than five (5) Business Days after the claiming Party's awareness of the Force Majeure, *i.e.*, the effect of such event or circumstance, and in no event later than fifteen (15) days after the occurrence of such event or circumstance, and shall provide such substantiating documentation as may be required to verify such event or circumstances and its effects within fifteen (15) days of such notice. The Party claiming Force Majeure shall notify the other Party of the status of its efforts to remove or recover from

such Force Majeure in such form and with such frequency as the other Party reasonably may request under the circumstances (but not less than weekly). When the Party claiming Force Majeure is able to resume performance of its obligations under this Contract, such claiming Party shall give the other Party prompt notice to such effect. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires.

- 11.3 Mitigation of Force Majeure. Any Party suffering an occurrence of Force Majeure shall use commercially reasonable efforts to remedy the cause(s) preventing its performance of this Contract as promptly as possible.
- 11.4 Transmission. Buyer recognizes that the Transmission Provider(s) may curtail transmission service and that upon notification of such a requirement to curtail, Buyer and Seller shall be obligated to do so, and if Buyer fails to institute the required curtailment, the Transmission Provider(s) will be entitled to limit deliveries during the period any shortage of capacity and/or energy exists. In no event shall Seller be liable under this Contract for any shortage of capacity, energy or any element of Full Requirements Electric Service to the extent resulting from the transmission and/or distribution of Full Requirements Electric Service, capacity and/or energy or any acts or omissions of Seller in its capacity as a Transmission Provider.

12. DEFAULT AND TERMINATION

- 12.1 Seller Events of Default. Each of the following shall constitute an Event of Default by Seller:

- 12.1.1 (a) A receiver or liquidator or trustee is appointed by order of a court of competent jurisdiction with respect to Seller, or a substantial portion of the assets of Seller, and such receiver or liquidator or trustee is not discharged within a period of sixty (60) days; (b) Seller is adjudicated bankrupt or insolvent or a substantial portion of the assets of Seller are sequestered by decree of a court of competent jurisdiction, and such decree continues undischarged and unstayed for a period of sixty (60) days after the entry thereof; (c) a petition to declare bankruptcy or to reorganize Seller pursuant to any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to Seller, as now or hereafter in effect, is filed against Seller and is not dismissed within sixty (60) days after such filing; (d) Seller files a voluntary petition to declare bankruptcy or to reorganize pursuant to any bankruptcy law or insolvency law, or consents to the filing of any bankruptcy or reorganization petition against it under any similar law; or (e) without limitation of the generality of the foregoing, Seller files a petition or answer or consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any

other similar state statute applicable to Seller, as now or hereafter in effect, or Seller files an answer admitting the material allegations of a petition filed against it in such a proceeding;

12.1.2 Seller is in default of any material provision of this Contract not otherwise specifically mentioned in this Section 12.1 and Seller has failed to cure such default within thirty (30) days after notice of such default from Buyer to Seller; provided that so long as such default of Seller is not a failure to pay money, (a) if it is not feasible to correct such default within thirty (30) days after Buyer has delivered notice of such default to Seller, but it remains feasible to correct within sixty (60) days, and (b) if within ten (10) days after said notice from Buyer, Seller provides Buyer notice of its intention to cure such default and evidence that it remains feasible to correct such default within sixty (60) days after such notice from Buyer, it shall not constitute an Event of Default hereunder until the earliest feasible date within such sixty (60) day period when a cure could be effected so long as (w) corrective action by Seller is instituted within ten (10) days following the notice from Buyer, (x) such corrective action is diligently pursued, (y) Seller provides Buyer bi-weekly written reports as to the nature and progress of such corrective action, and (z) such cure is effected within sixty (60) days of the notice from Buyer;

12.1.3 Any representation or warranty made by Seller herein is false or misleading in any material respect when made or when deemed made or repeated and Seller fails to cure such default within thirty (30) Days after written notice of such default from Buyer to Seller.

12.2 Buyer Events of Default. Each of the following shall constitute an Event of Default by Buyer:

12.2.1 Buyer fails to make a payment due to Seller that is not subject to a good-faith dispute within the later of the 20th day of the month and ten (10) days after notice from Seller that such payment is due under this Contract;

12.2.2 Buyer fails to comply with the provisions of Article 3 if such failure is not remedied within five (5) Business Days after notice of such failure by Seller to Buyer;

12.2.3 (a) A receiver or liquidator or trustee of Buyer or of a substantial part of the assets of Buyer is appointed by order of a court of competent jurisdiction, and such receiver or liquidator or trustee is not discharged within a period of sixty (60) days; (b) Buyer is adjudicated bankrupt or insolvent or a substantial part of the assets of Buyer are sequestered by decree of a court of competent jurisdiction, and such decree continues undischarged and unstayed for a period of sixty (60) days after the entry thereof; (c) a petition to declare bankruptcy or to reorganize Buyer

pursuant to any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to Buyer, as now or hereafter in effect, is filed against Buyer and is not dismissed within sixty (60) days after such filing; (d) Buyer files a voluntary petition to declare bankruptcy or to reorganize pursuant to any bankruptcy law or insolvency law, or consents to the filing of any bankruptcy or reorganization petition against it under any similar law; or (e) without limitation of the generality of the foregoing, Buyer files a petition or answer or consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to Buyer, as now or hereafter in effect, or Buyer files an answer admitting the material allegations of a petition filed against it in such a proceeding;

12.2.4 Buyer is in default of any material provision of this Contract not otherwise specifically mentioned in this Section 12.2 and Buyer has failed to cure such default within thirty (30) days after notice of such default from Seller to Buyer; provided that so long as such default of Buyer is not a failure to pay money, (a) if it is not feasible to correct such default within thirty (30) days after Seller has delivered notice of such default to Buyer, but it remains feasible to correct within sixty (60) days, and (b) if within ten (10) days after said notice from Seller, Buyer provides Seller notice of its intention to cure such default and evidence that it remains feasible to correct such default within sixty (60) days after such notice from Seller, it shall not constitute an Event of Default hereunder until the earliest feasible date within such sixty (60) day period when a cure could be effected so long as (w) corrective action by Buyer is instituted within ten (10) days following the notice from Seller, (x) such corrective action is diligently pursued, (y) Buyer provides Seller bi-weekly written reports as to the nature and progress of such corrective action, and (z) such cure is effected within sixty (60) days of the notice from Seller;

12.2.5 Any representation or warranty made by Buyer herein is false or misleading in any material respect when made or when deemed made or repeated and Buyer fails to cure such default within thirty (30) Days after written notice of such default from Seller to Buyer.

12.3 Seller's Remedies. Upon the occurrence of any Event of Default by Buyer, Seller may, at is option, exercise any one or combination of the following remedies:

12.3.1 To accelerate all amounts owed by Buyer to Seller to be due and payable immediately upon receipt of notice from Seller;

12.3.2 To calculate a Settlement Amount owed by Buyer to Seller for the termination of this Contract and to terminate this Contract without penalty or further obligation by Seller by providing notice to Buyer; and/or

12.3.3 Draw on any outstanding Performance Security issued for Seller's benefit in the amount of Seller's damages.

12.4 Buyer's Remedy. Upon the occurrence of any Event of Default by Seller, Buyer may, at its option, calculate a Settlement Amount owed by Seller to Buyer for the termination of this Contract and to terminate this Contract without penalty or further obligation by Buyer by providing notice to Seller.

12.5 Sole and Exclusive Remedies. ABSENT FRAUD, THE REMEDIES SET FORTH IN SECTION 12.3 AND SECTION 12.4 OF THIS CONTRACT CONSTITUTE THE SOLE AND EXCLUSIVE REMEDIES AGAINST THE OTHER FOR EVENTS OF DEFAULT, BREACH OF CONTRACT OR ANY FAILURE TO PERFORM ANY OF THE OBLIGATIONS UNDER THIS CONTRACT.

12.6 Defenses and Counterclaims; Dispute Resolution Authority. Notwithstanding any contrary provision set forth in this Contract, the Parties agree that FERC's, the arbitrators' or any court's (as the case may be) authority to grant remedies (including the award of money damages) shall be limited to the remedies expressly set forth in this Contract.

13. INDEMNIFICATION

To the extent permitted by law, each Party (the "Indemnitor") shall indemnify, defend and hold harmless, on an After-Tax Basis, the other Party and each of the other Party's subsidiaries, Members and affiliates, and the partners, members of an affiliated limited liability company, participants, principals, representatives, shareholders, directors, trustees, officers, agents, employees, successors and permitted assigns of each of them (collectively, the "Indemnitees") from and against any claims arising from or out of any event, circumstance, act or incident related to the Full Requirements Electric Service, occurring or existing during the period when control and title to the Full Requirements Electric Service is vested in the Indemnitor as provided in Section 4.4 of this Contract, except to the extent such loss, damage or injury is the result of the negligence or willful misconduct of the other Party.

Each Party shall indemnify, defend and hold harmless, on an After-Tax Basis, the other Party's Indemnitees from and against any and all claims for injuries to person or property arising in any manner directly or indirectly by reason of the acts of the Indemnitor's authorized representatives while on the premises of the other Party under any rights of access provided herein to the extent of the indemnified Party's self-insured retention or deductible under its insurance policies.

Neither Party assumes any responsibility of any kind with respect to the construction, maintenance, or operation of the system or other property owned or used by the other Party. To the extent permitted by law, each Party agrees to indemnify, defend and hold harmless, on an After-Tax Basis, the other Party and the other Party's Indemnitees from any and all Third Party Claims for injuries to person or property in any way resulting from, growing out of, or arising from or in connection with the construction, maintenance or operation of the Indemnitor's system or other property.

The provisions of this Section 13 shall not apply to Seller in its capacity as Transmission Provider.

14. LIMITATIONS OF LIABILITY

14.1 Limitation on Damages. NEITHER PARTY NOR ITS SUBSIDIARIES OR AFFILIATES NOR THE OFFICERS, AGENTS, EMPLOYEES, REPRESENTATIVES, PARTICIPANTS, PARTNERS, CUSTOMERS, MEMBERS, SHAREHOLDERS, PRINCIPALS, DIRECTORS, TRUSTEES, SUCCESSORS OR ASSIGNS OF ANY OF THEM SHALL IN ANY EVENT BE LIABLE TO THE OTHER PARTY OR ITS SUBSIDIARIES OR AFFILIATES OR THE OFFICERS, AGENTS, EMPLOYEES, REPRESENTATIVES, PARTICIPANTS, PARTNERS, CUSTOMERS, MEMBERS, SHAREHOLDERS, PRINCIPALS, DIRECTORS OR TRUSTEES OF ANY OF THEM FOR CLAIMS FOR PUNITIVE, CONSEQUENTIAL, SPECIAL, MULTIPLE, OR INDIRECT DAMAGES OF ANY NATURE, ARISING AT ANY TIME, FROM ANY CAUSE WHATSOEVER, WHETHER ARISING IN TORT (INCLUDING NEGLIGENCE), CONTRACT, WARRANTY, INDEMNITY, STRICT LIABILITY, BY OPERATION OF LAW OR OTHERWISE, CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE UNDER THIS CONTRACT. NOTHING IN THIS ARTICLE 14 SHALL BE DEEMED TO AFFECT OR LIMIT THE RIGHT OF AN INDEMNITEE TO CLAIM INDEMNIFICATION FROM THE INDEMNITOR UNDER ARTICLE 13 IN RESPECT OF A THIRD PARTY CLAIM AGAINST THE INDEMNITEE FOR PERSONAL INJURY OR PROPERTY DAMAGE RESULTING FROM THE INDEMNITOR'S NEGLIGENCE OR WILLFUL MISCONDUCT.

14.2 Limited Recourse. NO PARTNER, SHAREHOLDER, MEMBER, PARENT COMPANY OR OTHER AFFILIATE OF EITHER PARTY (OR ANY OFFICER OR DIRECTOR OF ANY THEREOF), NOR ANY PARTNER, SHAREHOLDER, MEMBER, PARENT COMPANY OR OTHER AFFILIATE OR SUCCESSOR-IN-INTEREST OF SUCH PARTNER, SHAREHOLDER, MEMBER, PARENT COMPANY OR OTHER AFFILIATE (OR ANY OFFICER OR DIRECTOR OF ANY THEREOF) SHALL HAVE ANY PERSONAL LIABILITY OR RESPONSIBILITY FOR, RELATING TO OR IN CONNECTION WITH SAID PARTY'S FAILURE TO PROPERLY PERFORM ANY TERM, COVENANT, CONDITION OR PROVISION OF THIS

CONTRACT, EXCEPT AS MAY BE EXPRESSLY UNDERTAKEN BY SEPARATE WRITTEN CONTRACT.

- 14.3 Effect of Security. The liability of Seller hereunder shall not be affected by the existence, amount, waiver, or release of, or exercise or failure to exercise remedies with respect to, any Performance Security, or any other security for Seller's obligations hereunder.
- 14.4 Warranty and Disclaimer. SELLER MAKES NO WARRANTIES (EXPRESS OR IMPLIED) WITH REGARD TO CAPACITY, ENERGY, FULL REQUIREMENTS ELECTRIC SERVICE OR OTHER SERVICES SOLD OR PROVIDED PURSUANT TO THIS CONTRACT, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL WARRANTIES ARE DISCLAIMED.

15. NOTICES

- 15.1 Notices. All notices required under this Contract shall be in writing unless expressly specified otherwise herein, and shall be delivered in person, by certified mail or by a nationally recognized overnight courier, return receipt requested, or by facsimile transmission with confirmation by voice or automatic answer-back service, as specified below:

To Seller:

Florida Power & Light Company
700 Universe Blvd.
Mail Stop EMT/JB
Juno Beach, FL 33408
Attention: Vice President

With a copy to:

Florida Power & Light Company
700 Universe Blvd.
Mail Stop EMT/JB
Juno Beach, FL 33408
Attention: General Counsel Office

To Buyer:

City of Wauchula - City Hall
126th South 7th Avenue
Wauchula, Florida 33873
Attention: City Manager

- 15.2 Notices Effective. Notices shall be effective upon receipt; provided that in the event a Party fails to notify the other of the correct Person and address for notices pursuant to Section 15.3 below, any notice to that Party shall be deemed effective on the third day following the date such notice is sent to the Person and address last provided by such Party.
- 15.3 Designation of New Notice Recipients. Either Party may, at any time, by notice designate any different Person(s) or different address(es) or phone number(s) for receipt of notices and correspondence.

16. REPRESENTATIONS AND WARRANTIES

- 16.1 Seller's Representations and Warranties. Seller hereby represents and warrants as follows:
- 16.1.1 Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and is qualified in each other jurisdiction where the failure to so qualify would have a material adverse effect upon the business or financial condition of Seller; and Seller has all requisite power and authority to conduct its business, to own its properties, and to execute, deliver, and perform its obligations under this Contract.
- 16.1.2 The execution, delivery, and performance of its obligations under this Contract by Seller have been duly authorized by all necessary corporate action, and do not and will not:
- (i) Require any consent or approval of Seller's board of directors, other than that which has been obtained and is in full force and effect;
 - (ii) Violate any provision of Applicable Laws or violate any provision in any corporate documents of Seller, the violation of which could have a material adverse effect on the ability of Seller to perform its obligations under this Contract;
 - (iii) Result in a breach or constitute a default under Seller's corporate charter or bylaws, or under any contract relating to the management or affairs of Seller or any indenture or loan or credit contract, or any other contract, lease, or instrument to which Seller is a party or by which Seller or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligations under this Contract; or
 - (iv) Result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature upon or with respect to any of the assets or properties of Seller now owned or hereafter acquired, the creation or

imposition of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligation under this Contract.

16.1.3 This Contract is a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms (except as such enforcement may be limited by bankruptcy, insolvency, or similar laws affecting the rights of creditors, or by general principles of equity).

16.1.4 The execution, delivery, and performance of this Contract will not conflict with or constitute a breach or default under any contract of any kind to which Seller is a party or any judgment, order, statute, or regulation that is applicable to Seller.

16.1.5 All approvals, authorizations, consents, or other action required by any Governmental Authority to authorize Seller's execution, delivery, and performance under this Contract have been duly obtained and are in full force and effect, except for those approvals described in Section 2.1 of this Contract.

16.2 Buyer's Representation and Warranties. Buyer hereby represents and warrants the following:

16.2.1 Buyer is a Florida municipality properly constituted and existing.

16.2.2 Except for those approvals described in Section 2.1, all Governmental Approvals required by any Governmental Authority to authorize Buyer's execution, delivery, and performance under this Contract have been duly obtained and are in full force and effect.

16.2.3 The Buyer shall establish levy and collect rents, rates and other charges for the products and services provided by its electric utility system which rents, rates and other charges shall at least be sufficient to meet the operation and maintenance expenses of such electric utility system to comply with all covenants pertaining thereto contained in and all other provisions of any resolution trust indenture or other security agreement relating to any bond or other evidences of indebtedness issues or to be issued by the Buyer to generate funds sufficient to fulfill the terms of all other contracts and agreements entered into by the Buyer including without limitation this Contract.

16.2.4 The execution, delivery, and performance of its obligations under this Contract by Buyer have been duly authorized by all necessary corporate action, and do not and will not:

(i) Require any consent or approval other than that which has been obtained and is in full force and effect;

(ii) Result in a breach or constitute a default under Buyer's charter or bylaws, or under any contract relating to the management or affairs of Buyer or any indenture or loan or credit contract, or any other contract, lease, or instrument to which Buyer is a party or by which Buyer or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of Buyer to perform its obligations under this Contract;

(iii) Result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than as may be contemplated by this Contract) upon or with respect to any of the assets or properties of Buyer now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of Buyer to perform its obligation under this Contract;

(iv) Violate any provision of Applicable Laws or violate any provision in any corporate documents of Buyer, the violation of which could have a material adverse effect on the ability of Buyer to perform its obligations under this Contract;

(v) This Contract is a valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms (except as such enforcement may be limited by bankruptcy, insolvency, or similar laws affecting the rights of creditors or by general principles of equity).

(vi) The execution, delivery, and performance of this Contract will not conflict with or constitute a breach or default under any contract of any kind to which Buyer is a party or any judgment, order, statute, or regulation that is applicable to Buyer.

17. MISCELLANEOUS

17.1 Assignment. Neither Party may assign any of its rights or obligations under this Contract without the prior written consent of the other Party; provided that without the prior consent of Buyer, Seller may assign its rights and interests under this Contract to the Lenders as security, or create a security interest in favor of the Lenders over its rights and interests in this Contract; provided, further, that it shall be a condition to any assignment (including any collateral assignment or any exercise of remedies by the Lenders pursuant thereto) that all security required under Article 3, as applicable, shall be, or shall remain, in place notwithstanding such disposition, or, in lieu thereof, that replacement security in form, substance and amount reasonably satisfactory to Buyer shall have been provided prior to such disposition.

The assigning Party shall not be released from its obligations hereunder by virtue of any assignment, unless such release is expressly agreed upon by the other Party in writing (such consent not to be unreasonably withheld).

- 17.2 Amendments. This Contract shall not be amended or modified, and no waiver of any provision hereof shall be effective, unless set forth in a written instrument authorized and executed by the Parties and, if requested by Buyer or Seller, approved by the FERC. This Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors-in-interest and permitted assigns.
- 17.3 Conflict in Provisions. In case of conflict between this Contract's Sections 0 through 17 and appendices to this Contract, Sections 0 through 17 shall take precedence.
- 17.4 Survival. The obligations, rights, and remedies of the Parties hereunder, which by their nature survive the termination of this Contract, shall survive such termination and inure to the benefit of the Parties.
- 17.5 No Waiver. Any waiver by either Party of its rights with respect to a default (including Events of Default) under this Contract, or with respect to any other matters arising in connection with this Contract, shall not be deemed a waiver with respect to any subsequent default (including Events of Default) or other matter. The failure of either Party to enforce strict performance by the other Party of any of the provisions of this Contract or to exercise any rights under this Contract shall not be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provisions or rights in that or any other instance.
- 17.6 Section Headings. Section headings appearing in this Contract are inserted for convenience only and shall not be construed as interpretations of text.
- 17.7 Power Purchase Contract. This Contract is not intended and shall not be construed, interpreted, or applied to create a lease, license or similar arrangement for the use, possession, custody or control of property.
- 17.8 Construction of Contract. The Parties expressly agree that no provision of this Contract should be construed against or interpreted to the disadvantage of any Party by any court or other governmental or judicial authority by reason of such Party having been deemed to have structured or dictated such provision.
- 17.9 Complete Contract. This Contract is intended as the complete and exclusive statement of the agreement between the Parties. Parol or extrinsic evidence shall not be used to vary or contradict the express terms of this Contract and recourse may not be had to alleged prior drafts, negotiations, prior dealings, usage of trade,

course of dealing or course of performance to explain or supplement the express terms of this Contract.

- 17.10 Counterparts. This Contract may be executed and delivered in counterparts, and may be delivered by facsimile transmission.
- 17.11 Severability. In the event that any provision of this Contract shall be held invalid or unenforceable by a court of competent jurisdiction, the remainder of this Contract or the application of the provisions hereof to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.
- 17.12 Good Faith. The Parties agree to act in accordance with the principles of good faith and fair dealing in the performance of this Contract.
- 17.13 Disclaimer of Third Party Beneficiary Rights. Nothing in this Contract shall create a contractual relationship between one Party and the customers of the other Party, nor shall it create a duty of any kind to such customers.
- 17.14 No Partnership. Nothing contained in this Contract shall be construed to create an association, trust, partnership or joint venture between Seller and Buyer or, an agency relationship between Seller and Buyer. Each Party shall be individually and severally liable for its own obligations under this Contract.
- 17.15 Governing Law. This Contract and the rights and the obligations of the Parties hereunder shall be construed under, and in accordance with, the laws of the State of Florida without regard to conflicts of law rules.
- 17.16 Reserved
- 17.17 Forward Contract. The Parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.
- 17.18 No Dedication of Facilities. Any undertakings or commitments by one Party to the other under this Contract shall not constitute the dedication of generation facilities or the transmission system or any portion thereof by either Party to the other Party.
- 17.19 Third Party Beneficiaries. This Contract is intended solely for the benefit of the Parties hereto, and nothing herein shall be construed to create any duty to, or standard of care with reference to, or any liability to, any Person not a Party hereto. A Party's customers are not third party beneficiaries of this Contract.
- 17.20 No Public Announcement. The Parties agree that no press release or public announcement concerning the transactions contemplated by this Contract will be

made unless mutually agreed to by the Parties in writing; provided, however, such mutual consent shall not be required if:

- (i) the disclosing Party determines that disclosure is reasonably necessary to comply with Applicable Laws; or
- (ii) disclosure is made to the FERC or the FPSC in connection with a hearing, proceeding or a submission, whether voluntary or compulsory.

18. DISPUTE RESOLUTION

18.1 Negotiation by Officers of the Parties; Provisional Relief. If any controversy, dispute, claim, counterclaim or cause of action involving the Parties and/or their respective representatives ("Dispute") arises out of or relates to this Contract or the interpretation, breach, validity or termination thereof, the Parties shall first seek to resolve the Dispute through negotiation; provided that all Disputes relating to termination of this Contract shall be resolved by petition to FERC directly without negotiation if FERC is deemed to have jurisdiction of all issues associated with such termination. Either Party shall provide the other Party with written notice setting forth the parameters of the Dispute and a proposed means for resolving the same, and the support for such position ("Dispute Notice"). If such Dispute cannot be resolved through negotiation within sixty (60) days of the receipt by a Party of Dispute Notice (or such longer period as the Parties may agree to in writing), the Parties agree that any such Dispute shall be resolved pursuant to Section 18.2 and, if applicable, Section 18.3 of this Contract. Except with regards to a Change in Law Dispute or a Termination Dispute, the procedures specified in this Section 18 shall be the sole and exclusive procedures for the resolution of Disputes; provided, however, either Party may, without prejudice to any negotiation, FERC or arbitration procedures commenced pursuant to this Section 18, proceed in a Florida state court of competent jurisdiction to obtain temporary provisional injunctive relief (excluding permanent injunctive relief, including declaratory actions) if such action is necessary to avoid imminent irreparable harm, to provide uninterrupted electrical and other services, or to preserve the status quo pending the conclusion of such negotiation, FERC proceeding or arbitration. Without being prejudiced or bound by such temporary provisional injunctive relief as may be available or granted under the exclusive jurisdiction of a Florida state court of competent jurisdiction, and subject to the limitations set forth in this Contract either FERC or the arbitrators (as the case may be) shall have full authority to grant the remedies set forth in this Contract (including without limitation those set forth in Sections 14.2 and 14.4) or order the Parties to request that a court modify or vacate any temporary or preliminary relief issued by a court, and the Parties shall continue to participate in the procedures specified in this Section 18.

18.2 Procedures for Resolution of Disputes. Disputes within the primary or exclusive jurisdiction of FERC shall be resolved by petition to FERC, subject to the further

provisions of this paragraph. Where FERC does not act within sixty (60) Days of filing a Dispute with FERC or issues an order declining to act upon such a Dispute, the Dispute shall be subject to binding arbitration in accordance with the procedures set forth in Section 18.3. In addition, Disputes within the concurrent jurisdiction of FERC (which are those disputes subject to both FERC and court jurisdiction) shall be subject to binding arbitration in accordance with the procedures set forth in Section 18.3 if: (i) the current body of valid FERC precedent, as reasonably determined by counsel for the Party requesting resolution of the Dispute, reflects FERC's practice or policy of allowing disputes of a similar nature to be resolved by alternative dispute resolution rather than by FERC; or (ii) the Parties agree that the Dispute shall be arbitrated (each, an "Arbitrable FERC Dispute"). Disputes within the current jurisdiction of FERC that are not Arbitrable FERC Disputes shall be resolved by petition to FERC.

All other Disputes that are not resolved pursuant to Section 18.2, above, shall be resolved by arbitration pursuant to Section 18.3; provided, however, that claims for personal injury or tangible personal property damage arising in connection with this Contract may at the election of either Party be resolved by any court of competent jurisdiction in the State of Florida, and each of the Parties hereby irrevocably consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such limited suit, action or proceeding involving such claims and irrevocably waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. The Parties hereby knowingly, voluntarily and intentionally waive any rights they may have to a trial by jury in respect of any dispute subject to court resolution hereunder or otherwise.

18.3 Arbitration Procedure.

18.3.1 In the event of a dispute which is to be resolved by binding arbitration such arbitration shall be held in accordance with the rules of the American Arbitration Association (AAA) then in effect (the "Rules"), except as modified herein, before a panel of three (3) arbitrators. The arbitration shall be held and the award shall be rendered in Palm Beach County, Florida.

18.3.2 The Party initiating arbitration shall nominate one (1) arbitrator at the same time it initiates arbitration. This nominee shall be neutral and impartial, shall not be a current or former representative or agent of such Party, shall be a AAA panel member and shall be reasonably believed by such Party to possess the requisite experience, education and expertise in respect of the matters to which the claim relates to enable such person to perform arbitral duties competently. The other Party shall nominate one (1) arbitrator within twenty (20) calendar days of receiving the notice of

arbitration. This nominee shall be neutral and impartial, shall not be a current or former representative or agent of such Party, shall be a AAA panel member and shall be reasonably believed by such Party to possess the requisite experience, education and expertise in respect of the matters to which the claim relates to enable such person to perform arbitral duties competently. The two arbitrators shall appoint a third, neutral and impartial arbitrator, who shall serve as the chair of the arbitral tribunal, which arbitrator shall be a AAA panel member. The third, neutral arbitrator shall be: (i) a competent and experienced arbitrator, with at least fifteen (15) years of United States electric industry experience; (ii) unaffiliated with, and without prior financial alliances to, either Party; (iii) neutral and impartial; and (iv) neither a current or former representative or agent of either Party or of the other arbitrators.

(i) If the two arbitrators are unable to agree on a third arbitrator within twenty (20) days of the appointment of the second arbitrator, a third arbitrator shall be selected by AAA with due regard given to the selection criteria above and input from the Parties and other arbitrators. The Parties shall undertake to request AAA to complete selection of the third arbitrator if possible, no later than forty (40) calendar days after the appointment of the second arbitrator. The costs charged by AAA for this service shall be borne equally by Seller and Buyer.

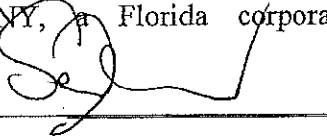

(ii) If prior to the conclusion of the arbitration any arbitrator becomes incapacitated or otherwise unable to serve, then a replacement arbitrator shall be appointed in the manner described above and applicable to the original arbitrator being replaced.

18.3.3 Discovery and other pre-hearing procedures shall be conducted as agreed by the Parties, or if they cannot agree, as determined by a majority of the arbitrators. The hearing shall be held, if practicable, thirty (30) calendar days after all prehearing discovery has been completed.

18.3.4 The arbitrators' decision shall be made in accordance with the terms and conditions of this Agreement, and shall consider any relevant evidence and testimony, and the arbitrators shall, if practicable, render their decision within thirty (30) calendar days following close of the hearing. The decision and award rendered by a majority of the arbitrators, made in writing, shall be final and binding upon the Parties. Any such decision and award may be entered and enforced in any court of competent jurisdiction. The arbitrators shall have no authority to award special, exemplary, multiple, punitive or consequential damages, or any other damages or remedies that are not permitted or provided for under this Agreement.

18.3.5 The expenses of arbitration shall be borne equally by the Parties, except that each Party shall bear the compensation and expenses of its nominated arbitrator, own counsel, witnesses and employees; provided further, that any costs incurred by a Party in seeking judicial enforcement of any decision and award rendered by the arbitrators, or a majority of the arbitrators, shall be chargeable to and borne exclusively by the Party against whom such court order of enforcement is obtained.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be executed by their respective duly authorized officers.

<p>FLORIDA POWER & LIGHT COMPANY, a Florida corporation</p> <p>By: <u></u></p> <p>Name: <u>Sam A. Forrest</u></p> <p><u>Vice President, Energy Marketing & Trading</u></p> <p>Date: <u>7/27/11</u></p>	<p>CITY OF WAUCHULA, FLORIDA</p> <p>By: <u></u></p> <p>Name: <u>Olivia Minshew</u></p> <p><u>Acting City Manager</u></p> <p>Date: <u>7/28/11</u></p>
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APPENDIX A

MONTHLY PAYMENT CALCULATION

I. Monthly Capacity Payment (MCP)

The Monthly Capacity Payment for each Monthly Billing Period shall be determined according to the following formula:

$$\text{MCP} = \text{DQ} * \text{DC}$$

Where:

DQ – Demand Quantity

DC – Demand Charge

DQ is determined as follows:

The monthly demand quantity shall be an amount for the applicable billing period equal to the sum of the single highest 60-minute kW demand at all of the delivery points during the same 60-minute period (including any renewable energy purchased over and above 300kW) and grossed up for losses (expressed in kW) at and from where energy is first received into the Florida Power & Light (“FPL”) transmission system to the delivery points based on the demand loss factors for transmission delivery points on the FPL system and the demand loss factors for transmission delivery points on the Progress Energy Florida (“PEF”) transmission system.

DC is \$9.72 per Kw Month

II. Monthly Energy Non-Fuel Payment (MENFP)

The Monthly Energy Non-Fuel Payment for each Monthly Billing Period shall be determined according to the following formula:

$$\text{MENFP} = \text{EQ} * \text{NFEP}$$

Where:

MENFP = the Monthly Non-Fuel Energy Payment, expressed in dollars, for the Monthly Billing Period;

EQ – Energy Quantity

NFEP – Non-Fuel Energy Price

EQ is determined as follows:

The monthly Energy quantity shall be the total kWhs, as measured during the applicable billing period, at all of the delivery points and grossed up for losses (expressed in kWhs) at and from where Energy is first received into the FPL transmission system to the delivery points based on the Energy loss factors for transmission delivery points on the FPL system and the Energy loss factors for transmission delivery points on the PEF system.

NFEP is \$3.95 per MWh.

III. Monthly Energy Fuel Payment

The Monthly Energy Fuel Payment for each Monthly Billing Period consisting of a monthly Fuel Charge and a Monthly Fuel Adjustment in accordance with Attachment 1.

IV. Monthly Customer Charge

Monthly Customer Charge is \$1,000.00

ATTACHMENT 1 TO APPENDIX A

On-peak and Off-peak Energy Fuel Pricing

Buyer shall pay Seller a monthly on-peak and off-peak Fuel Charge and on-peak and off-peak Fuel Adjustment Charge for the Energy quantity based upon the fuel factors and the fuel adjustment factors determined pursuant to this Attachment 1 and Attachment 2 to Appendix A. The "Fuel Charge" for each month shall be an amount equal to (i) the product of the estimated On-peak Fuel Charge Factor determined pursuant to Appendix A for the applicable month and the on-peak Energy for the applicable month, plus (ii) the product of the estimated Off-peak Fuel Charge Factor determined pursuant to Attachment 2 to Appendix A for the applicable month and the off-peak Energy for the applicable month. The "Fuel Adjustment Charge" shall be an amount equal to (i) the product of the actual On-peak Fuel Adjustment Charge Factor determined pursuant to Appendix A for the applicable month that the Fuel Charge is being true-up and the on-peak Energy for the applicable month that the Fuel Charge is being true-up, plus (ii) the product of the actual Off-peak Fuel Adjustment Charge Factor determined pursuant to Appendix A for the applicable month that the Fuel Charge is being true-up and the off-peak Energy for the applicable month that the Fuel Charge is being true-up.

On-peak and off-peak time periods are those contained in Seller's retail tariff GSLDT-3. The current on-peak periods are for November 1 through March 31, Monday through Fridays during the hours from 6 a.m. to 10 a. m. and 6 p.m. to 10 p.m. excluding Thanksgiving Day, Christmas Day, and New Years Day and for April 1 through October 31, Mondays through Fridays during the hours 12 noon to 9 p.m. excluding Memorial Day, Independence Day, and Labor Day. All other hours are in the off-peak period.

Fuel Pricing True-up

The fuel factors used to bill the Fuel Charges shall be projected by November 30th of every year for the following Calendar Year. The Fuel Charge shall then be subject to true-up through the Fuel Adjustment Charge. Buyer shall be billed an estimated Fuel Charge each month for the Energy delivered in the preceding month. Any difference between the estimated Fuel Charges and the Fuel Charges based on actual fuel costs shall be billed or credited to Buyer through the Fuel Adjustment Charge on the first bill rendered after such actual fuel costs have been determined. If the Fuel Adjustment Charge is positive, such amount shall be billed to Buyer and if the Fuel Adjustment Charge is negative, such amount shall be credited to Buyer. The amount to be billed or credited for any over-collections or under-collections based on such estimates versus actual costs shall include interest accrued at the average of the Prime Rate as published in the Wall Street Journal for the last business day of the current and prior month and charged or applied to the average of the beginning and ending true-up balance for the month. Seller shall use reasonable diligence when estimating monthly fuel charges so as to avoid any significant difference between estimated and actual monthly fuel charges to Buyer. Fuel Adjustment Charges shall always be based on Seller's actual costs for fuel and purchased power.

ATTACHMENT 2 TO APPENDIX A

**Fuel Charge Factor Formula and
Fuel Adjustment Charge Factor Formula**

1. The Fuel Charge Factors.

- (a) The amounts included in the estimated and actual total expense of system fuel and purchased economic power shall be consistent with 18 CFR 35.14 and shall include without limitation fees for disposal of spent nuclear fuel and/or high-level radioactive waste as specified in the Contract for Disposal of Spent Nuclear Fuel And/or High-Level Radioactive Waste between the United States of America represented by the US Department of Energy and Florida Power and Light Seller dated June 1983.
- (b) The total expense of estimated and actual system fuel and purchased economic power included in the Fuel Charge Factors and the Fuel Adjustment Charge Factors shall be the cost of:
 - (i) fuel consumed in Seller's own plants, and Seller's share of fuel consumed in jointly owned or leased plants;
 - (ii) the actual identifiable fuel costs associated with energy purchased for reasons other than identified in section 1(b)(iii) of this Appendix;
 - (iii) the total cost of the purchase of economic power as defined in section 1(d) of this Appendix, if the reserve capacity of Seller is adequate independent of all other purchases where nonfuel charges are included;
 - (iv) generation energy charges for any purchase if the total amount of generation energy charges is less than Seller's total avoided variable costs;
 - (v) less the cost of fuel recovered through all intersystem sales;
 - (vi) plus any Taxes on the energy cost of fuel or, electric energy generated, where such Taxes are not included elsewhere.
- (c) The cost of fuel included in the estimated and actual system fuel and purchased economic power expenses shall include no items other than those listed in the account 151 of the FERC Uniform System of Accounts For Public Utilities and Licensees. The cost of nuclear fuel shall be that as shown in account 518, except that if account 518 also contains any expenses for fossil fuel that has already been included in the cost of fossil fuel, it shall be deducted from this account.
- (d) For the purpose of section 1 (b) (iii) and (iv), the following definitions apply:
 - (i) Economic power is power or energy purchased over a period of 12 months or less where the total cost of the purchase is less than Seller's avoided variable cost;
 - (ii) Total cost of the purchase is all charges incurred in buying economic power and having such power delivered to Seller system. The total cost includes, but is not limited to, capacity reservation charges, generation

energy charges, adders, and any transmission or wheeling charges associated with the purchase.

- (iii) Total avoided variable costs is all identified and documented variable costs that would have been incurred by Seller had a particular purchase not been made. Such costs include, but are not limited to, those associated with fuel, startup, shutdown or any purchases that would have been made in lieu of the purchase made.
- (e) For the purpose of section 1 (b) (iii), the system reserved capacity criteria used by Seller's system operators is demand and energy purchased for a period of less than a year and shall be deemed as being for reliability purposes if Seller expects that the purchase is required in order to maintain operating reserves in accordance with Prudent Utility Practice.
- (f) Total system net generation and purchased economic power costs included in the Fuel Charge Factors and the Fuel Adjustment Charge Factors shall be the sum of:
 - (i) generation,
 - (ii) purchases,
 - (iii) exchange received, less
 - (iv) energy associated with pumped storage operations, less
 - (v) intersystem sales referred to in section 1 (b) (v) of this Appendix A, less
 - (vi) total system losses (losses shall be deemed to be zero because Buyer takes Full Requirements Electric Service where energy is first received into the Seller's transmission system.).
- (g) Calculation of estimated On-peak Fuel Charge Factor:

((Estimated total fuel costs and net power transactions defined in 1(b) and (c)¹ * On-peak cost ratio²) / (estimated total net generation defined in 1(f)¹ * On-peak load ratio²))

¹ Total fuel costs and net power transactions and total MWh generation estimates approved by the FPSC for the current period. Includes applicable FERC adjustments.

² On-peak and off-peak cost and load ratios calculated using cost and load data from the Production Costing Model POWRSYM.

(h) Calculation of estimated Off-peak Fuel Charge Factor:

((Estimated total fuel costs and net power transactions defined in 1(b) and (c)¹ * Off-peak cost ratio²) / (estimated total net generation defined in 1(f)¹ * Off-peak load ratio²))

- (i) The attached Appendix A Schedule 1 illustrates the calculation of the On-peak and Off-peak Fuel Charge Factors.
- (j) "On-peak" and "Off-peak" shall have the meanings attributed to such terms in Seller's retail tariff GSLDT-3.

2. The Fuel Adjustment Charge Factors.

(a) Calculation of On-peak Fuel Adjustment Charge Factor:

Actual On-peak Fuel Charge Factor minus estimated On-peak Fuel Charge Factor

(b) Calculation of Off-peak Fuel Adjustment Charge Factor:

Actual Off-peak Fuel Charge Factor minus estimated Off-peak Fuel Charge Factor

The actual On-peak and Off-peak Fuel Charge Factors shall be calculated by applying actual costs and expenses to the formulas used to calculate the estimated On-peak and Off-peak Fuel Charge Factors of Appendix A. – Schedule 1

Appendix A - Schedule 1

Calculation of On-Peak and Off-Peak Fuel Charge Factors

<u>Line</u>	<u>Description</u>	<u>Amount</u>
	Total Fuel Costs and Net Power Transactions	
1	Cost of Fuel Consumed - Section 1(b)(i)	
2	Fuel Costs for Energy Purchased - Section 1(b)(ii)	
3	Total Cost of Purchased Economic Power - Section 1(b)(iii)	
4	Generation energy charges - Section 1(b)(iv)	
5	Cost of Fuel Recovered Through all Intersystem Sales - Section 1(b)(v)	
6	Taxes on Energy Cost of Fuel or Electric Energy Generated - Section 1(b)(vi)	
7	Total Fuel Costs and Net Power Transactions - Section 1(g) (Sum Lines 1-4, less line 5 , plus line 6)	
	<u>Total Net Generation</u>	
8	Generation - Section 1(f)(i)	
9	Purchases - Section 1(f)(ii)	
<hr/>		
10	Exchanged Received 1(f)(iii)	
11	Energy Associated With Pumped Storage Operations - Section 1(f)(iv)	
12	Intersystem Sales Included in Line 5 - Section 1(f)(v)	
13	Total Net Generation - Section 1(f) (Sum lines 8 - 10, less lines 11 - 12)	
14	On-peak Cost Ratio - Section 1(g) (POWRSYM)	
15	Total On-peak Fuel Costs and Net Power Transactions - Section 1(g) (Line 7 x Line 14)	
16	On-peak Load Ratio - Section 1(g) (POWRSYM)	
17	On-peak Net Generation - Section 1(g) (Line 13 x Line 16)	
18	ON-PEAK FUEL FACTOR -- Section 1(g)(Line 15 / Line 17)	
19	Off-peak Cost Ratio - Section 1(h) (POWRSYM)	
20	Total Off-peak Fuel Costs and Net Power Transactions - Section 1(h) (Line 7 x Line 19)	
21	Off-peak Load Ratio - Section 1(h) (POWRSYM)	
22	Off-peak Net Generation - Section 1(h) (Line 13 x Line 21)	

